

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

MINUTES OF THE MEETING HELD ON MONDAY 20 JULY 2020 VIA SKYPE MEETING

Present:

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

In Attendance:

Carol Shillabeer	Chief Executive
Pete Hopgood	Director of Finance, Information and IT
Sarah Pritchard	Head of Financial Services
Helen Higgs	Head of Internal Audit
Rani Mallison	Board Secretary
Elaine Matthews	External Audit (Audit Wales)
Rebecca Collier	Healthcare Inspectorate Wales
Len Cozens	Head of Local Counter Fraud Services (Outgoing)
Matthew Evans	Head of Local Counter Fraud Services (Incoming)
Wayne Tannahill	Assistant Director, Estates & Property (for item 3.5)

Committee Support

Caroline Evans	Head of Risk and Assurance
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Apologies for absence:

Matthew Dorrance	Independent Member – Local Authority
Anthea Wilson	CHC

ARA/20/34	<p>WELCOME AND APOLOGIES</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/20/35	<p>DECLARATIONS OF INTERESTS</p> <p>The Committee Chair INVITED Members to declare any interests in relation to the items on the Committee agenda. None were declared.</p>
ARA/20/36	<p>MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION</p> <p>The minutes of the meeting held on 25 June 2020 were RECEIVED and AGREED as being a true and accurate record.</p>
ARA/20/37	<p>MATTERS ARISING FROM PREVIOUS MEETINGS</p> <p>There were no matters arising from the previous meeting.</p>
ARA/20/38	<p>COMMITTEE ACTION LOG</p> <p>The Committee received the action log and the following updates were provided.</p> <p>ARA/19/68: The Serious Incident Policy was approved by the Board 25 May 2020. A list of designated Investigating Officers is being developed.</p> <p>ARA/19/115e: Timeliness of signing of contract documentation will be brought to a future meeting.</p> <p>ARA/19/115e: The lessons learned from the Machynlleth Hospital Primary & Community Care Project will be brought to a future meeting.</p> <p>ARA/20/25: This item will be discussed on the agenda under item 3.4.</p> <p>ARA/20/28: This action has been transferred to the Experience, Quality & Safety Committee Action Log, as the Committee that receives assurances on Staff Wellbeing.</p>
ARA/20/39	<p>APPLICATION OF SINGLE TENDER WAIVERS (STWs)</p>

	<p>Sarah Pritchard presented the STW requests made between 1 June 2020 and 30 June 2020 and signed by the Chief Executive, detailing two 'Prospective' STWs as follows: -</p> <ol style="list-style-type: none"> 1. Equipment Maintenance (Sole supplier of maintenance of Dental Equipment [£6,182]); 2. Daycase and Outpatient Pain Management Services (Continuation of Service [£23,129]). <p>The Committee RATIFIED the approval of the two STWs.</p>
<p>ARA/20/40</p>	<p>COVID-19: DECISION MAKING & FINANCIAL GOVERNANCE</p> <p>a) INTERIM FCP</p> <p>Following the publication of the WG guidance on 30th March an initial draft of the FCP was submitted for approval at Gold (version #1).</p> <p>The pace of the pandemic has resulted in updated guidance and direction being published on a regular basis. To ensure the Interim FCP remains 'live' and relevant it was agreed the FCP would be updated as required.</p> <p>Currently PTHB is on version #4 of the interim FCP.</p> <p>b) DEBIT AND CREDIT CARD PAYMENTS</p> <p>As a consequence of Covid-19 the Health Board now accepts payment by Credit and Debit Card at a number of locations as an alternative to cash and Cheques. To support this change a new FCP has been developed. The purpose of the FCP is to ensure that:</p> <ul style="list-style-type: none"> • Members of staff have access to clear guidance on the processes to be followed when accepting debit and credit card payments. • A clearly documented and authorized audit trail is maintained for all card payments. <p>The Committee Chair asked whether there is any financial consequence to the health board for accepting card payment.</p> <p>Sarah Pritchard stated there is a small charge, but a framework has been utilised and so those charges are minimal.</p>

	<p>Pete Hopgood stated that the debit and credit card payments is part of a long-term strategy that was accelerated due to the COVID-19 pandemic.</p> <p>c) List of Orders completed outside of usual procurement process but in line with the Covid FCP.</p> <p>A list of all orders raised without the usual procurement requirement for 3 quotes for values etween £5k and £25k were identified, these had been raised in line with the COVID-19 FCP.</p> <p>The Committee APPROVED version (#4) of the Interim FCP and the Debit and Credit Card Payment Policy and NOTED the orders rasied.</p>
ARA/20/41	<p>INTERNAL AUDIT UPDATE:</p> <p>Helen Higgs provided a verbal update to the Committee, stating there is currently six reviews started in various stages of progress. One of which is the COVID-19 Governance Review, with the final report expected to be presented to the Committee in September.</p> <p>Four audit briefs are with the Capital and Estates team, and awaiting approval to start the work.</p> <p>Rani Mallison stated that herself and Pete Hopgood have met with Internal Audit in relation to the COVID-19 Governance Review that is progressing well. Rani thanked the team, acknowledging the significant volume of work that has been undertaken.</p> <p>The Committee Chair stated that he had been involved in the review, having been interviewed jointly by Helen Higgs and Elaine Matthews.</p> <p>Rani Mallison stated there is opportunity to bring the COVID-19 Governance Review together with the Structured Assessment, and recognised that Helen Higgs and Elaine Matthews are working together on that.</p> <p>Carol Shillabeer echoed Rani’s comments about Audit Wales and Internal Audit working together, and stated this has been helpful to allay concerns of duplication.</p> <p>The Committee Chair Tony Thomas stated that the COVID-19 Governance Review has been well-handled, and thanked the team for all of their work.</p> <p>Rani Mallison recognised that significant evidence ahs been provided to Internal Audit which has been time-consuming for the team, and thanked them for all of their work.</p>

	<p>Helen Higgs thanked everyone for helping with the review. A lot of evidence has been requested but we are now approaching finalisation of the review, which has worked well.</p> <p>The Committee RECEIVED and NOTED the Internal Audit update.</p>
<p>ARA/20/42</p>	<p>COUNTER FRAUD ANNUAL REPORT, 2019/20</p> <p>The Fraud, Bribery and Corruption Standards for NHS Wales Bodies require Local Counter Fraud Specialists to provide a written annual report reflecting the counter fraud, bribery and corruption (economic crime) work undertaken during the financial year.</p> <p>The self-review for 2020 was completed by the Head of Local Counter Fraud Services and reviewed by both the Director of Finance & IT and Audit, Risk & Assurance Committee Chair, before being submitted to NHSCFA. This year's submission rates the Health Board as a 'Green' organisation overall.</p> <p>As part of the self-review process, the following have been highlighted as areas to be addressed during the coming year:</p> <ul style="list-style-type: none"> • Further work to ensure that that economic crime risks are recorded and managed in line with the Health Board's risk management policy and strategy. • Whilst the Health Board participated fully in NHSCFA-led national procurement fraud exercise, further work is required in order to gain fuller assurance in respect of locally led purchasing and invoice processing. • Similarly further assurance should be gained in respect of locally-led pre-employment checks, as well as checks being undertaken within medical staffing agencies • Implementation of the new case management system, CLUE 3. <p>The Committee Chair thanked Len Cozens for all of this work. There has been a substantial improvement in this area, with more professionalism and good relationships.</p> <p>Len Cozens thanked the Committee Chair, the Committee and the whole health board for all of their support.</p> <p>Len Cozens stated that the Local Counter Fraud Officer retired from post on 31st May 2020.</p> <p>Matthew Evans stated that the new Local Counter Fraud Officer is due to start in post on 11th August 2020.</p> <p>The Committee Chair stated that he would like to send a letter of thanks for all of the hard work undertaken to the retired Local Counter Fraud Officer.</p> <p>Action: Board Secretary / Committee Chair</p> <p>The Committee RECEIVED and NOTED the Counter Fraud Annual Report, 2019/20.</p>

ARA/20/43

COUNTER FRAUD UPDATE

Len Cozens updated the Committee on key areas of work undertaken by the Local Counter Fraud Specialist during Quarter 1 of 2020/21, under the Key Principles specified within the Fraud, Bribery and Corruption Standards for NHS Bodies (Wales).

Ian Phillips stated that COVID-19 has resulted in a reduction in face-to-face contacts, and asked if it is the health board's intention and is it on plan to utilise all of the days not used in the work plan, bearing in mind we are a significant way through the year.

Matthew Evans stated that the service has incoming resource in August, we we are almost on the back foot as it stands. Going forward there should be a more joined-up approach with the Local Counter Fraud Services staff available across the three health boards run from Swansea Bay. There may be slippage on the number of days delivered due to the gap between the retiring LCFO and the incoming LCFO. Ways of working can be adjusted included virtual meetings, for less cost and less resource. Focus will be spent on the impact of the work undertaken, but we are mindful of the number of days lost.

Len Cozens stated that a restructure is being undertaken across the whole of the Counter Fraud Service within Swansea Bay, with additional resources coming onboard.

The Committee Chair asked if a reduction in the number of days provided affects the fee paid by the health board.

Pete Hopgood stated that we will work together with Matthew going forward regarding the number of days provided, and this will be monitored and reported to the Committee.

Ian Phillips thanked Matthew Evans, stating it is helpful and reassuring in terms of how we might better utilise Local Counter Fraud Services.

Pete Hopgood stated that the strong outcome on the self-referral tool demonstrates that a lot of work is ongoing in that area.

Rani Mallison supported Pete's comments.

Carol Shillabeer thanked Len Cozens and colleagues, recognising that we are in a good position compared to just a few years ago, with regular reports provided. Carol thanked Len and gave good wishes for his new job.

	The Committee RECEIVED and NOTED the External Audit update.
ARA/20/44	<p>EXTERNAL AUDIT UPDATE</p> <p>Elaine Matthews provided a verbal update to the Committee, highlighting key developments which include: -</p> <ul style="list-style-type: none"> • Structured Assessment – fieldwork is underway and Audit Wals is working closely with Internal Audit (COVID-19 Governance Review). Draft report is due early September. • Counter Fraud – the Auditor General has undertaken a public sector-wide review of Counter Fraud Services. The report is due to be published end of July. The report for Powys should be available alongside the national report, and will be scheduled to be presented to the Committee in the Autumn. • WCCIS draft report has been issued, and is due for publication in the Autumn. <p>The Audit Wales Financial Audit Team that is taking over from Grant Thornton is now in place, and colleagues will be in touch soon to make introductions.</p> <p>The Committee RECEIVED and NOTED the update.</p>
ARA/20/45	<p>REPORT ON RETROSPECTIVE SINGLE TENDER WAIVERS:</p> <p>-</p> <ol style="list-style-type: none"> 1. Winter Gritting Services (£22,800) 2. Engineering Inspections (£6,500) <p>At the Audit, Risk & Assurance Committee in June, two STWs were submitted in respect of 'Engineering Inspections' and 'Winter Gritting Services'. The Committee expressed concern that both STWs were retrospective, and have requested this report to be presented providing a rationale outlining the reasons why the Single Tender Waivers were both retrospective.</p> <p>Following recruitment into the two new roles of Head of Estates, and Estates Business Manager earlier this year, and the recent appointment of a new Estates Manager, new processes are already being put in place to mitigate any future need for STWs:</p> <ul style="list-style-type: none"> • Maintenance Contracts are now being allocated to a specific member of the Estates team, to ensure 100% accountability and monitoring

- All maintenance Contracts are being reviewed, and processed in conjunction with by NWSSP- Procurement Services, to ensure compliance
- A new Contract Template has been drafted, and will shortly be issued for all new contracts, to ensure improved monitoring and management of contracts
- Five contracts have already been issued to tender since business as usual processes commenced again several weeks ago

1. Winter Gritting Services (£22,800)

The Committee Chair stated that the County Council provides this service for public sector and Welsh Government on trunk roads, and asked if we are certain that all of the roads leading up to health board buildings are non-adopted, and also asked what happens with the rate if we get an unusually mild or heavy winter.

Wayne Tannahill stated that the rates charged are based on the square metreage within health board boundaries that are not adopted. Historically the health board has paid a fixed rate to the local authority, with the provider taking responsibility for any risk of an exceptionally hard winter.

Carol Shillabeer stated that capacity constraints has meant that not everything has been included on the procurement framework in a timely manner, however recognises significant improvement in governance within estates. Whilst this STW is retrospective, it has been clearly demonstrated that this isn't usual practice and there is evidence of testing the market, therefore assurance is provided that value for money has been considered.

2. Engineering Inspections (£6,500)

Wayne Tannahill stated that Zurich has been used to undertake lifting inspections on plant and equipment for a number of years, and the cost of the contract has been less than £5k, which was compliant with Standing Financial Instructions. Last year the cost of the contract was marginally over the £5k limit. Putting together a tender specification and going through the tender process would have resulted in some of the health board's lifting equipment going out of use.

Mark Taylor thanked Wayne Tannahill for the additional detail and context, recognising that the new appointments in Estates will provide assurance from the procurement process.

	<p>The Committee Chair stated there has been substantial improvements in the Property Department since Wayne joined the health board.</p> <p>The Committee RECEIVED and NOTED the report.</p>
ARA/20/46	<p>COMMITTEE ANNUAL REPORT 2019/20</p> <p>Rani Mallison presented the report, which provides an overview of the work of the Committee and the steps taken to strengthen audit, risk and assurance arrangements in the last 12 months.</p> <p>The Committee RECEIVED and NOTED the Committee Annual Report.</p>
ARA/20/47	<p>COMMITTEE WORK PROGRAMME 2020-21</p> <p>Good governance practice dictates that Boards and Committees should be supported by an annual programme of business that sets out a coherent overall programme for meetings. The forward plan is a key mechanism by which appropriately timed governance oversight, scrutiny and transparency can be maintained in a way that doesn't place an onerous burden on those in executive roles and create unnecessary or bureaucratic governance processes.</p> <p>The work programme has been developed in-line with respective terms of reference, the Board's Assurance Framework and Corporate Risk Register. The work programme will be reviewed routinely at each meeting.</p> <p>Sarah Pritchard stated that the Charitable Funds Annual Report should be deferred to the November Committee, as it will need to be presented to the Charitable Funds Committee first.</p> <p>The Committee RECEIVED and NOTED the Committee Work Programme.</p>
ARA/20/48	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <ul style="list-style-type: none"> • Update on Counter Fraud • Updated FCP #4 for COVID-19 • Committee Annual Report • Committee Workplan
ARA/20/49	<p>ANY OTHER URGENT BUSINESS</p> <p>There was no other urgent business for discussion, and the Chair declared the meeting closed at 11.45 am.</p>
ARA/20/50	<p>DATE OF NEXT MEETING</p>

08 September 2020, 10:00 am, Microsoft Teams
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