

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

**MINUTES OF THE MEETING HELD ON
MONDAY 18 MAY 2020**

BOARD ROOM, GLASBURY HOUSE, BRONLLYS HOSPITAL

Present:

Tony Thomas	Independent Member – Finance (Committee Chair)
Mark Taylor	Independent Member – Capital and Estates
Ian Phillips	Independent Member – ICT
Mel Davies	Vice Chair

In Attendance:

Pete Hopgood	Director of Finance, Information and IT
Gail Turner-Radcliffe	External Audit (Grant Thornton)
Professor Vivienne Harpwood	PTHB Chair (left the meeting at 12.30 pm)
Barrie Morris	External Audit (Grant Thornton)
Sarah Pritchard	Head of Financial Services
Felicity Quance	Internal Audit
Osian Lloyd	Deputy Head of Internal Audit
Helen Higgs	Head of Internal Audit
Rani Mallison	Board Secretary
Carol Shillabeer	Chief Executive
Dave Thomas	External Audit (Audit Wales)
Alison Davies	Director of Nursing (for item 3.2a)
Hayley Thomas	Director of Planning & Performance (for items 3.2b, c, d & e)
Julie Rowles	Director of Workforce & OD and Support Services (for items 3.2d and 3.2f)
Claire Madsen	Director of Therapies (for item 3.2h)
Kathryn Coble	Welsh Language Service Improvement Manager (for item 3.2h)

Committee Support

Caroline Evans	Head of Risk and Assurance
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Apologies for absence:

Matthew Dorrance
Elaine Matthews
Anthea Wilson

Independent Member – Local Authority
External Audit (Audit Wales)
CHC

ARA/19/125	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/19/126	DECLARATIONS OF INTERESTS The Committee Chair INVITED Members to declare any interests in relation to the items on the Committee agenda. None were declared.
ARA/19/127	MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION The minutes of the meeting held on 9 March 2020 were RECEIVED and AGREED as being a true and accurate record, with the exception of the following amendments: - ARA/19/115 – Pete Hopgood identified a typo that reads 'regular monthly review of EDA performance', which should read 'regular monthly review of UDA performance'. ARA/19/118 – Mark Taylor identified a Typo that reads 'Mark Thomas', and should be 'Mark Taylor'.
ARA/19/128	MATTERS ARISING FROM PREVIOUS MEETINGS There were no matters arising from the previous meeting.
ARA/19/129	COMMITTEE ACTION LOG ARA/19/87: Pete Hopgood stated that discussions have been held with Procurement Leads, and it has been advised that obligations to advertise in the European Journal will be subject to the planned Brexit negotiations, and therefore this action is complete. ARA/19/77: Rani Mallison stated the Integrated Care Fund Report is attached. This was reported in September and has gone through RPB governance arrangements, therefore this action is complete.

	<p>ARA/19/68: Designated list of Investigative Officers. Rani Mallison stated the Serious Incidents Policy is scheduled for Board, 27 May 2020.</p> <p>ARA/19/111: Revised Local Counter Fraud Workplan 2020/21. Rani Mallison stated the workplan is scheduled to be presented to the Committee in June.</p>
ARA/19/130	<p>SINGLE TENDER WAIVERS (STWs)</p> <p>Sarah Pritchard presented the STW request made between 1 March 2020 and 30 April 2020 and signed by the Chief Executive.</p> <p>The Committee RATIFIED the approval of the one STW (Supply of Training Materials in health matters for Children [£12,672]).</p>
ARA/19/131	<p>FINANCIAL CONTROL PROCEDURE: COVID-19</p> <p>COVID-19 - Financial Guidance to NHS Wales' Organisations was issued by the Director General for Health & Social Care / NHS Wales Chief Executive on 30th March 2020. This outlined the need to maintain excellent stewardship and governance at a time of significant disruption to the standard operating practices of NHS Wales.</p> <p>Following the publication of the guidance an interim FCP was drafted by Finance for PTHB, with the aim of outlining the changes required to existing FCP's and SFI to meet the challenges and pace of dealing with the Covid-19 Pandemic as well as outlining the new procedures required to manage the Covid-19 expenditure.</p> <p>Following a discussion, the Committee RATIFIED the current version (#3) of the COVID-19 Financial Control Procedure and NOTED the process by which the document had been approved during April 2020.</p>
ARA/19/132	<p>HEAD OF INTERNAL AUDIT ANNUAL REPORT AND OPINION FOR 2019-20</p> <p>Helen Higgs presented the Head of Internal Audit Annual Report and Opinion for 2019-20, which states that <i>'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.'</i></p> <p>The Chair stated that his delighted with the report, and thanked Helen Higgs for the report and the update.</p>

	<p>Rani Mallison thanked Helen Higgs and her team, and stated that relationships are positive, and that delivery of the plan has gone as expected.</p> <p>Carol Shillabeer thanked Helen Higgs for the report, noted the three areas of limited assurance identified within the report, which will remain key areas of work: -</p> <ol style="list-style-type: none"> 1. Corporate governance, risk management and regulatory compliance; 2. Clinical governance quality and safety; and 3. Information governance and IT security. <p>Viv Harpwood thanked Helen Higgs, stating that the report is helpful, and that the issues highlighted are not unexpected.</p> <p>The Committee RECEIVED and NOTED the content of the report.</p>
ARA/19/133	<p>INTERNAL AUDIT REPORTS, 2019-20</p> <p><u>Substantial Assurance Rating</u></p> <p>a) Welsh Risk Pool Claims Management</p> <p>Osian Lloyd reported that the review identified one low priority finding.</p> <p>Specifically, the audit focused on the following areas: -</p> <ul style="list-style-type: none"> • there is a well understood and clearly documented procedure for handling clinical negligence and personal injury claims; • there is a system for learning lessons from failures identified; • there is a claims database with information on all claims, which provides regular information to the Board or appropriate sub-committee; • there are linkages between information on claims, risks, incidents and complaints; • financial settlements are signed off in accordance with the scheme of delegation. Central approval by the Welsh Government is obtained for claims exceeding the limit of the delegated authority of £1M or for any claims which raise novel, contentious or repercussive features; and • claims for reimbursement made on the Welsh Risk Pool are accurate and submitted in a timely manner. <p>Alison Davies thanked Osian for the report.</p> <p>Viv Harpwood stated that she represents Powys on the WRP Committee, and is very proud.</p> <p>b) Capital Assurance Follow Up</p>

Felicity Quance reported that the review identified one medium priority finding.

The review encompassed an evaluation of the actions taken by the health board to address previously agreed recommendations identified by audit for management actions from capital assurance reports.

Reasonable Assurance Rating

c) Outpatients – Planned Activity

Osian Lloyd reported that the review identified one high and three medium priority findings.

Specifically, the audit focused on the following areas: -

- Health board as a provider of services
- Commissioning arrangements with external organisations

Hayley Thomas thanked Internal Audit for the report, stating that the recommendations identified are very helpful. The management response will be delivered as timely as possible, but recognise that some deadlines won't be fully met until work is scaled back up fully, due to the response to COVID-19.

Carol Shillabeer stated that liaison with providers is required to confirm timescales. Discussion will be held at Board next week about the prioritisation of work in the next phase of the COVID-19 Response Model.

Ian Phillips highlighted the opportunities identified by COVID-19 in respect of access convenience, and that it would be good to continue with the innovation.

Carol Shillabeer stated we will be reviewing the different ways of working, and whether there is merit in continuing.

d) Estates Assurance Follow Up

Felicity Quance reported that the review identified one medium and two low priority findings.

The review encompassed an evaluation of the actions taken by the health board to address previously agreed recommendations identified by audit for management actions arising from estates assurance reports.

e) Financial Safeguarding: Estates Team Led Work

Felicity Quance reported that the review originally identified five medium and one low priority findings.

The scope of the audit was limited to procurement exercises associated with pre-planned and reactive maintenance programmes.

The final report will be issued later today, in which recommendation 3 has been removed in light of talks with

procurement, as this recommendation is now being addressed through procurement procedures.

Ian Phillips stated that colleagues are to be commended for the progress made in a relatively short period.

Mark Taylor welcomed the report, questioning whether recommendation 5 completion of works would be best picked up as part of the performance management arrangement. Hayley Thomas stated the management response can be strengthened, and that there is a key piece of work around maintenance contracts, using appropriate frameworks on a more sustainable approach.

f) Financial Safeguarding: Support Services Led Work

Felicity Quance reported that the review identified three medium priority findings.

The scope of the audit was limited to procurement exercises led by Support Services associated with addressing health & safety, statutory and regulatory requirements through routine service delivery.

Limited Assurance Rating

g) Risk Management and Board Assurance

Osian Lloyd reported that the review identified two high and three medium priority findings.

The review sought to assess how the BAF and Risk Management Framework was being implemented and if they were appropriately updated in line with the revised IMTP, and how the Board's responsibilities for risk management were effectively being discharged. It included focus on the integration of risk management and assurance process with the IMTP. Any areas of good practice are also highlighted.

Rani Mallison stated the report presents a fair reflection on where we are. Whilst significant progress has been made at an organisational level, the next stage is to move that to directorate level, providing that stability and leadership to our services. We expect services are managing their risks, but evidencing that is one of the steps we need to take forward.

Carol Shillabeer stated she was disappointed to receive a limited report again, as she recognises a lot of work has been undertaken over the last 12 months, and it feels as though this area has progressed.

Osian Lloyd agrees progress has been made, and has tried to reflect this in the report.

	<p>Ian Phillips stated that in light of COVID-19, it is important that we don't take pressure off Directorates to up their game on Risk Management.</p> <p>h) Welsh Language Standards Implementation Osian Lloyd reported that the review identified two high and one medium priority findings. This audit was a high-level review of the actions the health board had taken to assess the impact of, and achieve compliance with, the Regulations.</p> <p>The Chair asked if we are at any stage of receiving a fine. Kathryn Cobley stated that the Commissioner hasn't fined anyone to date. The Commissioner would work with the health board to put in action plans to achieve statutory compliance. Departmental action plans have been developed, and these need to be taken forward. We are expecting a spike in translation costs during the first year due to translation of standard templates, but this wouldn't be as high for ongoing requirements. The Chair asked about translation services for the health board. Kathryn Cobley stated that a business case is being competed comparing private translation costs versus using Powys County Council services.</p> <p>The Committee RECEIVED the Internal Audit update.</p>
ARA/19/134	<p>EXTERNAL AUDIT:</p> <p>a) Letter from Auditor General b) Letter from Engagement Director</p> <p>Dave Thomas presented the letter which summarises amendments to the Audit Plan 2020, as an impact of COVID-19, and the letter than outlines the approach to audit work in response to COVID-19.</p> <p>The Chair questioned if the handover from Grant Thornton has been affected by COVID-19. Dave Thomas stated this has not been affected, and they are working virtually with Grant Thornton. Anthony Veale was previously named the counterpart taking over from Barrie Morris, but this has been amended to Richard Harris, and will be updated in the Resource Plan. There will be opportunity for health board colleagues to meet with Richard.</p>

	<p>Carol Shillabeer questioned if the work on the Quality Study will be re-scheduled.</p> <p>Dave Thomas stated that is on pause at the moment, due to as much work as possible being carried out remotely. The next work needs to be carried out on-site. Some high level questions will be put in the Structured assessment, so we don't lose sight of it.</p> <p>The Committee RECEIVED and NOTED the letters.</p>
ARA/19/135	<p>APPROACH TO THE MANAGEMENT OF AUDIT RECOMMENDATIONS DURING COVID-19</p> <p>Rani Mallison presented the report, which proposed steps to re-prioritise audit recommendations based on priority levels 1 to 3. A trajectory for implementation of the recommendations will be brought to the next meeting in June.</p> <p>The Committee RECEIVED and APPROVED the approach outlined in the report.</p>
ARA/19/136	<p>APPROACH TO RISK MANAGEMENT DURING COVID-19</p> <p>Rani Mallison presented the report for approval, outlining the approach to risk management during the COVID-19 pandemic. The Corporate Risk Register (CRR) will continue to be reviewed by Executive Committee, and presented to the Board for consideration.</p> <p>The COVID-19 Risk Register will be reviewed regularly by the Strategic (Gold) Group, and reported to Board alongside the CRR.</p> <p>Executive Directors will review and update Directorate Risk Registers in light of the impact of COVID-19.</p> <p>Whilst monitoring and moderation of the Risk Registers by the Risk & Assurance Group is temporarily suspended in light of COVID-19, Executive Directors will be asked to review Directorate Risk Registers with their teams.</p> <p>The Committee RECEIVED and APPROVED the approach outlined in the report.</p>
ARA/19/137	<p>DRAFT FINANCIAL STATEMENTS 2019-20</p> <p>Pete Hoggood delivered a presentation, which outlined the accounts that are subject to statutory audit by Grant Thornton. It was confirmed that PTHB had achieved the following financial targets and statutory duties for 2019/20 (subject to audit):</p> <ul style="list-style-type: none"> • Operational in-year financial balance has been achieved, reporting a surplus of £0.055M and therefore have delivered against the RRL (RRL - Revenue Resource Limit). • Capital financial balance achieved and delivered within the CRL (CRL - Capital Resource Limit).

PTHB will meet the target dates for preparing and submitting the draft annual accounts to Welsh Government and Grant Thornton by 22nd May 2020. PTHB is also on course to meet the target date to submit the audited accounts, to be approved by the Audit, Risk and Assurance Committee on 25th June 2020 and by the Health Board on 29 June 2020 for final submission to Welsh Government on 30 June 2020.

Pete Hopgood and Rani Mallison thanked Sarah Pritchard and the finance team for all of their work in completing.

Ian Phillips stated it is great to have come in within budget when there was previously a risk around meeting savings targets in addition to pressure from COVID-19.

Pete Hopgood stated that there are two parts to this: -

1. Annual Accounts
2. Financial Performance – as per the reports presented to Performance and Resources Committee and Board detailing the current position, risks and opportunities, actions being taken to mitigate those risks, and actions being taken to realise opportunities to deliver financial targets.

The Health Board has managed the risks and opportunities appropriately to deliver a balanced position. There is an element of Covid 19 costs included in the 2019/2020 financial position and this was funded by WG.

Financial Performance against budget and plan is reported monthly to Delivery and Performance, Executive Committee and the Performance and Resources Committee.

Mark Taylor stated he was pleased to see recovery in excess of £400k on previous claims and issues, and asked if there is any further expected. Pete Hopgood stated there is a residual balance to claim.

Pete Hopgood stated that the draft statements will be shared with WG this week, and the final version will be presented to the Audit, Risk & Assurance Committee on 25th June. The final version will be submitted to WG on 30th June.

Sarah Pritchard and the team have been liaising with Grant Thornton particularly around the revised deadlines for submission to WG and the different ways of working as needed, Grant Thornton colleagues were thanked for the two-

	<p>way communication and working together to respond as needed.</p> <p>Sarah Pritchard stated there will be a handover period between Grant Thornton and Audit Wales.</p> <p>Carol Shillabeer stated that performance over the last 2 years continues to be positive, although the outlook is difficult. As we move forward we need to be able to implement our strategy, as we need to be sure we are transforming the services, making sure we have resources where we feel there are better outcomes for individuals.</p> <p>The Committee RECEIVED the Draft Financial Statements 2019-20.</p>
ARA/19/138	<p>DRAFT ACCOUNTABILITY REPORT, 2019-20</p> <p>Rani Mallison stated there has been a revision in deadlines as follows: -</p> <ul style="list-style-type: none"> • Accountability Report alongside Financial Statements, draft version to be submitted by 22 May • Accountability Report, final version to be submitted by 30 June • Performance Report, to be submitted by 31 August • AGM, to be held by 30 November <p>Rani Mallison stated that the Chair advised of minor grammatical errors, that have been picked up outside of the meeting.</p> <p>The Remuneration Report wasn't able to be completed in time for inclusion in the version presented to the Committee, but will be included in time for submission of the draft on 22 May. This will be circulated to Committee Members for awareness, and will also come back to the Committee in the final version in June.</p> <p>The Accountable Officer conclusion in terms of the position in respect of governance arrangements, which recognises the work of Internal Audit, External Audit and other assurance mechanisms. On the whole the health board is generally well led, so we are finishing in a positive place.</p> <p>Action: Board Secretary</p> <p>Rani Mallison stated that between the draft and final version there will be an inclusion added in relation to COVID-19, in respect of the Clinical Response Model.</p>

	<p>Carol Shillabeer recognised the amount of work that has gone into the Financial Statements and the Accountability Report.</p> <p>The Committee RECEIVED the Draft Accountability Report, 2019-20.</p>
ARA/19/139	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <ul style="list-style-type: none"> • Financial Control Procedure: COVID-19 • 2 x 'Limited Assurance' reports • 2 x 'Substantial Assurance' reports • 4 x 'Reasonable Assurance' reports • External Audit: Letter from Engagement Director • Approach to the Management of Audit Recommendations during COVID-19 • Approach to Risk Management during COVID-19 • Draft Financial Statements 2019-20
ARA/19/140	<p>ANY OTHER URGENT BUSINESS</p> <p>There was no other urgent business for discussion, and the Chair declared the meeting closed at 1.00 pm.</p>
ARA/19/141	<p>DATE OF NEXT MEETING</p> <p>25 June 2020, 10:00 am, Skype</p>