


Audit, Risk and Assurance Committee

25 June 2020, 10:00 to 13:00
Skype Meeting

Agenda

1. PRELIMINARY MATTERS

 ARA_Agenda_25 June 2020_Final.pdf (2 pages)

1.1. Welcome and Apologies


Oral
Committee Chair

1.2. Declarations of Interest

Oral
Committee Chair

1.3. Minutes from the previous meeting held on for approval 18 May 2020

Attached
Committee Chair

 ARA_Item_1.3_Unconfirmed_Minutes_18 May 2020.pdf (11 pages)

1.4. Matters arising from previous meeting

Oral
Committee Chair

1.5. Committee Action Log


Attached
Committee Chair

 ARA_Item_1.5_Action Log_25 June 2020.pdf (2 pages)


2. ITEMS FOR APPROVAL/RATIFICATION/DECISION

There are no items for approval in this section


2.1. PTHB Annual Accounts, 2019-20


 ARA_Item_2.1_Final Annual Accounts 2019-20.pdf (4 pages)

2.1.1. Audit of Financial Statements (ISA 260)


 ARA_Item_2.1a_Powys THB Accounts 2019-20 - Final Post Audit.pdf (73 pages)

2.1.2. Letter of Representation

 ARA_Item_2.1b_i_Powys - Audit Findings Report - final 19.20-GT18-4827.pdf (25 pages)

 ARA_Item_2.1bii_Powys THB Letter of Representation 2019-20.pdf (3 pages)

2.2. PTHB Annual Accountability Report, 2019-20

 ARA_Item_2.2_Accountability Report Covering Paper.pdf (3 pages)

 ARA_Item_2.2a_Appendix1_AAR_June2020_v5.pdf (106 pages)

2.2.1.

Patterson, Liz
06/24/2020 11:19:17

2.3. Application for Single Tender Waivers


 ARA_Item_2.3_Application for Single Tender Waiver June 2020.pdf (14 pages)

3. ITEMS FOR DISCUSSION


3.1. Internal Audit

Attached
Head of Internal Audit

3.1.1. Revised Internal Audit Plan 2020/21


 ARA_Item_3.1a_Internal Audit - Covid-19 impact on annual plan v4.pdf (18 pages)


3.1.2. Review of Section 33 Arrangements - Reasonable Assurance


 ARA_Item_3.1b_PTHB_2021_31_Section 33 Governance Arrangements Follow Up_Final Internal Audit Report.pdf (24 pages)

3.2. Audit Recommendations Tracking


Attached
Board Secretary


 ARA_Item_3.2_Audit Recommendations Update_25 June 2020.pdf (10 pages)


 ARA_Item_3.2a_Appendix 1 - Internal - Revised Deadlines.pdf (10 pages)

 ARA_Item_3.2b_Appendix 2 - External - Revised Deadlines.pdf (1 pages)

 ARA_Item_3.2c_Appendix 3 - Internal - NYD.pdf (3 pages)

 ARA_Item_3.2d_Appendix 4 - External - NYD.pdf (1 pages)


 ARA_Item_3.2e_Appendix 5 - Internal - Complete.pdf (2 pages)

 ARA_Item_3.2f_Appendix 6 - External - Complete.pdf (1 pages)


3.3. External Audit:

Attached
Board Secretary

3.3.1. Update on the Auditor General for Wales' Programme of Work

 ARA_Item_3.3a_PA288 - Update on the AGWs programme of NHS Performance Audit work.pdf (7 pages)

3.3.2. Structured Assessment 2020


 ARA_Item_3.3b_Structured Assessment 2020_Briefing Note.pdf (5 pages)

4. ITEMS FOR INFORMATION

4.1. To Receive Final Status Internal Audit Reports, Discussed in Draft by the Committee at its meeting on 18 May 2020:

Attached
Head of Internal Audit

4.1.1. Capital Assurance Follow Up

 ARA_Item_4.1a_Capital Assurance Follow Up_1920_Final Report.pdf (19 pages)

4.1.2. Outpatients - Planned Activity

4.1.3. Estates Assurance Follow Up

 ARA_Item_4.1c_Estates Assurance Follow Up_1920_Final Report.pdf (15 pages)

Paterson/11/11/20
06/24/2020 11:19:17

4.1.4. Financial Safeguarding: Estates Team Led Work



ARA_Item_4.1d_Financial Safeguarding
(Estates)_1920_Final Report.pdf

(26 pages)

4.1.5. Financial Safeguarding: Support Services Led Work



ARA_Item_4.1e_Financial Safeguarding (Support
Services)_1920_Final Report.pdf

(19 pages)

4.1.6. Welsh Language Standards Implementation



ARA_Item_4.1f_Welsh Language Standards
Implementation_Final Internal Audit Report_for
client issue.pdf

(24 pages)

5. OTHER MATTERS

5.1. Items to be brought to the attention of the Board and other Committees

5.2. Any other urgent business

5.3. Date of next meeting: 8th September 2020



AGENDA

Item	Title	Attached /Oral	Presenter
1 PRELIMINARY MATTERS			
1.1	Welcome and Apologies	Oral	Chair
1.2	Declarations of Interest	Oral	All
1.3	Minutes from the Previous Meeting, held 18 May 2020	Attached	Chair
1.4	Matters Arising from the Previous Meeting, held 18 May 2020	Oral	Chair
1.5	Committee Action Log	Attached	Chair
2 ITEMS FOR APPROVAL/RATIFICATION/DECISION			
2.1	PTHB Annual Accounts, 2019-20, including: a) Audit of Financial Statements (ISA 260) b) Letter of Representation	Attached	Director of Finance and IT & External Audit
2.2	PTHB Annual Accountability Report, 2019-20, including: ▪ Corporate Governance Report ▪ Remuneration and Staff Report ▪ National Assembly for Wales Accountability and Audit Report	Attached	Board Secretary & External Audit
3 ITEMS FOR DISCUSSION			
3.1	Internal Audit: a) Revised Internal Audit Plan 2020/21 b) Review of Section 33 Arrangements – Reasonable Assurance	Attached	Head of Internal Audit
3.2	Audit Recommendations Tracking	Attached	Board Secretary
3.3	External Audit: - a) Update on the Auditor General for Wales' Programme of Work b) Structured Assessment 2020	Attached	External Audit

4 ITEMS FOR INFORMATION			
4.1	To Receive Final Status Internal Audit Reports, Discussed in Draft by the Committee at its meeting on 18 May 2020: <u>Substantial Assurance Rating</u> a) Capital Assurance Follow Up <u>Reasonable Assurance Rating</u> b) Outpatients – Planned Activity c) Estates Assurance Follow Up d) Financial Safeguarding: Estates Team Led Work e) Financial Safeguarding: Support Services Led Work <u>Limited Assurance Rating</u> f) Welsh Language Standards Implementation	Attached	Head of Internal Audit
5 OTHER MATTERS			
5.1	Items to be Brought to the Attention of the Board and Other Committees	Oral	Chair
5.2	Any Other Urgent Business	Oral	Chair
5.3	Date of the Next Meeting: <ul style="list-style-type: none"> 25 June 2020, 10.00am, Boardroom, Glasbury House 		

Key:

	Governance & Assurance
	Internal & Capital Audit
	External Audit
	Anti-Fraud Culture

MESSAGE TO THE PUBLIC:

Powys Teaching Health Board is committed to openness and transparency, and conducts as much of its business as possible in a session that members of the public are normally welcome to attend and observe. However, in light of the current advice and guidance in relation to Coronavirus (COVID-19), the Board has agreed to run meetings by electronic / telephony means as opposed to in a physical location, for the foreseeable future. This will mean that members of the public will not be able attend in person or observe on-line.

The Board has taken this decision in the best interests of protecting the public, our staff and Board members. The Board will publish a summary of meetings held on our website within a week of the meeting to promote openness and transparency.

Patterson, Liz
06/24/2020 11:19:17



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

AUDIT, RISK & ASSURANCE COMMITTEE

UNCONFIRMED

MINUTES OF THE MEETING HELD ON MONDAY 18 MAY 2020 BOARD ROOM, GLASBURY HOUSE, BRONLLYS HOSPITAL

Present:

Tony Thomas
Mark Taylor
Ian Phillips
Mel Davies

Independent Member – Finance (Committee Chair)
Independent Member – Capital and Estates
Independent Member – ICT
Vice Chair

In Attendance:

Pete Hopgood
Gail Turner-Radcliffe
Professor Vivienne
Harpwood
Barrie Morris
Sarah Pritchard
Felicity Quance
Osian Lloyd
Helen Higgs
Rani Mallison
Carol Shillabeer
Dave Thomas
Alison Davies
Hayley Thomas

Director of Finance, Information and IT
External Audit (Grant Thornton)
PTHB Chair (left the meeting at 12.30 pm)

Julie Rowles

External Audit (Grant Thornton)
Head of Financial Services
Internal Audit

Claire Madsen
Kathryn Cobley

Deputy Head of Internal Audit
Head of Internal Audit
Board Secretary
Chief Executive
External Audit (Audit Wales)
Director of Nursing (for item 3.2a)
Director of Planning & Performance (for items
3.2b, c, d & e)
Director of Workforce & OD and Support Services
(for items 3.2d and 3.2f)
Director of Therapies (for item 3.2h)
Welsh Language Service Improvement Manager
(for item 3.2h)

Committee Support

Caroline Evans

Head of Risk and Assurance

Apologies for absence:

Matthew Dorrance

Independent Member – Local Authority

Elaine Matthews

External Audit (Audit Wales)

Anthea Wilson

CHC

ARA/19/125	<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/19/126	<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/19/127	<p>MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION</p> <p>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: -</p> <p>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’.</p> <p>ARA/19/118 – Mark Taylor identified a Typo that reads ‘Mark Thomas’, and should be ‘Mark Taylor’.</p>
ARA/19/128	<p>MATTERS ARISING FROM PREVIOUS MEETINGS</p> <p>There were no matters arising from the previous meeting.</p>
ARA/19/129	<p>COMMITTEE ACTION LOG</p> <p>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.</p> <p>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>

Patterson, Liz
06/24/2020 11:19:17

	<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>

Patterson, Liz
06/24/2020 11:19:17

	<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>
<p>ARA/19/133</p>	<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>

Patterson, Liz
06/24/2020 11:19:17

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.

Patterson, Liz
06/24/2020 11:19:17

	<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>
<p>ARA/19/134</p>	<p>EXTERNAL AUDIT: 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>

Patterson, Liz
06/24/2020 11:19:17

	<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 Hoppood 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).

Patterson, Liz
06/24/2020 11:19:17

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>
<p>ARA/19/138</p>	<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>

Patterson, Liz
06/24/2020 11:19:17

	<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>

Patterson, Liz
06/24/2020 11:19:17

Key:

Completed
Not yet due
Due
Overdue
Transferred



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

AUDIT, RISK AND ASSURANCE COMMITTEE ACTION LOG (June 2020)

Minute	Date	Action	Responsible	Progress	Status
ARA/20/14	18 May 2020	The Remuneration Report will be presented to Committee members at the 25 June meeting.	Director of Finance & IT	Final Annual Accountability Report included on the agenda, 25 June 2020.	Completed
ARA/19/87	14 January 2020	It will be queried with procurement colleagues whether the organisation will still be obliged to advertise in the European Journal post-Brexit	Director of Finance & IT	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.	Completed
ARA/19/77	11 November 2019	The Integrated Care Fund Report for RPB will be circulated to Committee members	Chief Executive	Attached: https://www.audit.wales/publication/integrated-care-fund-powys-regional-partnership-board	Completed

ARA/19/68	11 November 2019	Health Board to hold a designated list of investigative officers in order to improve training and skills	Chief Executive	Policy approved by Board 25 May 2020.	
ARA/19/111	9 March 2020	The revised Local Counter Fraud Workplan 2020/21 will be brought to the next meeting of the Committee	Head of Local Counter Fraud Services / Director of Finance	It has been confirmed that no further updates are required to the Workplan agreed by Committee in March 2020.	
ARA/19/115e	9 March 2020	The management response in respect of the timeliness of signing of contract documentation will be picked up with the Director of Planning & Performance.	Board Secretary	Delayed due to COVID-19.	
ARA/19/115e	9 March 2020	The Machynlleth Hospital Primary & Community Care Project recommendation 6 (lessons learnt) would be shared with the Committee, once available.	Board Secretary	Delayed due to COVID-19.	

Patterson, Liz
06/24/2020 11:19:17

Audit, Risk and Assurance Committee		Date of Meeting: 25 June 2020
Subject :	DRAFT ANNUAL ACCOUNTS 2019-20	
Approved and Presented by:	Director of Finance and IT	
Prepared by:	Head of Financial Services	
Other Committees and meetings considered at:	Audit, Risk & Assurance Committee, 18 May 2020	

PURPOSE:

The purpose of this paper is to provide the Audit, Risk & Assurance Committee with the final audited Annual Accounts 2019/20 to provide recommendation to the Board for Approval at its meeting on 29th June 2020.

RECOMMENDATION(S):

The Audit, Risk & Assurance Committee is asked to:-

- to note the content of this report;
- to note the accounts have been subject to a statutory audit by Grant Thornton (External Audit)
- to recommend to Board at its meeting on 29th June 2020 for approval and signature of the Financial Accounts for year ended 31st March 2020.

Ratification	Discussion	Information
✓		

Patterson, Liz
06/24/2020 11:19:17

THE PAPER IS ALIGNED TO THE DELIVERY OF THE FOLLOWING STRATEGIC OBJECTIVE(S) AND HEALTH AND CARE STANDARD(S):

Strategic Objectives:	1. Focus on Wellbeing	x
	2. Provide Early Help and Support	x
	3. Tackle the Big Four	x
	4. Enable Joined up Care	x
	5. Develop Workforce Futures	x
	6. Promote Innovative Environments	x
	7. Put Digital First	x
	8. Transforming in Partnership	x
Health and Care Standards:	1. Staying Healthy	x
	2. Safe Care	x
	3. Effective Care	x
	4. Dignified Care	x
	5. Timely Care	x
	6. Individual Care	x
	7. Staff and Resources	✓
	8. Governance, Leadership & Accountability	✓

EXECUTIVE SUMMARY:

There is a requirement on an annual basis to provide Annual Audited Accounts to Welsh Government. This paper outlines the work to date and further steps required in this regard

DETAILED BACKGROUND AND ASSESSMENT:

Background

The Teaching Health Board (THB) was required to submit a draft unaudited set of annual accounts to the Welsh Government (WG) and Grant Thornton by 22nd May 2020. Grant Thornton have undertaken the statutory audit of the annual accounts.

The THB is required to submit an audited set of annual accounts to the Welsh Government on 30th June 2020. These accounts are required to be approved by the THB Board; this is scheduled to take place on 25th and 29th June 2020. The Accounts will then be signed by the Auditor General for Wales on 2nd July 2020

Financial targets and statutory duties

The THB has achieved the following financial targets and statutory duties for 2019/20:

Operational in-year financial balance has been achieved, reporting a surplus of £0.055M (Achievement of Operational Financial Balance, Note 2.1 page 25)

- Cash contained within cash limit (Statement of Cash Flows, page 7)
- Capital financial balance (Note 2.2. page 25).

The THB has also achieved the 3 year duty to ensure that its expenditure does not exceed the aggregate funding allotted to it over a 3 year period. (Note 2.1 & 2.2 Page 25) for both revenue and capital resource limits. This is the fourth year to demonstrate this 3 year duty.

The THB has met the following administrative (not statutory) target:

- The THB performance at 96.4% did meet the administrative target of payment of 95% of the number of non-nhs creditors within 30 days this year. (Note 2.4 page 26).

Changes from the Draft Annual Accounts

There has been one main adjustment to the accounts that has not amended the THB reported financial performance. This relates to an increase in the March 2020 prescribing activity and an allocation amount of 0.270M has been received from Welsh Government to fund this increase. The expenditure on prescribed drugs and appliances within note 3.1 (page 24) has been increased by 0.270M to reflect an increase in the activity above the amount previously estimated and a corresponding increase in the HB Revenue Resource Limit of 0.270M within note 2.1 (page 22).

There have been a small number of further amendments which have been made to the annual accounts. These amendments only serve to improve the reading of the accounts and do not have any impact of the overall achievement of the organisation's financial targets.

Other Matters to be bring to the Audit Risk and Assurance Committee's attention

There are no other matters to draw to the Audit, Risk and Assurance Committee's attention that are not included within the Audit Wales ISA 260 report considered as part of this meeting's agenda.

The THB has met the target dates for preparing and submitting the draft annual accounts to Welsh Government and Grant Thornton by 22nd May 2020.

The THB is on course to meet the target date to submit the audited accounts to be approved Health Board on 29th June 2020 and Welsh Government by the final submission date of 30th June 2020.

The Auditor General for Wales will be required to sign the auditor's statement and submit the full signed accounts to Welsh Government on 2nd July 2020.

Patricia Liz
06/07/2020 11:19:17

NEXT STEPS:

- 2019/20 Audited Annual Accounts to be approved by the Board at its on 29 June 2020
- Following Board approval, the 2019/20 Audited Annual Accounts are to be submitted to Welsh Government by 30 June 2020.
- The Auditor General for Wales will sign the 2019/20 Audited Annual Accounts on 02 July 2020

Patterson, Liz
06/24/2020 11:19:17

POWYS TEACHING LOCAL HEALTH BOARD

FOREWORD

These accounts have been prepared by the Local Health Board under schedule 9 section 178 Para 3(1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers have with the approval of the Treasury directed.

Statutory background

Powys Teaching Local Health Board was established under the Local Health Boards (Establishment) (Wales) Order 2003 (S.I. 2003/148 (W.18))

As a statutory body governed by Acts of Parliament the THB is responsible for :

- agreeing the action which is necessary to improve the health and health care of the population of Powys;
- supporting and financing General Practitioner-led purchasing of the services needed to meet agreed priorities, including charter standards and guarantees;
- supporting and funding the contractor professions;
- the commissioning of health promotion, emergency planning and other regulatory tasks;
- the stewardship of resources including the financial management and monitoring of performance in critical areas;
- eliciting and responding to the views of local people and organisations and changing and developing services at a pace and in ways that they will accept;
- providing Hospital and Community Healthcare Services to the residents of Powys.

Powys THB hosts the Community Health Councils in Wales. In addition, it is also responsible for hosting specific functions in respect of the accounts of the former Health Authorities mostly significantly in respect of clinical negligence. The THB also hosts the functions of Health and Care Research Wales (HCRW) and All Wales Retrospective Continuing Health Care Reviews Project.

Performance Management and Financial Results

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2019-20. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

Local Health Boards in Wales must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result, the Primary Statement of in-year income and expenditure is the Statement of Comprehensive Net Expenditure, which shows the net operating cost incurred by the LHB which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

Under the National Health Services Finance (Wales) Act 2014, the annual requirement to achieve balance against Resource Limits has been replaced with a duty to ensure, in a rolling 3 year period, that its aggregate expenditure does not exceed its aggregate approved limits.

The Act came into effect from 1 April 2014 and under the Act the first assessment of the 3 year rolling financial duty took place at the end of 2016-17.

Patterson, Liz
06/24/2020 11:19:17

**Statement of Comprehensive Net Expenditure
for the year ended 31 March 2020**

	Note	2019-20 £'000	2018-19 £'000
Expenditure on Primary Healthcare Services	3.1	72,773	67,927
Expenditure on healthcare from other providers	3.2	157,686	148,167
Expenditure on Hospital and Community Health Services	3.3	109,381	97,347
		339,840	313,441
Less: Miscellaneous Income	4	(15,328)	(14,264)
LHB net operating costs before interest and other gains and losses		324,512	299,177
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	19	7
Net operating costs for the financial year		324,531	299,184

See note 2 on page 25 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 70 form part of these accounts

Patterson, Liz
06/24/2020 11:19:17

Other Comprehensive Net Expenditure

	2019-20 £'000	2018-19 £'000
Net (gain) / loss on revaluation of property, plant and equipment	(705)	(721)
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	0
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	<u>(705)</u>	<u>(721)</u>
Total comprehensive net expenditure for the year	<u>323,826</u>	<u>298,463</u>

The notes on pages 8 to 70 form part of these accounts

Patterson, Liz
06/24/2020 11:19:17

Statement of Financial Position as at 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Property, plant and equipment	11	74,674	78,465
Intangible assets	12	0	0
Trade and other receivables	15	14,791	23,322
Other financial assets	16	0	0
Total non-current assets		89,465	101,787
Current assets			
Inventories	14	156	150
Trade and other receivables	15	9,024	9,615
Other financial assets	16	0	0
Cash and cash equivalents	17	540	2,317
		9,720	12,082
Non-current assets classified as "Held for Sale"	11	0	0
Total current assets		9,720	12,082
Total assets		99,185	113,869
Current liabilities			
Trade and other payables	18	(35,164)	(40,435)
Other financial liabilities	19	0	0
Provisions	20	(2,461)	(2,446)
Total current liabilities		(37,625)	(42,881)
Net current assets/ (liabilities)		(27,905)	(30,799)
Non-current liabilities			
Trade and other payables	18	0	0
Other financial liabilities	19	0	0
Provisions	20	(20,679)	(29,145)
Total non-current liabilities		(20,679)	(29,145)
Total assets employed		40,881	41,843
Financed by :			
Taxpayers' equity			
General Fund		768	2,415
Revaluation reserve		40,113	39,428
Total taxpayers' equity		40,881	41,843

The financial statements on pages 2 to 7 were approved by the Board on 29 June 2020 and signed on its behalf by:

Chief Executive and Accountable Officer Date: 29 June 2020

The notes on pages 8 to 70 form part of these accounts

Patterson, Liz
06/29/2020 11:19:17

**Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2020**

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2019-20			
Balance at 1 April 2019	2,415	39,428	41,843
Net operating cost for the year	(324,531)		(324,531)
Net gain/(loss) on revaluation of property, plant and equipment	0	705	705
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other Reserve Movement	0	0	0
Transfers between reserves	20	(20)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2019-20	(324,511)	685	(323,826)
Net Welsh Government funding	319,391		319,391
Notional Welsh Government Funding	3,473		3,473
Balance at 31 March 2020	768	40,113	40,881

The notes on pages 8 to 70 form part of these accounts

Patterson, Liz
06/24/2020 11:19:17

**Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2019**

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2018-19			
Balance at 31 March 2018	1,630	38,724	40,354
Adjustment for Implementation of IFRS 9	(20)	0	(20)
Balance at 1 April 2018	1,610	38,724	40,334
Net operating cost for the year	(299,184)		(299,184)
Net gain/(loss) on revaluation of property, plant and equipment	0	721	721
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	17	(17)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2018-19	(299,167)	704	(298,463)
Net Welsh Government funding	299,972		299,972
Balance at 31 March 2019	2,415	39,428	41,843

The notes on pages 8 to 70 form part of these accounts

Patterson, Liz
06/24/2020 11:19:17

Statement of Cash Flows for year ended 31 March 2020

		2019-20 £'000	2018-19 £'000
Cash Flows from operating activities	Notes		
Net operating cost for the financial year		(324,531)	(299,184)
Movements in Working Capital	27	3,901	17,141
Other cash flow adjustments	28	14,327	(3,998)
Provisions utilised	20	(11,612)	(7,504)
Net cash outflow from operating activities		(317,915)	(293,545)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(3,253)	(5,295)
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
Payment for other financial assets		0	0
Proceeds from disposal of other financial assets		0	0
Payment for other assets		0	0
Proceeds from disposal of other assets		0	0
Net cash inflow/(outflow) from investing activities		(3,253)	(5,295)
Net cash inflow/(outflow) before financing		(321,168)	(298,840)
Cash Flows from financing activities			
Welsh Government funding (including capital)		319,391	299,972
Capital receipts surrendered		0	0
Capital grants received		0	0
Capital element of payments in respect of finance leases and on-SoFP		0	0
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		319,391	299,972
Net increase/(decrease) in cash and cash equivalents	17	(1,777)	1,132
Cash and cash equivalents (and bank overdrafts) at 1 April 2019		2,317	1,185
Cash and cash equivalents (and bank overdrafts) at 31 March 2020		540	2,317

The notes on pages 8 to 70 form part of these accounts

Patterson, Liz
06/24/2020 11:19:17

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2019-20 Manual for Accounts. The accounting policies contained in that manual follow the 2019-20 Financial Reporting Manual (FRoM), which applies European Union adopted IFRS and Interpretations in effect for accounting periods commencing on or after 1 January 2019, except for IFRS 16 Leases, which is deferred until 1 April 2021; to the extent that they are meaningful and appropriate to the NHS in Wales.

Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1. Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

1.2. Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3. Income and funding

The main source of funding for the LHBs are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the LHB. Welsh Government funding is recognised in the financial period in which the cash is received.

Non-discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

Funding for the acquisition of fixed assets received from the Welsh Government is credited to the General Fund.

Miscellaneous income is income which relates directly to the operating activities of the LHB and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the LHB for the Welsh Government such as funding provided to agencies and non-activity costs incurred by the LHB in its provider role. Income received from LHBs transacting with other LHBs is always treated as miscellaneous income.

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FRoM. It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. The potential amendments identified as a result of the adoption of IFRS 15 are significantly below materiality levels.

Patterson, Liz
06/24/2020 11:19:17

Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income had been received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred.

Only non-NHS income may be deferred.

1.4. Employee benefits

1.4.1. Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.4.2. Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The latest NHS Pension Scheme valuation results indicated that an increase in benefit required a 6.3% increase (14.38% to 20.68%) which was implemented from 1 April 2019.

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated in 2019-20 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, in Wales the additional 6.3% being funded by Welsh Government directly to the Pension Scheme administrator, the NHS Business Services Authority (BSA the NHS Pensions Agency).

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in the 2019-20 annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Other Note within these accounts.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the NHS Wales organisation commits itself to the retirement, regardless of the method of payment.

Where employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme this is disclosed. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the NHS Wales organisation's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs.

09/24/2020 11:19:17
Oatkinson,Liz

1.4.3. NEST Pension Scheme

An alternative pensions scheme for employees not eligible to join the NHS Pensions scheme has to be offered. The NEST (National Employment Savings Trust) Pension scheme is a defined contribution scheme and therefore the cost to the NHS body of participating in the scheme is equal to the contributions payable to the scheme for the accounting period.

1.5. Other expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

1.6. Property, plant and equipment

1.6.1. Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the NHS Wales organisation;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

1.6.2. Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and buildings used for services or for administrative purposes are stated in the Statement of Financial Position (SoFP) at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use

- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales' organisations have applied these new valuation requirements from 1 April 2009.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

In 2017-18 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure.

References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that the impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Net Expenditure (SoCNE).

From 2015-16, IFRS 13 Fair Value Measurement must be complied with in full. However IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. Where there is no single class of asset that falls within IFRS 13, disclosures should be for material items only.

In accordance with the adaptation of IAS 16 in table 6.2 of the FReM, for non-specialised assets in operational use, current value in existing use is interpreted as market value for existing use which is defined in the RICS Red Book as Existing Use Value (EUV).

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the NHS organisation or the asset which would prevent access to the market at the reporting date. If the NHS organisation could access the market then the surplus asset should be used at fair value using IFRS 13. In determining whether such an asset which is not in use is surplus, an assessment should be made on whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver

services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

1.6.3. Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any carrying value of the item replaced is written-out and charged to the SoCNE. As highlighted in previous years the NHS in Wales does not have systems in place to ensure that all items being "replaced" can be identified and hence the cost involved to be quantified. The NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of the Manual For Accounts. This dictates that to ensure that asset carrying values are not materially overstated. For All Wales Capital Schemes that are completed in a financial year, NHS Wales organisations are required to obtain a revaluation during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

1.7. Intangible assets

1.7.1. Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Wales organisation; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.8. Depreciation, amortisation and impairments

Freehold land, assets under construction and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS Wales Organisation expects to obtain economic benefits or service potential from the asset. This is specific to the NHS Wales organisation and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

At each reporting period end, the NHS Wales organisation checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

Impairment losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the SoCNE. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE. The balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 are transferred to retained earnings.

1.9. Research and Development

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project.

1.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed

sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the SoCNE. On disposal, the balance for the asset on the revaluation reserve, is transferred to the General Fund.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead it is retained as an operational asset and its economic life adjusted. The asset is derecognised when it is scrapped or demolished.

1.11. Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

1.11.1. Powys Teaching Local Health Board as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the SoCNE.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

1.11.2. Powys Teaching Local Health Board as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS Wales organisation net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the NHS Wales organisation's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.12. Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost

and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.13. Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows (SoCF), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

1.14. Provisions

Provisions are recognised when the NHS Wales organisation has a present legal or constructive obligation as a result of a past event, it is probable that the NHS Wales organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the discount rate supplied by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the NHS Wales organisation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the NHS Wales organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in 2019-20. The WRP is hosted by Velindre NHS Trust.

1.14.2. Future Liability Scheme (FLS) - General Medical Practice Indemnity (GMPI)

The FLS is a state backed scheme to provide clinical negligence General Medical Practice Indemnity (GMPI) for providers of GMP services in Wales.

06/11/2020 11:19:17
 Admin

In March 2019, the Minister issued a Direction to Velindre NHS Trust to enable Legal and Risk Services to operate the Scheme. The GMPI is underpinned by new secondary legislation, The NHS (Clinical Negligence Scheme) (Wales) Regulations 2019 which came into force on 1 April 2019.

GMP Service Providers are not direct members of the GMPI FLS, their qualifying liabilities are the subject of an arrangement between them and their relevant LHB, which is a member of the scheme. The qualifying reimbursements to the LHB are not subject to the £25,000 excess.

1.15. Financial Instruments

From 2018-19 IFRS 9 Financial Instruments has applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales' organisations, was to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss (ECL) basis.

All entities applying the FReM recognised the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that included the date of initial application in the opening general fund within Taxpayer's equity.

1.16. Financial assets

Financial assets are recognised on the SoFP when the NHS Wales organisation becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

IFRS 9 requirements required a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS 9 to construct a provision matrix.

1.16.1. Financial assets are initially recognised at fair value

Financial assets are classified into the following categories: financial assets 'at fair value through SoCNE'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1.16.2. Financial assets at fair value through SoCNE

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through SoCNE. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

06/04/20 11:19:17

1.16.3 Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

1.16.4. Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the SoCNE on de-recognition.

1.16.5. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the SOFP date, the NHS Wales organisation assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the SoCNE and the carrying amount of the asset is reduced directly, or through a provision of impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the SoCNE to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.17. Financial liabilities

Financial liabilities are recognised on the SOFP when the NHS Wales organisation becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

06/24/2020 11:19:17
@tterson,liz

1.17.1. Financial liabilities are initially recognised at fair value

Financial liabilities are classified as either financial liabilities at fair value through the SoCNE or other financial liabilities.

1.17.2. Financial liabilities at fair value through the SoCNE

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

1.17.3. Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.18. Value Added Tax (VAT)

Most of the activities of the NHS Wales organisation are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19. Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the SoCNE. At the SoFP date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

1.20. Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Wales organisation has no beneficial interest in them. Details of third party assets are given in the Notes to the accounts.

1.21. Losses and Special Payments

Losses and special payments are items that the Welsh Government would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

06/11/2010 11:19:17

Losses and special payments are charged to the relevant functional headings in the SoCNE on an accruals basis, including losses which would have been made good through insurance cover had the NHS Wales organisation not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

The NHS Wales organisation accounts for all losses and special payments gross (including assistance from the WRP).

The NHS Wales organisation accrues or provides for the best estimate of future pay-outs for certain liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

All claims for losses and special payments are provided for, where the probability of settlement of an individual claim is over 50%. Where reliable estimates can be made, incidents of clinical negligence against which a claim has not, as yet, been received are provided in the same way. Expected reimbursements from the WRP are included in debtors. For those claims where the probability of settlement is between 5- 50%, the liability is disclosed as a contingent liability.

1.22. Pooled budget

The NHS Wales organisation has entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note.

The pool budget is hosted by one organisation. Payments for services provided are accounted for as miscellaneous income. The NHS Wales organisation accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

1.23. Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

1.24. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the SoFP date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant estimations are made in relation to on-going clinical negligence and personal injury claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors. Any material changes in liabilities associated with these

Printed on 07/02/2020 11:19:17

claims would be recoverable through the Welsh Risk Pool.

Significant estimations are also made for continuing care costs resulting from claims post 1 April 2003. An assessment of likely outcomes, potential liabilities and timings of these claims are made on a case by case basis. Material changes associated with these claims would be adjusted in the period in which they are revised.

Estimates are also made for contracted primary care services. These estimates are based on the latest payment levels. Changes associated with these liabilities are adjusted in the following reporting period.

A formal valuation of Llandrindod Wells War Memorial Hospital was undertaken during the year, with the Valuation Office Agency specifying the following:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors.

As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review.

1.24.1. Provisions

The NHS Wales organisation provides for legal or constructive obligations for clinical negligence, personal injury and defence costs that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

Claims are funded via the Welsh Risk Pool Services (WRPS) which receives an annual allocation from Welsh Government to cover the cost of reimbursement requests submitted to the bi-monthly WRPS Committee. Following settlement to individual claimants by the NHS Wales organisation, the full cost is recognised in year and matched to income (less a £25K excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

1.24.2. Probable & Certain Cases – Accounting Treatment

A provision for these cases is calculated in accordance with IAS 37. Cases are assessed and divided into four categories according to their probability of settlement;

Remote	Probability of Settlement	0 – 5%
	Accounting Treatment	Contingent Liability.
Possible	Probability of Settlement	6% - 49%
	Accounting Treatment	Defence Fee - Provision
	Contingent Liability for all other estimated expenditure.	

Patterson, Liz
06/24/2020 11:19:17

Probable	Probability of Settlement	50% - 94%
	Accounting Treatment	Full Provision
Certain	Probability of Settlement	95% - 100%
	Accounting Treatment	Full Provision

The provision for probable and certain cases is based on case estimates of individual reported claims received by Legal & Risk Services within NHS Wales Shared Services Partnership.

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.75%.

Future liabilities for certain & probable cases with a probability of 95%-100% and 50%- 94% respectively are held as a provision on the balance sheet. Cases typically take a number of years to settle, particularly for high value cases where a period of development is necessary to establish the full extent of the injury caused.

1.25 Private Finance Initiative (PFI) transactions

The LHB does not have any Private Finance Initiative Transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The NHS Wales organisation therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

1.25.1. Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

1.25.2. PFI asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the NHS Wales organisation's approach for each relevant class of asset in accordance with the principles of IAS 16.

1.25.2. PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

Patterson, Liz
06/24/2020 11:19:17

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the SoCNE.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the SoCNE.

1.25.3. Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS Wales organisation's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.25.4. Assets contributed by the NHS Wales organisation to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS Wales organisation's SoFP.

1.25.5. Other assets contributed by the NHS Wales organisation to the operator

Assets contributed (e.g. cash payments, surplus property) by the NHS Wales organisation to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS Wales organisation, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured at the present value of the minimum lease payments, discounted using the implicit interest rate. It is subsequently measured as a finance lease liability in accordance with IAS 17.

On initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the NHS Wales organisation through the asset being made available to third party users.

Patterson, Liz
06/24/2020 11:19:17

1.26. Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

1.27. Absorption accounting

Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required.

Where transfer of function is between LHBS the gain or loss resulting from the assets and liabilities transferring is recognised in the SoCNE and is disclosed separately from the operating costs.

1.28. Accounting standards that have been issued but not yet been adopted

The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM

IFRS14 Regulatory Deferral Accounts Not EU-endorsed.*

Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 16 Leases is to be effective from 1st April 2021.

IFRS 17 Insurance Contracts, Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

1.29. Accounting standards issued that have been adopted early

During 2019-20 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.30. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS Wales

Prattison, Liz
01/24/2020 11:19:17

organisation has established that as it is the corporate trustee of the linked NHS Charity 'Powys Teaching Local Health Board Charitable Fund and other Related Charities', it is considered for accounting standards compliance to have control of the 'Powys Teaching Local Health Board Charitable Fund and other Related Charities' as a subsidiary and therefore is required to consolidate the results of the 'Powys Teaching Local Health Board Charitable Fund and other Related Charities' within the statutory accounts of the NHS Wales organisation.

The determination of control is an accounting standard test of control and there has been no change to the operation of the Charity or its independence in its management of charitable funds.

However, the NHS Wales organisation has with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will disclose the Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts. Details of the transactions with the charity are included in the related parties' notes.

Patterson,Liz
06/24/2020 11:19:17

2. Financial Duties Performance

The National Health Service Finance (Wales) Act 2014 came into effect from 1 April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1 April 2014 section 175 of the National Health Service (Wales) Act places two financial duties on Local Health Boards:

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

The first assessment of performance against the 3 year statutory duty under section 175 (1) was at the end of 2016 -17, being the first 3 year period of assessment.

Welsh Health Circular WHC/2016/054 "Statutory and Financial Duties of Local Health Boards and NHS Trusts" clarifies the statutory financial duties of NHS Wales bodies effective from 2016-17.

2.1 Revenue Resource Performance

	Annual financial performance			
	2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Net operating costs for the year	291,900	299,184	324,531	915,615
Less general ophthalmic services expenditure and other non-cash limited expenditure	1,734	1,682	1,855	5,271
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	293,634	300,866	326,386	920,886
Revenue Resource Allocation	293,730	300,931	326,441	921,102
Under /(over) spend against Allocation	96	65	55	216

Powys THB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2017-18 to 2019-20.

The Health Board did not receive any repayable brokerage during the year.

2.2 Capital Resource Performance

	2017-18	2018-19	2019-20	Total
	£'000	£'000	£'000	£'000
Gross capital expenditure	5,482	5,372	3,373	14,227
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(250)	0	0	(250)
Less capital grants received	0	0	0	0
Less donations received	(304)	(276)	(176)	(756)
Charge against Capital Resource Allocation	4,928	5,096	3,197	13,221
Capital Resource Allocation	4,933	5,108	3,200	13,241
(Over) / Underspend against Capital Resource Allocation	5	12	3	20

Powys THB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2017-18 to 2019-20.

Patterson, Liz
06/24/2020 11:19:17

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2019-20 to 2021-22 issued to LHBS placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2019-20 to 2021-22 in accordance with NHS Wales Planning Framework.

**2019-20
to
2021-22**

The Minister for Health and Social Services approval

**Status
Date**

**Approved
27/03/2019**

The THB **has** therefore met its statutory duty to have an approved financial plan for the period 2019-20 to 2021-22.

2.4 Creditor payment

The LHB is required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice (whichever is the later). The LHB has achieved the following results:

	2019-20	2018-19
Total number of non-NHS bills paid	45,593	42,654
Total number of non-NHS bills paid within target	43,965	40,843
Percentage of non-NHS bills paid within target	96.4%	95.8%

The LHB has met the target.

Patterson, Liz
06/24/2020 11:19:17

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2019-20 Total	2018-19
	£'000	£'000	£'000	£'000
General Medical Services	37,613		37,613	36,020
Pharmaceutical Services	4,574	(2,899)	1,675	1,774
General Dental Services	8,356		8,356	8,157
General Ophthalmic Services	0	1,044	1,044	1,022
Other Primary Health Care expenditure	4,810		4,810	2,626
Prescribed drugs and appliances	19,275		19,275	18,328
Total	74,628	(1,855)	72,773	67,927

The negative non cash limited balance on Pharmaceutical services relate to prescriptions for Powys residents being dispensed in non Powys Pharmacies. The effect of this is a net outflow for Powys THB. The increase in Other Primary Health Care Expenditure relates to an increase of Integrated Care Fund expenditure in 2019/20 of £4.024M (2018/19: £2.393M) which aims to drive and enable integrated and collaborative working between social services, health, housing, the third and independent sectors to support underpinning principles of integration and prevention.

3.2 Expenditure on healthcare from other providers

	2019-20	2018-19
	£'000	£'000
Goods and services from other NHS Wales Health Boards	38,997	36,701
Goods and services from other NHS Wales Trusts	2,947	2,465
Goods and services from Health Education and Improvement Wales (HEIW)	0	0
Goods and services from other non Welsh NHS bodies	61,146	58,721
Goods and services from WHSSC / EASC	37,035	34,256
Local Authorities	1,954	1,593
Voluntary organisations	2,141	1,823
NHS Funded Nursing Care	2,218	2,208
Continuing Care	12,461	11,508
Private providers	379	635
Specific projects funded by the Welsh Government	0	0
Other	(1,592)	(1,743)
Total	157,686	148,167

The 7 Health Boards in Wales have established the Welsh Health Specialist Services Commission (WHSSC) which, through the operational management of Cwm Taf Health Board, secures the provision of highly specialised healthcare for the whole of Wales. These arrangements include funding of services operated through a risk sharing arrangement. The THB payment for the WHSSC commissioning arrangements for the year ended 31st March 2020 is £37.035M.

The increase in Goods and services of other non Welsh NHS bodies results from increased activity and increases in tariffs within English NHS providers. The most significant increases are Shrewsbury and Telford Hospitals NHS Trust £1.518M Wye Valley NHS Trust £0.425M and Gloucestershire Hospitals NHS Foundation Trust £0.208M in comparison to 2018/19 expenditure.

The increase in Continuing Health Care expenditure during 2019/20 has resulted from from an increase in the number of cases being funded for this health need in comparison to 2018/19.

The decrease in Private Providers expenditure during 2019/20 has resulted from a decline in the number of patients placed within Private Providers with more patients being placed within NHS Provider bodies.

The negative balance within the Other line relates to the write back of Liabilities from the Statement of Financial Position that have been assessed as no longer payable, which relate to previous years

Peterson, Liz
06/24/2020 11:19:17

3.3 Expenditure on Hospital and Community Health Services

	2019-20 £'000	2018-19 £'000
Directors' costs	1,363	1,419
Staff costs	83,158	76,331
Supplies and services - clinical	4,962	4,585
Supplies and services - general	1,321	1,343
Consultancy Services	448	561
Establishment	2,490	2,639
Transport	1,415	1,288
Premises	5,084	4,940
External Contractors	0	0
Depreciation	3,734	3,327
Amortisation	0	0
Fixed asset impairments and reversals (Property, plant & equipment)	4,135	(87)
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	263	263
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	238	92
Research and Development	0	0
Other operating expenses	770	646
Total	109,381	97,347

3.4 Losses, special payments and irrecoverable debts: charges to operating expenses

	2019-20 £'000	2018-19 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		0
Secondary care	1,825	(7,699)
Primary care	0	0
Redress Secondary Care	48	98
Redress Primary Care	0	0
Personal injury	557	452
All other losses and special payments	2	3
Defence legal fees and other administrative costs	(2)	87
Gross increase/(decrease) in provision for future payments	2,430	(7,059)
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	84	43
Less: income received/due from Welsh Risk Pool	(2,276)	7,108
Total	238	92

	2019-20 £	2018-19 £
Permanent injury included within personal injury £:	87,035	1,639

The main increases in staff costs relates to the NHS Pay Award being agreed and implemented during 2019/20 and the full year effect of the increase in Employer pensions costs payable by 6.3% during the year. Full details of the impact of these additional pension costs is provided in detail at note 34.1.

Clinical Redress expenditure including defence fees during the year was £0.066M in respect of 26 cases (2018-19 £0.115M in respect of 20 cases). This relates to the movement on provision for claims currently in progress. These are expected to be fully reimbursed by the Welsh Risk Pool should payments be made in respect of the claims. This provision is included within Note 20 of the accounts.

The Movement on Clinical Negligence, Personal Injury and Defence fees links to Note 20 of the accounts and includes the arising in year amounts on these lines offset by the reversed unused amounts of the opening provision.

Quality Assurance
07/12/2020 11:19:17

4. Miscellaneous Income

	2019-20 £'000	2018-19 £'000
Local Health Boards	2,616	3,195
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	0	0
NHS Wales trusts	67	26
Health Education and Improvement Wales (HEIW)	557	325
Foundation Trusts	0	0
Other NHS England bodies	320	415
Other NHS Bodies	0	0
Local authorities	0	0
Welsh Government	5,166	4,904
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	1,770	1,826
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	63	92
Other income from activities	1,550	1,316
Patient transport services	33	32
Education, training and research	502	448
Charitable and other contributions to expenditure	0	0
Receipt of donated assets	176	276
Receipt of Government granted assets	0	0
Non-patient care income generation schemes	0	0
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	64	73
Other income:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	109	107
Mortuary fees	22	25
Staff payments for use of cars	0	0
Business Unit	0	0
Other	2,313	1,204
Total	15,328	14,264
Other income Includes;		
	0	0
	0	0
	0	0
	0	0
Total	0	0

Welsh Government miscellaneous income includes funding received on behalf of the hosted function of Health and Care Research Wales within the THB. This has increased to £4.964M from an amount of £4.548M received in 18/19.

The Receipt of donated assets is due to four significant patient related building schemes being funded by League of Friends and the THB Charity. These include the creation of Palliative Care Suite in Bronllys hospital and redevelopment of patient garden areas at Brecon, Welshpool and Ystradgynlais Hospitals. Smaller items of medical equipment have also been purchased by League of Friends and the THB Charity for the use of Service areas within the THB.

The increase in other Income relates mainly to the receipt of monies due to the Health Board in respect of a fraud case relating to prior years of £0.498M.

5. Investment Revenue

	2019-20	2018-19
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	<u>0</u>	<u>0</u>

6. Other gains and losses

	2019-20	2018-19
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	0	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	<u>0</u>	<u>0</u>

7. Finance costs

	2019-20	2018-19
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	<u>0</u>	<u>0</u>
Provisions unwinding of discount	19	7
Other finance costs	0	0
Total	<u>19</u>	<u>7</u>

Patterson, Liz
06/24/2020 11:19:17

8. Operating leases

LHB as lessee

As at 31st March 2020 the LHB had 52 operating leases agreements in place for the leases of premises, 21 arrangements in respect of equipment and 126 in respect of vehicles, with 7 premises, 4 equipment and 40 vehicle leases having expired in year.

Payments recognised as an expense	2019-20	2018-19
	£000	£000
Minimum lease payments	1,007	924
Contingent rents	0	0
Sub-lease payments	0	0
Total	1,007	924

Total future minimum lease payments

Payable	£000	£000
Not later than one year	959	807
Between one and five years	1,206	957
After 5 years	334	251
Total	2,499	2,015

LHB as lessor

Rental revenue	£000	£000
Rent	322	424
Contingent rents	0	0
Total revenue rental	322	424

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	322	424
Between one and five years	46	181
After 5 years	136	163
Total	504	768

Patterson, Liz
06/24/2020 11:19:17

9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2018-19
	£000	£000	£000	£000	£000	£000
Salaries and wages	62,017	271	5,451	0	67,739	65,097
Social security costs	5,383	0	0	0	5,383	5,115
Employer contributions to NHS Pension Scheme	11,399	0	0	0	11,399	7,538
Other pension costs	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Total	78,799	271	5,451	0	84,521	77,750
Charged to capital					202	188
Charged to revenue					84,319	77,562
					84,521	77,750
Net movement in accrued employee benefits (untaken staff leave accrual included above)					0	0

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2018-19
	Number	Number	Number		Number	Number
Administrative, clerical and board members	546	4	4	0	554	529
Medical and dental	37	0	6	0	43	40
Nursing, midwifery registered	541	1	25	0	567	571
Professional, Scientific, and technical staff	59	0	5	0	64	61
Additional Clinical Services	328	0	9	0	337	320
Allied Health Professions	124	0	5	0	129	127
Healthcare Scientists	2	0	0	0	2	3
Estates and Ancillary	162	0	3	0	165	157
Students	0	0	0	0	0	2
Total	1,799	5	57	0	1,861	1,810

9.3. Retirements due to ill-health

	2019-20	2018-19
Number	3	5
Estimated additional pension costs £	92,113	341,766

The estimated additional pension costs of these ill-health retirements have been calculated on an average basis and are borne by the NHS Pension Scheme.

9.4 Employee benefits

The LHB does not have an employee benefit scheme.

Patterson, Liz
06/24/2020 11:19:17

9.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2019-20	2019-20	2019-20	2019-20	2018-19
	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0

Exit packages cost band (including any special payment element)	2019-20	2019-20	2019-20	2019-20	2018-19
	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0

There have been no exit packages within the organisation during 2019/20 and 2018/19

Patterson, Liz
06/24/2020 11:19:17

9.6 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director /employee in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the LHB in the financial year 2019-20 was £165,000 to £170,000 (2018-19, £160,000 to £165,000). This was 5.61 times (2018-19, 5.75 times) the median remuneration of the workforce, which was £29,763 (2018-19, £28,479).

In 2019-20, 1 (2018-19, 2) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £17,652 to £169,422 (2018-19, £17,460 to £171,635).

Total remuneration includes salary and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Patterson,Liz
06/24/2020 11:19:17

9.7 Pension costs

PENSION COSTS

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/nhs-pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

Patterson, Liz
06/24/2020 11:19:17

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

c) National Employment Savings Trust (NEST)

NEST is a workplace pension scheme, which was set up by legislation and is treated as a trust-based scheme. The Trustee responsible for running the scheme is NEST Corporation. It's a non-departmental public body (NDPB) that operates at arm's length from government and is accountable to Parliament through the Department for Work and Pensions (DWP).

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing.

NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 8% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,136 and £50,000 for the 2019-20 tax year (2018-19 £6,032 and £46,350).

Restrictions on the annual contribution limits were removed on 1st April 2017.

Patterson,Liz
06/24/2020 11:19:17

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

The Welsh Government requires that Health Boards pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Welsh Government has set as part of the Health Board financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

	2019-20	2019-20	2018-19	2018-19
	Number	£000	Number	£000
NHS				
Total bills paid	2,367	149,083	2,448	134,693
Total bills paid within target	1,890	142,439	1,553	124,183
Percentage of bills paid within target	79.8%	95.5%	63.4%	92.2%
Non-NHS				
Total bills paid	45,593	75,892	42,654	68,922
Total bills paid within target	43,965	70,760	40,843	63,368
Percentage of bills paid within target	96.4%	93.2%	95.8%	91.9%
Total				
Total bills paid	47,960	224,975	45,102	203,615
Total bills paid within target	45,855	213,199	42,396	187,551
Percentage of bills paid within target	95.6%	94.8%	94.0%	92.1%

The THB performance at 96.4% has met the administrative target of payment of 95% of the number of non-nhs creditors paid within 30 days.

10.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2019-20	2018-19
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

Total

Prepared by: Liz
08/24/2020 11:19:17

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2019	14,429	55,014	657	7,591	6,635	545	4,653	0	89,524
Indexation	(141)	912	13	0	0	0	0	0	784
Additions									
- purchased	0	2,117	0	297	435	0	348	0	3,197
- donated	0	6	0	155	15	0	0	0	176
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	21	5,280	0	(5,301)	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	177	0	0	0	0	0	0	177
Impairments	0	(4,312)	0	0	0	0	0	0	(4,312)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(87)	(46)	0	0	(133)
At 31 March 2020	14,309	59,194	670	2,742	6,998	499	5,001	0	89,413
Depreciation at 1 April 2019	0	3,934	40	0	4,144	206	2,735	0	11,059
Indexation	0	78	1	0	0	0	0	0	79
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(87)	(46)	0	0	(133)
Provided during the year	0	2,278	27	0	768	74	587	0	3,734
At 31 March 2020	0	6,290	68	0	4,825	234	3,322	0	14,739
Net book value at 1 April 2019	14,429	51,080	617	7,591	2,491	339	1,918	0	78,465
Net book value at 31 March 2020	14,309	52,904	602	2,742	2,173	265	1,679	0	74,674
Net book value at 31 March 2020 comprises :									
Purchased	14,309	50,058	602	2,731	2,013	265	1,679	0	71,657
Donated	0	2,846	0	11	160	0	0	0	3,017
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2020	14,309	52,904	602	2,742	2,173	265	1,679	0	74,674
Asset financing :									
Owned	14,309	52,904	602	2,742	2,173	265	1,679	0	74,674
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2020	14,309	52,904	602	2,742	2,173	265	1,679	0	74,674

The net book value of land, buildings and dwellings at 31 March 2020 comprises :

	£000
Freehold	67,815
Long Leasehold	0
Short Leasehold	0
	67,815

Patterson, Liz
06/24/2020 11:19:17

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2018	14,146	53,514	650	5,151	5,846	577	3,827	0	83,711
Indexation	282	449	7	0	0	0	0	0	738
Additions									
- purchased	0	418	0	2,831	838	183	826	0	5,096
- donated	0	147	0	9	120	0	0	0	276
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	400	0	(400)	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	1	86	0	0	0	0	0	0	87
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(169)	(215)	0	0	(384)
At 31 March 2019	14,429	55,014	657	7,591	6,635	545	4,653	0	89,524
Depreciation at 1 April 2018	0	1,726	13	0	3,702	373	2,285	0	8,099
Indexation	0	17	0	0	0	0	0	0	17
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(169)	(215)	0	0	(384)
Provided during the year	0	2,191	27	0	611	48	450	0	3,327
At 31 March 2019	0	3,934	40	0	4,144	206	2,735	0	11,059
Net book value at 1 April 2018	14,146	51,788	637	5,151	2,144	204	1,542	0	75,612
Net book value at 31 March 2019	14,429	51,080	617	7,591	2,491	339	1,918	0	78,465
Net book value at 31 March 2019 comprises :									
Purchased	14,429	48,188	617	7,582	2,241	339	1,918	0	75,314
Donated	0	2,892	0	9	250	0	0	0	3,151
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2019	14,429	51,080	617	7,591	2,491	339	1,918	0	78,465
Asset financing :									
Owned	14,429	51,080	617	7,591	2,491	339	1,918	0	78,465
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2019	14,429	51,080	617	7,591	2,491	339	1,918	0	78,465

The net book value of land, buildings and dwellings at 31 March 2019 comprises :

	£000
Freehold	66,126
Long Leasehold	0
Short Leasehold	0
	66,126

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors Valuation Standards, 6th Edition. LHB s are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

Patterson, Liz
06/24/2020 11:19:17

11. Property, plant and equipment (continued)**Disclosures:****i) Donated Assets**

Assets donated in the year were purchased from funds donated by the public and charitable organisations and from funds provided by associations linked to specific hospitals.

ii) Valuations

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. Land and buildings are restated to current value using professional valuations carried out by the District Valuers of the Inland Revenue at 5 yearly intervals and in the intervening years by the use of indices provided from the District Valuer via the Welsh Government. The valuations are carried out primarily on the basis of Modern Equivalent Asset cost for specialised operational property and existing use value for non-specialised operational property. For non-operational properties the valuations are carried out at open market value. A formal valuation exercise of Land and Buildings was undertaken during the 2017/18 financial year

iii) Asset Lives

Depreciated as follows:

- Land is not depreciated.
- Buildings as determined by the Valuation Office Agency.
- Equipment 5-15 years.

iv) Compensation

There has been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.

v) Write Downs

There have not been write downs.

vi) The THB does not hold any property where the value is materially different from its open market value.

vii) Assets Held for Sale or sold in the period.

There are no assets held for sale or sold in the period.

Patterson, Liz
06/24/2020 11:19:17

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2019	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2020	0	0	0	0	0	0
Balance brought forward 1 April 2018	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2019	0	0	0	0	0	0

Patterson, Liz
06/24/2020 11:19:17

**12. Intangible non-current assets
2019-20**

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2020	0	0	0	0	0	0	0
Amortisation at 1 April 2019	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2020	0	0	0	0	0	0	0
Net book value at 1 April 2019	0	0	0	0	0	0	0
Net book value at 31 March 2020	0	0	0	0	0	0	0
At 31 March 2020							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2020	0	0	0	0	0	0	0

Patterson, Liz
06/24/2020 11:19:17

**12. Intangible non-current assets
2018-19**

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2019	0	0	0	0	0	0	0
Amortisation at 1 April 2018	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2019	0	0	0	0	0	0	0
Net book value at 1 April 2018	0	0	0	0	0	0	0
Net book value at 31 March 2019	0	0	0	0	0	0	0
At 31 March 2019							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2019	0	0	0	0	0	0	0

Patterson, Liz
06/24/2020 11:19:17

This Page is intentionally left blank

Patterson, Liz
06/24/2020 11:19:17

13 . Impairments

	2019-20		2018-19	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	4,135	0	(87)	0
Reversal of Impairments	0	0	0	0
Total of all impairments	4,135	0	(87)	0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	4,135	0	(87)	0
Charged to Revaluation Reserve	0	0	0	0
	4,135	0	(87)	0

Within the healthcare segment of the THB, there is one downward impairment in year totalling £4.312M, charged to the statement of Comprehensive Net Expenditure.

This is as a result of the initial valuation for the bringing into use the hospital reconfiguration scheme phase 2 scheme and upgrade of Renal Unit at Llandrindod Wells Hospital.

There is also a reversal of impairment of £0.177M which has occurred as a result of an increase arising on revaluations due to indexation that reversed an impairment for the same assets previously recognised as impairments in expenditure. In this case it is credited to expenditure to the extent of the decrease previously charged there.

Impairment funding to cover adjustments required is provided to the THB by Welsh Government on an annual basis

Patterson,Liz
06/24/2020 11:19:17

14.1 Inventories

	31 March	31 March
	2020	2019
	£000	£000
Drugs	89	88
Consumables	44	30
Energy	4	7
Work in progress	0	0
Other	19	25
Total	156	150
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March	31 March
	2020	2019
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

Note 14.2 only relates to Health bodies that purchase assets to sell and as such does not apply to the Health Board.

Patterson, Liz
06/24/2020 11:19:17

15. Trade and other Receivables

	31 March 2020 £000	Reclassified 31 March 2019 £000
Current		
Welsh Government	1,821	1,910
WHSSC / EASC	231	49
Welsh Health Boards	537	1,888
Welsh NHS Trusts	540	282
Health Education and Improvement Wales (HEIW)	72	157
Non - Welsh Trusts	289	251
Other NHS	0	0
Welsh Risk Pool Claim reimbursement		0
NHS Wales Secondary Health Sector	1,510	1,390
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	171	103
Other	0	0
Local Authorities	788	551
Capital debtors - Tangible	213	364
Capital debtors - Intangible	0	0
Other debtors	2,895	2,424
Provision for irrecoverable debts	(394)	(320)
Pension Prepayments NHS Pensions	0	0
Other prepayments	351	566
Other accrued income	0	0
Sub total	9,024	9,615
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool Claim reimbursement;		0
NHS Wales Secondary Health Sector	14,791	23,322
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	14,791	23,322
Total	23,815	32,937

15. Trade and other Receivables (continued)

	31 March 2020	31 March 2019
	£000	£000
Receivables past their due date but not impaired		
By up to three months	619	86
By three to six months	91	472
By more than six months	375	366
	<u>1,085</u>	<u>924</u>

Expected Credit Losses (ECL) / Provision for impairment of receivables

Balance at 31 March 2019		(258)
Adjustment for Implementation of IFRS 9		(20)
Balance at 1 April 2019	(320)	(278)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	0
Amount recovered during the year	36	61
(Increase) / decrease in receivables impaired	(110)	(103)
Bad debts recovered during year	0	0
Balance at 31 March 2020	<u>(394)</u>	<u>(320)</u>

In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies.

Receivables VAT

Trade receivables	0	0
Other	0	0
Total	<u>0</u>	<u>0</u>

Patterson, Liz
06/24/2020 11:19:17

16. Other Financial Assets

	Current		Non-current	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)	0	0	0	0
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0

17. Cash and cash equivalents

	2019-20 £000	2018-19 £000
Balance at 1 April 2019	2,317	1,185
Net change in cash and cash equivalent balances	(1,777)	1,132
Balance at 31 March 2020	540	2,317
Made up of:		
Cash held at GBS	406	2,251
Commercial banks	131	62
Cash in hand	3	4
Current Investments	0	0
Cash and cash equivalents as in Statement of Financial Position	540	2,317
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	540	2,317

Patterson, Liz
06/24/2020 11:19:17

18. Trade and other payables

Current	31 March	Reclassified 31 March
	2020	2019
	£000	£000
Welsh Government	0	0
WHSSC / EASC	19	289
Welsh Health Boards	3,013	2,608
Welsh NHS Trusts	370	406
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	2,585	6,179
Taxation and social security payable / refunds	555	548
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	856	778
Non-NHS payables - Revenue	4,313	5,408
Local Authorities	4,289	4,342
Capital payables- Tangible	1,420	1,627
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	1,128	1,087
Non NHS Accruals	16,616	17,163
Deferred Income:		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	35,164	40,435
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	0	0
Total	35,164	40,435

It is intended to pay all invoices within the 30 day period directed by the Welsh Government.

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	31 March	31 March
	2020	2019
	£000	£000
Between one and two years	0	0
Between two and five years	0	0
In five years or more	0	0
Sub-total	<u>0</u>	<u>0</u>

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	£000	£000	£000	£000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Patterson, Liz
06/24/2020 11:19:17

20. Provisions

Reclassified

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-	0								0
Secondary care	611	0	0	367	8,114	(8,331)	(284)	0	477
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	93	0	0	0	92	(34)	(44)	0	107
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	802	0	0	59	555	(317)	(15)	3	1,087
All other losses and special payments	0	0	0	0	2	(2)	0	0	0
Defence legal fees and other administration	57	0	0	5	82	(26)	(32)		86
Pensions relating to former directors	0			0	0	0	0		0
Pensions relating to other staff	657			812	10	(652)	(190)	15	652
Restructuring	0			0	0	0	0	0	0
Other	226		0	0	120	(166)	(128)		52
Total	2,446	0	0	1,243	8,975	(9,528)	(693)	18	2,461
Non Current									
Clinical negligence:-	0								0
Secondary care	22,824	0	0	(367)	0	(2,025)	(6,005)	0	14,427
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	1,346	0	0	(59)	17	0	0	0	1,304
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	182	0	0	(5)	8	(59)	(60)		66
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,793			(812)	901	0	0	0	4,882
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	29,145	0	0	(1,243)	926	(2,084)	(6,065)	0	20,679
TOTAL									
Clinical negligence:-	0								0
Secondary care	23,435	0	0	0	8,114	(10,356)	(6,289)	0	14,904
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	93	0	0	0	92	(34)	(44)	0	107
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,148	0	0	0	572	(317)	(15)	3	2,391
All other losses and special payments	0	0	0	0	2	(2)	0	0	0
Defence legal fees and other administration	239	0	0	0	90	(85)	(92)		152
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	5,450			0	911	(652)	(190)	15	5,534
Restructuring	0			0	0	0	0	0	0
Other	226		0	0	120	(166)	(128)		52
Total	31,591	0	0	0	9,901	(11,612)	(6,758)	18	23,140

Expected timing of cash flows:

	In year to 31 March 2021	Between 1 April 2021 and 31 March 2025	Thereafter	Total
	£000	£000	£000	£000
Clinical negligence:-	0			0
Secondary care	477	14,427	0	14,904
Primary care	0	0	0	0
Redress Secondary care	107	0	0	107
Redress Primary care	0	0	0	0
Personal injury	1,087	586	718	2,391
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	86	66	0	152
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	652	2,380	2,502	5,534
Restructuring	0	0	0	0
Other	52	0	0	52
Total	2,461	17,459	3,220	23,140

The opening balances on this note have been reclassified during the year

The THB estimates that in 2020/21 it will receive £1.511M and in 2021-22 and beyond £14.791M from the Welsh Risk Pool in respect of Losses and Special Payments

£16.095M (2018/19: £24.308M) of the provision total relates to the probable liabilities of former Health Authorities in respect of Medical Negligence and Personal Injury Claims for incidents which occurred before the establishment of NHS Trusts (Pre 1996 and Pre 1992 depending on the Trust)

Contingent Liabilities are directly linked to these claims in Note 21.

Also included within 'other' at 31st March 2020 is £0.051M relating to retrospective continuing health care claims (2018/19 £ 0.226M)

During the year the opening provision has been reclassified to the Redress Secondary Care line and Defence Legal Fees and other administration to provide for expected payments in respect of redress arrangements under National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011. The amount of Provision in relation to this at 31st March 2020 is £0.127M including defence costs (2018/19: £0.103M) and all payments are expected to be fully reimbursed from the Welsh Risk Pool.

09/24/2020 11:19:17

20. Provisions (continued)

	Reclassified		Reclassified	Reclassified	Reclassified	Reclassified	Reclassified	Reclassified	
	At 1 April 2018	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	11,236	0	0	8,186	75	(5,891)	(12,995)	0	611
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	98	(5)	0	0	93
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	1,070	0	0	66	431	(487)	(279)	1	802
All other losses and special payments	0	0	0	0	3	(3)	0	0	0
Defence legal fees and other administration	106	0	0	30	75	(145)	(9)		57
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	702			628	2	(657)	(24)	6	657
Restructuring	0			0	0	0	0	0	0
Other	423		0	0	122	(183)	(136)		226
Total	13,537	0	0	8,910	806	(7,371)	(13,443)	7	2,446
Non Current									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	25,899	0	0	(8,186)	5,221	(110)	0	0	22,824
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	1,112	0	0	(66)	300	0	0	0	1,346
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	214	0	0	(30)	21	(23)	0		182
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	5,275			(628)	477	0	(331)	0	4,793
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	32,500	0	0	(8,910)	6,019	(133)	(331)	0	29,145
TOTAL									
Clinical negligence:-	0	0	0	0	0	0	0	0	0
Secondary care	37,135	0	0	0	5,296	(6,001)	(12,995)	0	23,435
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	98	(5)	0	0	93
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,182	0	0	0	731	(487)	(279)	1	2,148
All other losses and special payments	0	0	0	0	3	(3)	0	0	0
Defence legal fees and other administration	320	0	0	0	96	(168)	(9)		239
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	5,977			0	479	(657)	(355)	6	5,450
Restructuring	0			0	0	0	0	0	0
Other	423		0	0	122	(183)	(136)		226
Total	46,037	0	0	0	6,825	(7,504)	(13,774)	7	31,591

Patterson, Liz
06/24/2020 11:19:17

21. Contingencies

21.1 Contingent liabilities

	2019-20 £'000	Reclassified 2018-19 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	16,341	900
Primary care	0	0
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	0	0
Continuing Health Care costs	0	0
Other	0	0
Total value of disputed claims	<u>16,341</u>	<u>900</u>
Amounts (recovered) in the event of claims being successful	<u>(16,277)</u>	<u>(630)</u>
Net contingent liability	<u>64</u>	<u>270</u>

Legal Claims for alleged medical or employer negligence: £0.604M of the £16.341M relates solely to the former Health Authorities in respect of Medical Negligence and Personal Injury Claims for incidents which occurred before the establishment of NHS Trusts (Pre 1996 and Pre 1992 depending on the Trust). £15.737M of the £16.341M relates to Powys THB cases. Legal advice has established that these claims are not likely to result in payments. In the unlikely event that amounts are payable, all payments over a threshold of £0.025M will be reimbursed to Powys THB by the Welsh Risk Pool.

Pensions tax annual allowance – Scheme Pays arrangements 2019/20

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that:

- clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement;
- Powys Teaching Local Health Board will then pay them a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be fully funded by the Welsh Government with no net cost to Powys Teaching Local Health Board.

Clinical staff have until 31 July 2021 to opt for this scheme and the ability to make changes up to 31 July 2024.

Using information provided by the Government Actuaries Department and the NHS Business Services Authority, a national 'average discounted value per nomination' (calculated at £3,345) could be used by NHS bodies to estimate a local provision by multiplying it by the number of staff expected to take up the offer.

At the date of approval of these accounts, there was no evidence of take-up of the scheme by our clinical staff in 2019-20 and no information was available to enable a reasonable assessment of future take up to be made. As no reliable estimate can therefore be made to support the creation of a provision at 31 March 2020, the existence of an unquantified contingent liability is instead disclosed.

Patterson, Liz
06/24/2020 11:19:17

21.2 Remote Contingent liabilities

	2019-20 £'000	2018-19 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	0	0
Letters of Comfort	0	0
Total	0	0

There are no remote Contingent Liabilities for 2019/20

21.3 Contingent assets

	2019-20 £'000	2018-19 £'000
	0	0
	0	0
	0	0
Total	0	0

There are no Contingent Assets for 2019/20

22. Capital commitments

Contracted capital commitments at 31 March

	2019-20 £'000	2018-19 £'000
Property, plant and equipment	107	877
Intangible assets	0	0
Total	107	877

Patterson,Liz
06/24/2020 11:19:17

24. Finance leases

24.1 Finance leases obligations (as lessee)

The Local Health Board has no finance leases receivable as a lessee.

Amounts payable under finance leases:

Land	31 March 2020 £000	31 March 2019 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Patterson, Liz
06/24/2020 11:19:17

24.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

Buildings	31 March 2020 £000	31 March 2019 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Other

	31 March 2020 £000	31 March 2019 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Patterson, Liz
06/24/2020 11:19:17

24.2 Finance leases obligations (as lessor) continued

The Local Health Board has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

	31 March 2020 £000	31 March 2019 £000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
 Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>

Patterson, Liz
06/24/2020 11:19:17

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The Local Health Board [has no](#) PFI Schemes off-statement of financial position.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2020 £000	31 March 2019 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>
Total estimated capital value of off-SoFP PFI contracts	0	0

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11 £000

Contract start date:

Contract end date:

The Local Health Board has no Private Finance Initiatives in operation

£000

Contract start date:

Contract end date:

Total obligations for on-Statement of Financial Position PFI contracts due:

	On SoFP PFI Capital element 31 March 2020 £000	On SoFP PFI Imputed interest 31 March 2020 £000	On SoFP PFI Service charges 31 March 2020 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>	<u>0</u>

	On SoFP PFI Capital element 31 March 2019 £000	On SoFP PFI Imputed interest 31 March 2019 £000	On SoFP PFI Service charges 31 March 2019 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>	<u>0</u>

Total present value of obligations for on-SoFP PFI contracts 0

25.3 Charges to expenditure

	2019-20	2018-19
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	0	0

The LHB is committed to the following annual charges

	31 March 2020	31 March 2019
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
Total	0	0

The estimated annual payments in future years will vary from those which the LHB is committed to make during the next year by the impact of movement in the Retail Prices Index.

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	0	0
Number of PFI contracts which individually have a total commitment > £500m	0	0
PFI Contract		On / Off- statement of financial position
Number of PFI contracts which individually have a total commitment > £500m		0
PFI Contract		On/Off On/Off

25.5 The LHB has no Public Private Partnerships

Patterson, Liz
06/24/2020 11:19:17

26. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The LHB is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. The LHB has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

Currency risk

The LHB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The LHB has no overseas operations. The LHB therefore has low exposure to currency rate fluctuations.

Interest rate risk

LHBs are not permitted to borrow. The LHB therefore has low exposure to interest rate fluctuations

Credit risk

Because the majority of the LHB's funding derives from funds voted by the Welsh Government the LHB has low exposure to credit risk.

Liquidity risk

The LHB is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. The LHB is not, therefore, exposed to significant liquidity risks.

Patterson,Liz
06/24/2020 11:19:17

27. Movements in working capital

	2019-20	2018-19
	£000	£000
(Increase)/decrease in inventories	(6)	(20)
(Increase)/decrease in trade and other receivables - non-current	8,531	2,783
(Increase)/decrease in trade and other receivables - current	591	10,107
Increase/(decrease) in trade and other payables - non-current	0	0
Increase/(decrease) in trade and other payables - current	(5,271)	4,072
Total	3,845	16,942
Adjustment for accrual movements in fixed assets - creditors	207	82
Adjustment for accrual movements in fixed assets - debtors	(151)	117
Other adjustments	0	0
	3,901	17,141

28. Other cash flow adjustments

	2019-20	2018-19
	£000	£000
Depreciation	3,734	3,327
Amortisation	0	0
(Gains)/Loss on Disposal	0	0
Impairments and reversals	4,135	(87)
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(176)	(276)
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	3,161	(6,942)
Other movements	3,473	(20)
Total	14,327	(3,998)

Patterson, Liz
06/24/2020 11:19:17

29. Events after the Reporting Period

The THB has not experienced any events having a material effect on the accounts, between the date of the statement of the financial position and the date on which these accounts were approved by the Board. The impact of the COVID 19 pandemic is outlined in Note 34.3.

Patterson, Liz
06/24/2020 11:19:17

30. Related Party Transactions

The Welsh Government is regarded as a related party. During the year the LHB have had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely

Related Party	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	7	326,463	0	1,821
Aneurin Bevan University Health Board	15,744	356	757	174
Betsi Cadwaladr University Health Board	3,515	573	186	91
Cardiff & Vale University Health Board	2,304	162	578	24
Cwm Taf Morgannwg University Health Board	2,555	109	241	96
Hywel Dda University Local Health Board	8,586	411	392	104
Public Health Wales NHS Trust	335	390	115	73
Swansea Bay University Health Board	9,221	1,440	859	48
Velindre University NHS Trust	3,143	667	173	424
Welsh Ambulance Services Trust	1,159	43	82	43
Welsh Health Specialised Services Committee	37,036	134	19	231
Health Education and Improvement Wales (HEIW)	0	564	0	72
Powys County Council	10,929	2,048	4,289	788
PAVO - Powys Association of Voluntary Organisations	1,112	0	0	0
Swansea University	22	0	0	0
	95,668	333,360	7,691	3,989

Powys THB has hosted the following functions on behalf of NHS Wales on which it receives income from the Welsh Government and other LHB's:

- Residual Clinical Negligence
- Community Health Councils
- Continuing Care Case Administration
- Health and Care Research Wales (HCRW)

Powys THB also has material transactions with English NHS Trusts with whom it commissions healthcare including:

- Shrewsbury and Telford NHS Trust
- Wye Valley NHS Trust
- The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

Powys THB has also received items donated from the Powys THB Charitable Fund, for which the Board is the Corporate Trustee.

A number of the THB's Board members have interests in related parties as follows:

Name	Details	Interests
Councillor Matthew Dorrance	Independent Member	Councillor, Powys County Council
Patricia Buchan	Independent Member	Ex Officio Trustee - Powys Association of Voluntary Organisations
Alison Bulman	Associate Member	Strategic Director of People, Powys County Council
Eifion Williams	Interim Finance Director (to 30th July 2019)	Employee of Abertawe Bro Morgannwg University Health Board Member of Finance Committee at Swansea University
Patsy Roseblade	Interim Director of Primary, Community Care and Mental Health (to 14 April 2019)	Employee of Welsh Ambulance Services NHS Trust

Patterson, Liz
06/24/2020 11:19:17

31. Third Party assets

The LHB held £1,840.20 cash at bank and in hand at 31 March 2020 (31 March 2019, £2,530.20) which relates to monies held by the LHB on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the Accounts.

None of this cash was held in Patients' Investment Accounts in either 2019-20 or 2018-19.

Patterson Liz
06/24/2020 11:19:17

32. Pooled budgets

A Funded Nursing Care

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 31 of the Health Act 1999. The health related function which is subject to these arrangements is the provision of care by a registered nurse in care homes, which is a service provided by the NHS Body under section 2 of the National Health Service Act 1977. In accordance with the Social Care Act 2001 Section 49 care from a registered nurse is funded by the NHS regardless of the setting in which it is delivered. (Circular 12/2003)

The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations. The partnership agreement operates in accordance with the Welsh Government Guidance NHS Funded Nursing Care 2004.

	Funding £	Expenditure £	Total £
Gross Funding			
Powys County Council	1,064,557		1,064,557
Powys Teaching Health Board	1,118,455		1,118,455
Total Funding	2,183,012		2,183,012
Expenditure			
Monies spent in accordance with Pooled budget arrangement		2,218,369	2,218,369
Total Expenditure		2,218,369	2,218,369
Net under/(over) spend			(35,357)
The above memorandum account is subject to the financial statements of Powys County Council (the Host).			

B Provision of Community Equipment

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in respect of lead commissioning from a pooled fund for the provision of community equipment in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the host partner for the purposes of the Regulations. The purpose of the agreement is to facilitate the provision of a community equipment service and the development of this service in Powys. The service is provided from a pooled fund and is within the THB's and the Council's powers.

	Funding £	Expenditure £	Total £
Gross Funding			
Powys County Council	521,000		521,000
Powys Teaching Health Board	521,000		521,000
Total Funding	1,042,000		1,042,000
Expenditure			
Monies spent in accordance with Pooled budget arrangement		1,042,000	1,042,000
Total Expenditure		1,042,000	1,042,000
Net under/(over) spend			0
Share of overspend			0
The above memorandum account is subject to the financial statements of Powys County Council (the Host).			

C Provision of Section 33 Joint Agreement for the provision of IT Services

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations.

Powys County Council is the lead commissioner and the host partner for the purposes of the regulations.

The purpose of the agreement is to facilitate the provision of ICT services within Powys.

	Funding £	Net Expenditure £	Total £
Gross Funding			
Powys County Council	3,145,450		3,145,450
Powys Teaching Health Board	1,023,777		1,023,777
Shortfall of Powys Teaching Health Board Funding from Reserve	253,013		253,013
Total Funding	4,422,240		4,422,240
Net Expenditure			
Monies spent in accordance with Pooled budget arrangement		5,243,108	5,243,108
Income		(1,061,972)	(1,061,972)
Total Expenditure			4,181,136
Net under/(over) spend			241,104
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

Patterson 14/2
06/24/2020

32. Pooled budgets (Continued)

D Provision of Section 33 Joint Agreement for the provision of a Reablement Service

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in respect of lead commissioning from a pooled fund for the provision of an effective and sustainable joint reablement service which meets the needs of the Powys communities in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the host partner for the purposes of the Regulations. This service is provided from a pooled fund and is within the THB's and the Council's powers.

	Funding £	Expenditure £	Total £
Gross Funding			
Powys County Council	413,380		413,380
Powys Teaching Health Board	828,000		828,000
Total Funding	1,241,380		1,241,380
Expenditure			
Monies spent in accordance with Pooled budget arrangement		1,212,205	1,212,205
Total Expenditure		1,212,205	1,212,205
Net under/(over) spend			29,175
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

E Provision of Section 33 Joint Agreement for the provision of Tier 2/3 Psycho-social Treatment Services

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations. The purpose of the agreement is to provide a Tier 2 and 3 service provision for drug and alcohol users and their concerned others.

	Funding £	Expenditure £	Total £
Gross Funding			
Powys County Council	669,912		669,912
Powys Teaching Health Board	121,864		121,864
Total Funding	791,776		791,776
Expenditure			
Monies spent in accordance with Joint Arrangement		791,776	791,776
Total Expenditure		791,776	791,776
Net under/(over) spend			0
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

F Provision of Section 33 Joint Agreement for the provision of Personal Care at Glan Irfon Integrated Health and Social Care Unit, Builth Wells

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to enable the use of resources relating to the Inpatient Services at the Glan Irfon Health and Social Centre, Builth Wells. This agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations.

The purpose of the agreement is to facilitate the provision of person centred care at Glan Irfon, for 12 residents within the short stay shared care reablement unit with in-reach clinical, nursing and reablement support (registered under CSSIW for Residential Care).

	Funding £	Expenditure £	Total £
Gross Funding			
Powys County Council	226,920		226,920
Powys Teaching Health Board	226,920		226,920
Total Funding	453,840		453,840
Expenditure			
Monies spent in accordance with Pooled budget arrangement		453,840	453,840
Total Expenditure		453,840	453,840
Net under/(over) spend			0
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

Patterson 06/24/2020 14:18

32. Pooled budgets (Continued)

G Provision of Section 33 for the provision of Services to Carers

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to ensure the integrated provision high quality, cost effective services to Carers which meet local health and social care needs, through the establishment of a Pooled fund / non pooled but delegated to funds under Section 33 of the National Health Service Wales Act 2016

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	236,650		236,650
Powys Teaching Health Board	16,580		16,580
Total Funding	253,230		253,230
Expenditure			
Monies spent in accordance with Pooled budget arrangement		253,230	253,230
Total Expenditure		253,230	253,230
Net under/(over) spend			0
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

Patterson, Liz
06/24/2020 11:19:17

33. Operating segments

IFRS 8 requires bodies to report information about each of its operating segments.

		Total Total Powys "Health" £'000	Total Residual Clinical Negligence £'000	Total Community Health Councils £'000	Total Continuing Care Case Administration £'000	Total Health and Care Research Wales (HCRW) £'000	Consolidation Adjustments £'000	Total £'000
	Note							
Expenditure on Primary Healthcare Services	3.1	72,773	0	0	0	0	0	72,773
Expenditure on healthcare from other providers	3.2	157,369	0	0	0	317	0	157,686
Expenditure on Hospital and Community Health Services	3.3	99,751	25	4,153	564	4,964	(76)	109,381
		329,893	25	4,153	564	5,281	(76)	339,840
Less: Miscellaneous Income	4	9,559	0	0	564	5,281	(76)	15,328
THB net operating costs before interest and other gains and losses		320,334	25	4,153	0	0	0	324,512
Investment Income	8	0	0	0	0	0	0	0
Other (Gains) / Losses	9	0	0	0	0	0	0	0
Finance costs	10	19	0	0	0	0	0	19
THB Net Operating Costs		320,353	25	4,153	0	0	0	324,531
Add Non Discretionary Expenditure	3.1	1,855	0	0	0	0	0	1,855
Revenue Resource Limit	2.1	322,263	25	4,153	0	0	0	326,441
Under / (over) spend against Revenue Resource Limit		55	0	0	0	0	0	55

Note the segment of Continuing Care Case Administration ended at 31st July 2019. This all wales project was ended and any remaining case reviews were transferred back to the Local Health Boards that the claims related to.

Patterson, Liz
06/24/2020 11:19:17

34. Other Information

34.1. 6.3% Staff Employer Pension Contributions - Notional Element

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2019 to 31 March 2020. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2019 and February 2020 alongside Health Board/Trust/SHA data for March 2020.

Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020 £'000

Expenditure on Primary Healthcare Services	2019-20	105
Expenditure on Hospital and Community Health Services	2019-20	3368

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020

Net operating cost for the year	Balance at 31 March 2020	3473
Notional Welsh Government Funding	Balance at 31 March 2020	3473

Statement of Cash Flows for year ended 31 March 2020

Net operating cost for the financial year	2019-20	3473
Other cash flow adjustments	2019-20	3473

2.1 Revenue Resource Performance

Revenue Resource Allocation	2019-20	3473
-----------------------------	---------	------

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

General Dental Services	2019-20	44
Other Primary Health Care expenditure	2019-20	51
Prescribed drugs and appliances	2019-20	10

3.3 Expenditure on Hospital and Community Health Services

Directors' costs	2019-20	63
Staff costs	2019-20	3305

9.1 Employee costs

Permanent Staff

Employer contributions to NHS Pension Scheme	2019-20	3473
Charged to capital	2019-20	7
Charged to revenue	2019-20	3466

18. Trade and other payables

Current

Pensions: staff	Balance at 31 March 2020	0
-----------------	---------------------------------	---

28. Other cash flow adjustments

Other movements	2019-20	3473
-----------------	---------	------

34.2 IFRS 16 Impact

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 Leases until 1 April 2021, because of the circumstances caused by Covid-19. To ease the pressure on NHS Wales Finance Departments the IFRS 16 detailed impact statement has been removed by the Welsh Government Health and Social Services Group, Finance Department.

We expect the introduction of IFRS16 will not have a significant impact and this will be worked through for disclosure in our 2020-21 financial statements.

34.3 COVID 19

The need to plan and respond to the COVID-19 pandemic has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the organisation and wider society throughout 2020/21 and beyond. The organisation's Governance Framework will need to consider and respond to this need

The Financial statements for 2019/20 have not been significantly impacted and only minor changes have been required in the preparation of the financial statements in comparison to previous years. These are as follows:

A physical verification of Equipment was not possible in some areas due to resource capacity at operational level to verify asset existence at the end of the financial year. Where physical verification has not been undertaken a cross reference to disposed items documentation has been undertaken by the finance department.

Due to low level of clinical and medical consumables expenditure on an annual basis, formal stock takes are not undertaken by the THB in this area. The increase in spend on clinical and medical consumables in the last 3 weeks of the financial year is not material and the THB has received an allocation from Welsh Government during 2019/20 of £0.173M in recognition of increased costs incurred due to the pandemic of COVID 19.

As the 2020/21 financial year progresses there will be significant additional costs that will be incurred due to the pandemic and the previously prepared Financial Plan completed as part of the Integrated Medium Term Planning process will be regularly updated to reflect any changes required. Any amendments will be clearly documented to Welsh Government and the Board via the THB monthly Financial Reporting process.

Patterson, Liz
06/24/2020 11:19:17

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY

LOCAL HEALTH BOARDS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2011 and subsequent financial years in respect of the Local Health Boards (LHB)1, in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FRoM), which is in force for the financial year in which the accounts are being prepared, and has been applied by the Welsh Government and detailed in the NHS Wales LHB Manual for Accounts;

(b) any other specific guidance or disclosures required by the Welsh Government.

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FRoM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2011 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

5. The account shall be signed and dated by the Chief Executive of the LHB.

MISCELLANEOUS

6. The direction shall be reproduced as an appendix to the published accounts.

7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

1. Please see regulation 3 of the 2009 No.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009

Patterson,Liz
06/24/2020 11:19:17

Audit of Accounts Report – Powys Teaching Local Health Board

Audit year: 2019-20

Date issued: June 2020

Document reference: 1921A2020-21

Patterson, Liz
06/24/2020 11:19:17

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Patterson, Liz
06/24/2020 11:19:17

Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

Audit of Accounts Report

Introduction	4
Impact of Covid-19 on this Year's Audit	4
Proposed Audit Report	5
Reponses to financial audit risks	5
Significant Issues	7
Recommendations	9
Appendices	
Appendix 1 – Final Letter of Representation	11
Appendix 2 – Proposed Audit Opinion	14
Appendix 3 – Summary of Corrections Made	17
Appendix 4 – Recommendations	18

Patterson, Liz
06/24/2020 11:19:17

Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2019-20 financial statements in this report.
- 2 We have already discussed these issues with the Director of Finance and IT and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £2,992k for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Remuneration Report £20k
- 6 Work on the 2019-20 audit remains in progress and following work is outstanding:
 - Going Concern – work in progress
 - Litigation – work in progress
 - Remuneration Report – work in progress
 - Annual Governance Statement – waiting for information
 - Whole of Government Accounts submission (WGA) – work in progress
 - Completion of our internal quality review process
 - Receipt of management representation letter
 - Review of the final set of financial statements
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of Covid-19 on this Year's Audit

- 8 The Covid-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the Covid-19 pandemic on this year's audit process.

Patterson, Liz
06/24/2020 11:19:17

Exhibit 1 – impact of Covid-19 on this year’s audit

Timetable	<ul style="list-style-type: none"> • The deadline for completing your accounts was changed by Welsh Government from 28 April 2020 to 29 May 2020. • We received the draft accounts on 21 May 2020. • Our deadline for completing our audit was changed from 29 May 2020 to 26 June 2020. • We expect your audit report to be signed on 2 July 2020.
Electronic signatures	If still necessary at the time of approval and signing we will accept electronic signatures and electronic transfer of files.
Audit evidence	<p>As in previous years, we received the majority of audit evidence in electronic format via the use of the Inflo portal. We have used various techniques to ensure its validity, such as the use of screen sharing via Microsoft Teams software to observe reports being run and observed these being uploaded directly in Inflo or attached to secure Mimecast emails.</p> <p>One asset was transferred from an asset under construction to an operational asset on 1 March 2020. To verify that this was operational, we have used a combination of visual, third party news reports and third party confirmations that the unit is operational.</p>

- 10 We will be reviewing what we have learned for our audit process from the Covid-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed Audit Opinion

- 11 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 12 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 13 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 14 Our proposed audit report is set out in **Appendix 2**. The report also includes two emphasis of matter paragraphs, drawing the reader’s attention to Note 1.24 and Note 21.1 of the financial statements. Note 1.24 describes the estimation uncertainty included within the valuer’s report for the asset coming into use as an operational asset this year. Note 21.1 describes the impact of a Welsh Government decision to fund clinicians’ pension tax liabilities.

Responses to financial audit risks

- 15 Below is a summary of the risks identified at the planning stage, as communicated to you in our Audit Plan dated 9 March 2020, and our responses to these risks.

Financial audit risks	Proposed audit response
Significant risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>We completed the following audit work in relation to this risk;</p> <ul style="list-style-type: none"> • tested the appropriateness of journal entries and other adjustments made in preparing the financial statements; • reviewed accounting estimates for biases; • evaluated the rationale for any significant transactions outside the normal course of business. <p>We have raised a recommendation in Appendix 4 in relation to the journals.</p> <p>Our testing has not identified any other issues to bring to your attention.</p>
<p>Healthcare Commissioning contracts are a high value expenditure stream which could potentially be incorrectly stated resulting in a material misstatement with the greatest risk arising from variations that have not yet been settled in Q4.</p>	<p>We completed the following audit work in relation to this risk;</p> <ul style="list-style-type: none"> • undertaken a walkthrough of the controls; • substantively tested contract expenditure; • agreed NHS creditors, debtors, income and expenditure to balance agreements; • tested the year-end transactions to ensure that accruals are complete; and • substantively tested accruals. <p>During our testing we noted one contract that was unsigned.</p> <p>Our testing has not identified any other issues to bring to your attention.</p>
Other areas of audit attention	
<p>On 18 December 2019 the First Minister issued a formal Ministerial Direction to the Permanent Secretary requiring her to implement a 'scheme pays' initiative in respect of the NHS pension tax arrangements for clinical staff.</p>	<p>We considered the accounting treatment and audit implications of the direction (the first in Wales since 1999) in conjunction with the NAO who are currently addressing the same issue in NHS England.</p> <p>We noted that there has been no uptake of this offer in Powys and therefore have therefore requested that the Health Board includes a contingent liability note in the financial statements. See Exhibit 2 below.</p>

Patterson, Liz
06/24/2020 11:19:17

Financial audit risks	Proposed audit response
Introduction of IFRS 16 Leases in 2020-21 may pose implementation risks.	As a result of the Covid-19 pandemic, the Welsh Government issued a disclosure to be included within the financial statements in relation to IFRS16. The Health Board has complied with this disclosure.

Significant Issues arising from the Audit

Uncorrected misstatements

- 16 We set out below the misstatements we identified in the accounts, which have been discussed with management but remain uncorrected.
- We identified that the prescribing accrual for 2019/20 had been under accrued by £322k when compared to the actual amounts for March 2020. We do not consider that this represents a weakness in the Health Board's estimation methodology as this was consistent with previous years. An additional allocation for the value of £270k has been received against this amount and has therefore been corrected in the financial statements leaving an uncorrected amount of £52k. If the £52k were to be adjusted, this would reduce the underspend against allocation from £55k to £3k.
 - We identified that an error had been made when entering a value for the impairment of assets. This error amounted to £314k. If this error were to be adjusted, this would have a nil effect on the year end position as this would result in an allocation adjustment to match this value.

Corrected misstatements

- 17 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in Appendix 3.

Other Significant Issues arising from the Audit

- 18 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year as shown in **Exhibit 2:**

Exhibit 2 – significant issues arising from the audit

Significant issues arising from the audit		
Estimation uncertainty included within the valuation report for the	On 1 March 2020 the upgrade to Llandrindod Well's Hospital was transferred to operational use. At that date, the valuers issued their valuation report which included the estimation uncertainty standard clause suggested by the Royal Institute of Chartered Surveyors (RICS), as the outbreak of Covid-19 has	Not applicable

<p>upgrade to Llandrindod Wells Hospital and emphasis of matter paragraph in audit report</p>	<p>caused uncertainties in markets. I have requested that the Health Board sets out this detail in Note 1.24.</p> <p>I have also drawn the reader's attention to this disclosure in an emphasis of matter paragraph in my audit report. My opinion is not modified in respect of this matter.</p>	
<p>Clinicians' pension tax liability contingent liability and emphasis of matter paragraph in audit report</p>	<p>I have requested that the Health Board sets out in Note 21.1 – Contingent Liabilities – the narrative set out below.</p> <p>I have also drawn the reader's attention to this disclosure in an emphasis of matter paragraph in my audit report. My opinion is not modified in respect of this matter.</p>	<p>Not applicable</p>
<p>Journals – duplication of unique journal identifiers</p>	<p>During the audit we noted that the standard naming convention for a journal is the individuals initials followed by the date and then A, B, C etc if they were entering more than one journal in a day. Our testing found that, in some instances, these unique identifiers have not been updated, with the result that some journals have the same unique reference number.</p>	<p>See Recommendation 1, Exhibit 4</p>
<p>Journals – instances of standard accounting convention not being followed</p>	<p>During the audit we noted that there were instances where standard accounting convention has not always been followed. A journal consists of two entries – a debit and a credit. Standard accounting convention follows that a debit is the 'positive' side of the entry, which is matched by a corresponding credit, being the 'negative' side of the journal. When entering a journal into Oracle, a minus or plus sign does not therefore need to be entered. However, during our testing we noted that there are entries where a 'negative' debit entry has been created. This may result in accurate reporting data.</p>	<p>See Recommendation 2, Exhibit 4</p>
<p>Operating expenditure incorrectly recorded</p>	<p>During our audit testing we noted there were six large items included which had been netted down to the correct value by a corresponding accounting entry. We discussed this with the Head of Financial</p>	<p>See Recommendation 3, Exhibit 4</p>

	<p>Service and noted that this issue has arisen due to the processing of Accounts Payables invoices where Purchase Order system matching is creating significant value accounting entries when matching oracle receipts to Purchase Orders. This arises when, for example, a purchase order is raised for goods or services worth £4000 at 1 qty x £4000 instead of 4000 qty x £1. If the receipt is then entered incorrectly into the system for 4000 qty the system creates an accounting entry of 4000 x 4000 ie £16 million. The Accounts Payable system puts the invoice on hold due to the value and Accounts Payables staff are required to create a correcting entry to bring the overall accounting value back to the correct amount. Although the invoice accounting total is rectified and paid at the correct value, these significant value entries are posted to the General ledger as part of the accounting for that invoice, which is overstating the gross transactions.</p>	
Unsigned contract	<p>A contract selected for testing was not signed at the year end. This was due to some discussion over the 'safeguarding' wording between the Health Board and the counterparty.</p>	<p>See Recommendation 4, Exhibit 4</p>
Accounts payable – cut off testing	<p>Our audit work noted that there was one accrual which did not agree to the underlying supporting evidence. The evidence stated that this should have been for the value of £10k, but the accrual included was for £29k. Therefore, the Heath Boards financial performance is overstated by this amount. We concluded that this was an isolated error.</p>	<p>See Recommendation 5, Exhibit 4</p>
Accounts receivable - cut off testing	<p>An event was held in February 2020, however the wider team did not notify the finance team until April 2020, after the date in which the finance team had set a cut off date for recording income and therefore this item had not been included in the financial statements. Therefore, the Heath Boards financial performance is understated by this amount. We concluded that this was an isolated error.</p>	<p>See Recommendation 6, Exhibit 4</p>

Patterson, Liz
06/24/2020 11:19:17

Recommendations

- 19 The recommendations arising from our audit are set out in **Appendix 4**. Management has responded to them and we will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Patterson, Liz
06/24/2020 11:19:17

Appendix 1

Final Letter of Representation

Auditor General for Wales
 Wales Audit Office
 24 Cathedral Road
 Cardiff
 CF11 9LJ

29 June 2020

Representations regarding the Powys Teaching Local Health Board financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Powys Teaching Local Health Board for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

As Chief Executive and Accountable/Accounting Officer I have fulfilled my responsibility for:

- Preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
 - observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
 - prepare them on a going concern basis on the presumption that the services of Powys Teaching Local Health Board will continue in operation.
- Ensuring the regularity of any expenditure and other transactions incurred.
- The design, implementation and maintenance of internal control to prevent and detect error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Powys Teaching Local Health Board and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all possible and actual instances of irregular transactions.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- We identified that the prescribing accrual for 2019/20 had been under accrued by £322k when compared to the actual amounts for March. We do not consider that this represents a weakness in the Health Board's estimation methodology as this was consistent with previous years. Additional allocation for the value of £270k has been received against this amount and has therefore been corrected in the financial statements leaving an uncorrected amount of £52k.
- We identified that an error had been made when entering a value for the impairment of assets. This error amounted to £314k.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 29 June 2020 .

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Date:

Date:

Patterson, Liz
06/24/2020 11:19:17

Appendix 2

Proposed Audit Report

The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Powys Teaching Local Health Board for the year ended 31 March 2020 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Powys Teaching Local Health Board as at 31 March 2020 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

I draw attention to Note 1.24 to the financial statements, which describes a material valuation uncertainty clause in the valuation report on certain property items arising from circumstances caused by the Covid-19 pandemic. My opinion is not modified in respect of this matter.

Emphasis of Matter – Clinicians' pension tax liabilities

I draw attention to Note 21.1 of the financial statements, which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund NHS Clinicians' pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20

financial year. The Health Board has disclosed the existence of a contingent liability at 31 March 2020, and my opinion is not modified in respect of this matter.

Other information

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report on other requirements

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the board and its environment obtained in the course of the audit, I have not identified material misstatements in the Accountability Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages xx and xx, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Adrian Crompton
Auditor General for Wales
2 July 2020

24 Cathedral Road
Cardiff
CF11 9LJ

Patterson, Liz
06/24/2020 11:19:17

Appendix 3

Summary of Corrections Made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
Not applicable	Additional narrative in Note 21.1 to describe the potential impact of a decision to fund NHS Clinicians' pension tax liabilities.	To describe a contingent liability which could be material by nature.
Not applicable	Additional narrative in note 1.24 to describe the material uncertainty included in the valuer's report.	To ensure that the material uncertainty is disclosed to the reader of the financial statements.
Not applicable	A small number of presentational and typographical errors were identified within the draft financial statements which have been corrected by management.	To ensure the financial statements were presented accurately

Patterson, Liz
06/24/2020 11:19:17

Appendix 4

Recommendations

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Exhibit 4: matter arising 1

Matter arising 1 – Journals – duplication of unique journal identifiers	
Findings	During the audit we noted that the standard naming convention for a journal is the individuals initials followed by the date and then A, B, C etc if they were entering more than one journal in a day. Our testing found that in some instances these unique identifiers have not been updated, with the result that some journals have the same unique reference number.
Priority	Low
Recommendation	We recommend that management reiterate to the finance team the importance of updating each reference when a journal is entered to ensure that it maintains a unique reference.
Benefits of implementing the recommendation	The purpose of a unique identifier is that should the journal need to be adjusted, it can be easily identified. If two or more journals have the same identified there is a risk that incorrect journals could be amended.
Accepted in full by management	Yes
Management response	The Finance Department as part of its innovation programme is reviewing the process for completing and signing off all journals. This recommendation will be added to the revised process and (1) a revised naming convention proposed to ensure the risk of duplication is reduced and (2) linked to this a brief training session with the Finance Team ensuring that the changes are understood and adopted by the end of Q2.
Implementation date	September 2020

Patterson, Liz
06/24/2020 11:19:17

Exhibit 4: matter arising 2

Matter arising 2 – Journals – standard accounting convention not always being followed	
Findings	During the audit we noted that there were instances where standard accounting convention has not always been followed. A journal consists of two entries – a debit and a credit. Standard accounting convention follows that a debit is the ‘positive’ side of the entry, which is matched by a corresponding credit, being the ‘negative’ side of the journal. When entering a journal into Oracle, a minus or plus sign does not therefore need to be entered. However, during our testing we noted that there are entries where a ‘negative’ debit entry has been created. This may result in accurate reporting data.
Priority	Low
Recommendation	We recommend that management remind the finance team the importance is entering a journal correctly.
Benefits of implementing the recommendation	When the journals are entered correctly, there is a greater control over the accuracy of the data being reported.
Accepted in full by management	Yes
Management response	Work will be undertaken with the Finance Systems Team and the Oracle Central Systems Team in Cardiff to understand whether there is an option within the Oracle Ledger system to prevent these errors being uploaded within the system and a ‘rejection’ notice issued to the person attempting to upload this journal with these errors on
Implementation date	September 2020

Patterson.Liz
06/24/2020 11:19:17

Exhibit 4: matter arising 3

Matter arising 3 – operating expenditure incorrectly recorded	
Findings	<p>During our audit testing we noted there were six large items included which had been netted down to the correct value by a corresponding accounting entry. We discussed this with the Head of Financial Service and noted that this issue has arisen due to the processing of Accounts Payables invoices where Purchase Order system matching is creating significant value accounting entries when matching oracle receipts to Purchase Orders. This arises when for example a purchase order is raised for goods or services worth £4000 at 1 qty x £4000 instead of 4000 qty x £1. If the receipt is then entered incorrectly into the system for 4000 qty the system creates an accounting entry of 4000 x 4000 ie £16,000,0000. The Accounts Payable system puts the invoice on hold due to the value and Accounts Payables staff are required to create a corrective entry to bring the overall accounting value back to the required level. Although the invoice accounting total is rectified and paid at the correct value, these significant value entries are posted to the General ledger as part of the accounting for that invoice.</p>
Priority	Low
Recommendation	<p>We recommend that management review and implement consistency in creation of purchase order conventions and to remind all staff with receipting responsibility of the necessity to ensure receipts are entered in the same convention as the purchase order. This will negate examples of the significant accounting entries highlighted during the audit taking place.</p>
Benefits of implementing the recommendation	<p>Having the correct information entering the system ensures that the financial data reported is correct.</p>
Accepted in full by management	Yes
Management response	<p>This will require a joint approach with the procurement team in Shared Services and receipting staff within the Health Board to ensure that the required process is followed correctly. This will include general communication to all users of the system to</p>

	mitigate errors by providing some further training on the process and offering further support to any user who has further issues with the process.
Implementation date	December 2020

Exhibit 4: matter arising 4

Matter arising 4 – Unsigned contracts	
Findings	During our audit testing we noted that there was one contract which had not been signed with the Provider.
Priority	Low
Recommendation	We recommend that management ensure that contracts are signed.
Benefits of implementing the recommendation	Having signed financial contracts ensures compliances with standing financial instructions
Accepted in full by management	Yes
Management response	The Health Board will work to ensure all contracts are signed within the financial year. Should this not be possible due to the any issues with the contractual documentation then the Board/Audit Committee will be advised of the breach in the SFI's by the end of the Financial Year in which the contract relates.
Implementation date	March 2021

Patterson, Liz
06/03/2020 11:19:17

Exhibit 4: matter arising 5

Matter arising 5 – Accounts payable – cut off testing	
Findings	During our audit testing we noted that there was a difference between the underlying supporting evidence for an accrual and the value that had been entered into the financial statements. The calculation provided as supporting evidence showed the value of the accrual to be for £10k, although an accrual was £29k was included in the financial statements and no supporting evidence for the £29k could be provided.
Priority	Low
Recommendation	We recommend that management ensure that entries made into the ledger agree with the underlying calculations.
Benefits of implementing the recommendation	Entering correct data in the financial statements will reduce the need for adjustments to be made.
Accepted in full by management	Yes
Management response	All finance team members will be reminded of the requirement to ensure that journal entries made match the supporting evidence for journals.
Implementation date	September 2020

Patterson, Liz
06/24/2020 11:19:17

Exhibit 4: matter arising 6

Matter arising 6 – Accounts receivable – cut off testing	
Findings	During our audit testing we noted that an event had been held in February 2020 but that the wider team who held the event had not informed the finance team that an invoice could be raised until April 2020. The confirmation was received after the finance team had started to prepare the financial statements and this had not therefore been included.
Priority	Low
Recommendation	We recommend that management reiterate to the wider team that notice to raise income should be made as soon as possible to allow the Health Board to record its income accurately.
Benefits of implementing the recommendation	Accurate income will therefore be included in the financial statements.
Accepted in full by management	Yes
Management response	The wider finance team and departments that receive income will be reminded of the requirement for timely submission of invoice requests particularly at the end of the financial year.
Implementation date	March 2021

Patterson, Liz
06/24/2020 11:19:17

Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and
telephone calls in Welsh and English. Rydym

Person: Liz
06/24/2020 11:19:17



yn croesawu gohebiaeth a galwadau ffôn yn
Gymraeg a Saesneg.

Patterson, Liz
06/24/2020 11:19:17

Vivienne Harpwood, Cadeirydd / Chair
Ffon / Phone: 01874 712502
E-bost / Email: Vivienne.Harpwood@wales.nhs.uk



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

**Carol Shillabeer, Y Prif Weithredwr /
Chief Executive**
Ffon / Phone: 01874 712659
E-bost / Email: carol.shillabeer2@wales.nhs.uk

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

29 June 2020

Representations regarding the 2020 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Powys Teaching Local Health Board for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

As Chief Executive and Accountable Officer I have fulfilled my responsibility for:

- Preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
 - observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
 - prepare them on a going concern basis on the presumption that the services of Powys Teaching Local Health Board will continue in operation.
- Ensuring the regularity of any expenditure and other transactions incurred.
- The design, implementation and maintenance of internal control to prevent and detect error.

Pencadlys
Tŷ Glasbury, Ysbyty Bronllys,
Aberhondu, Powys LD3 0LU
Ffôn: 01874 711661



Headquarters
Glasbury House, Bronllys Hospital
Brecon, Powys LD3 0LU
Tel: 01874 711661

Rydym yn croesawu gohebiaeth Gymraeg
Bwrdd Iechyd Addysgu Powys yw enw gweithred Bwrdd Iechyd Lleol
Addysgu Powys



We welcome correspondence in Welsh
Powys Teaching Health Board is the operational name of
Powys Teaching Local Health Board

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Powys Teaching Local Health Board and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all possible and actual instances of irregular transactions

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework. The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- We identified that the prescribing accrual for 2019/20 had been under accrued by £322k when compared to the actual amounts for March. We do not consider that this represents a weakness in the Health Board's estimation methodology as this was consistent with previous years. Additional allocation for the value of £270k has been received against this amount and has therefore been corrected in the financial statements leaving an uncorrected amount of £52k.

Patterson, Liz
06/24/2020 11:19:27

- We identified that an error had been made when entering a value for the impairment of assets. This error amounted to £314k

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 29 June 2020.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:
Carol Shillabeer on behalf of
management

Date:

Signed by:
Viv Harpwood on behalf of the Health
Board

Date:

Patterson, Liz
06/24/2020 11:19:17



Agenda item: 2.2

AUDIT, RISK & ASSURANCE COMMITTEE		Date of Meeting: 25 June 2020
Subject :	ANNUAL ACCOUNTABILITY REPORT 2019-20	
Approved and Presented by:	Rani Mallison, Board Secretary	
Prepared by:	Rani Mallison, Board Secretary	
Other Committees and meetings considered at:	Audit, Risk & Assurance Committee, 18 May 2020	

PURPOSE:

The purpose of this paper is to present the Draft Annual Accountability Report for 2019-20 to the Audit, Risk and Assurance Committee for comment, ahead of its presentation to the Board for formal adoption on 25 June 2020.

RECOMMENDATION(S):

The Audit, Risk and Assurance Committee is asked to approve the draft Annual Accountability Report 2019-20 ahead of presentation to the Board for approval.

Approval/Ratification/Decision	Discussion	Information
✓	x	x

Patterson, Liz
06/24/2020 11:19:17

THE PAPER IS ALIGNED TO THE DELIVERY OF THE FOLLOWING STRATEGIC OBJECTIVE(S) AND HEALTH AND CARE STANDARD(S):

Well-being Objective 8: Transforming in Partnership	Organisational Priority 27: Good Governance
Health and Care Standards:	This paper is related to the Governance and Accountability element of the Health Care Standards

EXECUTIVE SUMMARY:

The Welsh Government has issued, as in previous years, guidance for the preparation of annual reports and accounts. This guidance is based on HM Treasury’s Government Financial Reporting Manual (FReM)1 and is intended to simplify and streamline the presentation of the annual reports and accounts so that they better meet the needs of those who read and use them.

NHS bodies are required to publish, as a single document, an annual report and accounts document, which must include 3 parts:

1. The Performance Report, which must include:

- An overview
- A Performance analysis

2. The Accountability Report, which must include:

- A Corporate Governance Report
This explains the composition and organisation of governance structures and how they support the achievement of the health board’s objectives. This section is informed by a review of the board and its committees’ business over the last year. This section has been prepared by the Board Secretary with input from other officers across the organisation where required.
- A Financial Accountability and Remuneration report
This contains information about the remuneration of senior management, fair pay ratios, sickness absence rates, etc. and has been compiled by the finance department as well as the annual accounts.
- A Welsh Parliament Accountability and Audit Report
This contains a range of disclosures on the regularity of expenditure, fees and charges, compliance with the cost allocation and charging requirements set out in Her Majesty’s Treasury guidance, material remote contingent liabilities, long-term expenditure trends, and the audit certificate and report.

3. The Financial Statements

Patterson, Liz
06/24/2020 11:19:17

This paper presents the Accountability Report element i.e. Part 2 of the Annual Report and Accounts. It must be submitted to the Welsh Government, by 30 June 2020, together with the Financial Statements, (Annual Accounts).

The draft Performance Report section will be completed in readiness for submission to Welsh Government by the deadline of 31 August 2020. All three sections will be then combined into a single document, the 'Annual Report and Accounts' and will be published and presented at the health board's Annual General Meeting to be held in October 2020.

The purpose of this Accountability Report element of the Annual Report and Accounts is to meet key accountability requirements set by Parliament.

The draft Annual Accountability Report 2019-20 was submitted to Welsh Government, Wales Audit Office and Internal Audit for review ahead of finalising its content. The final draft has taken into consideration all feedback received and is presented for the Committee's consideration, ahead of presentation to Board for adoption on 29 June 2020.

Patterson,Liz
06/24/2020 11:19:17



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

Accountability Report: 2019-20



SIGNED BY:

CAROL SHILLABEER
[CHIEF EXECUTIVE]

DATE: 30 JUNE 2020

Patterson, Liz
06/24/2020 11:19:17

Contents

	Pages
PART A: CORPORATE GOVERNANCE REPORT	
• The Director's Report for 2019-20	5/97
• Statement of Accountable Officer Responsibilities 2019-20	12/97
• Statement of Director's Responsibilities in respect of the Accounts for 2019-20	14/97
• Annual Governance Statement	16/97
PART B: REMUNERATION AND STAFF REPORT	86/97

Patterson, Liz
06/24/2020 11:19:17

INTRODUCTION TO THE ACCOUNTABILITY REPORT

Powys Teaching Health Board is required, as are all Welsh NHS bodies, to publish annually an Annual Report and Accounts. Copies of previous year's reports can be accessed from the health board [website](#).

A key part of the Annual Report is the Accountability Report. The requirements of the Accountability Report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410, and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and Schedule 8 of SI 2008 No 410.

As not all requirements of the Companies Act 2006 apply to NHS bodies, the structure adopted is as described in the Treasury's Government Financial Reporting Manual (FRM) and set out in the 2019-20 Manual for Accounts for NHS Wales, issued by the Welsh Government.

The Accountability Report is required to have three sections:

- A [Corporate Governance Report](#)
- A [Remuneration and Staff Report](#)
- A [National Assembly for Wales Accountability and Audit Report](#)

An overview of the content of each of these three sections is provided below.

THE CORPORATE GOVERNANCE REPORT

This section of the Accountability Report provides an overview of the governance arrangements and structures that were in place across Powys Teaching Health Board during 2019-20. It also explains how these governance arrangements supported the achievement of the health board's core and enabling well-being objectives.

The Board Secretary has compiled the report, the main document being the Annual Governance Statement. This section of the report has been informed by a review of the work taken forward by the Board and its Committees over the last 12 months and has had input from the Chief Executive, as Accountable Officer, Board Members and the Audit, Risk and Assurance Committee.

In line with requirements set out in the Companies Act 2006, the Corporate Governance report includes:

- [The Directors Report](#)
- [A Statement of Accountable Officer Responsibilities](#)

Patricia.Liz
06/24/2020 11:19:17

- [A Statement of Directors' Responsibilities in Respect of the Accounts](#)
- [The Annual Governance Statement](#)

REMUNERATION AND STAFF REPORT

This report contains information about the remuneration of senior management, fair pay ratios, and sickness absence rates and has been compiled by the Directorate of Finance and the Workforce and Organisational Development Directorate.

NATIONAL ASSEMBLY FOR WALES ACCOUNTABILITY AND AUDIT REPORT

This report contains a range of disclosures on the regularity of expenditure, fees and charges, compliance with the cost allocation and charging requirements set out in HM Treasury guidance, material remote contingent liabilities, and the audit certificate and Auditor General for Wales' Report.

Patterson,Liz
06/24/2020 11:19:17

PART A: CORPORATE GOVERNANCE REPORT

This section of the Accountability Report provides an overview of the governance arrangements and structures that were in place across Powys Teaching Health Board during 2019-20. It includes:

1. A Director's Report
2. A Statement of Accountable Officer Responsibilities
3. A Statement of Directors' Responsibilities in Respect of the Accounts
4. The Annual Governance Statement

Patterson, Liz
06/24/2020 11:19:17

1. THE DIRECTORS' REPORT FOR 2019-20

The Directors' report brings together information about the Board of Powys Teaching Health Board (PTHB), including the Independent Members and Executive Directors, the composition of the Board and other elements of its governance and risk management structure.

Patterson, Liz
06/24/2020 11:19:17

THE COMPOSITION OF THE BOARD AND MEMBERSHIP

Part 2 of The Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009 sets out the required membership of the Boards of Local Health Boards, the appointment and eligibility requirements of members, the term of office of non-officer members and associate members. In line with these Regulations the Board of Powys Teaching Health Board comprises:

- a chair;
- a vice-chair;
- officer members; and
- non-officer members.

The members of the Board are collectively known as “the Board” or “Board members”; the officer and non-officer members (which includes the Chair) are referred to as Executive Directors and Independent Members respectively. All members have full voting rights.

In addition, Welsh Ministers may appoint up to three associate members. Associate members have no voting rights.

Before an individual may be appointed as a member or associate member they must meet the relevant eligibility requirements, set out in Schedule 2 of The Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009, and continue to fulfil the relevant requirements throughout the time that they hold office.

The Regulations can be accessed via the Government’s legislation website: <http://www.legislation.gov.uk/wsi/2009/779/contents/made>

Patterson, Liz
06/24/2020 11:19:17

VOTING MEMBERS OF THE BOARD DURING 2019-20

During 2019-20, the following individuals were voting members of the Board of Powys Teaching Health Board:

Independent Members (IM)		
Vivienne Harpwood	Chair	Full year
Melanie Davies	Vice Chair	Full Year
Anthony Thomas	IM (Finance)	Full Year
Matthew Dorrance	IM (Local Authority)	Full Year
Owen James	IM (Community)	Full Year
Trish Buchan	IM (Third Sector)	Full Year
Duncan Forbes	IM (Legal)	To 07 August 2019
Frances Gerrard	IM (University)	Full Year
Ian Phillips	IM (ICT)	Full Year
Susan Newport	IM (Trade Union Side)	Full Year
Mark Taylor	IM (Capital & Estates)	From 03 July 2019
Executive Directors		
Carol Shillabeer	Chief Executive	Full Year
Julie Rowles	Executive Director of Workforce and OD	Full Year
Eifion Williams	Executive Director of Finance and IT	To 30 June 2019
Pete Hoppood	Interim Executive Director of Finance and IT	From 01 July 2019
Hayley Thomas	Executive Director of Planning and Performance	Full Year
Wyn Parry	Executive Medical Director	Full Year
Stuart Bourne	Executive Director of Public Health	Full Year
Rhiannon Jones	Executive Director of Nursing	To 14 July 2019
	Interim Executive Director of Therapies & Health Science	
Katrina Rowlands	Interim Director of Nursing	15 July 2019 to 20 January 2020
Alison Davies	Executive Director of Nursing & Midwifery	From 20 January 2020
Claire Madsen	Executive Director of Therapies & Health Sciences	From 07 January 2020
Patsy Roseblade	Interim Executive Director of Primary, Community Care and Mental Health	To 14 April 2019
Jamie Marchant	Executive Director of Primary, Community and Mental Health Services	From 11 June 2019

Patsy Roseblade
09/04/2020 11:19:17

During 2019/20, vacancies in the Board consisted of:

Independent Member	Executive Director
<ul style="list-style-type: none"> • Independent Member (Legal) from 08/08/19 to present • Independent Member (Capital) from 01/04/19 to 02/07/19 	<ul style="list-style-type: none"> • Executive Director of Primary, Community & Mental Health Services from 15/04/19 to 10/06/19 • Executive Director of Therapies and Health Sciences from 15/07/19 to 06/01/20

Whilst roles on the Board were vacant, responsibilities were covered by other Board members to ensure continuity of business and effective governance arrangements. Independent Members attended Board Committee meetings where necessary to ensure meetings remained quorate and the Board's duties could be discharged. The Chief Executive provided leadership and support to the Primary, Community & Mental Health Services Directorate whilst the Director post was vacant.

On 23 March 2020 the Welsh Government suspended all Ministerial Public Appointment campaigns with immediate effect. At the time of this suspension the Health Board has one Independent Member vacancy. The intention is to recommence Campaigns in September 2020, however this is being kept under review as the public health response to COVID-19 develops.

NON-VOTING MEMBERS OF THE BOARD DURING 2019-20

During 2019/20, the following Associate Members, were appointed by the Minister for Health and Social Services, to the Board as a non-voting member:

- **Alison Bulman**, Corporate Director (Children & Adults), Powys County Council.

The following Associate Member positions were vacant on the Board during 2019/20:

- Chair of the Stakeholder Reference Group (Advisory Group of the Board)
The Stakeholder Reference Group did not meet in 2019/20 and a Chair has not yet been appointed.
- Chair of the Healthcare Professionals' Forum (Advisory Group of the Board)
The Healthcare Professionals' Forum is not yet in place and will be established in 2020/21.

Patterson,Liz
06/24/2020 11:19:17

Further details in relation to role and composition of the Board can be found at page 23 of the Annual Governance Statement. In addition, short biographies of all our Board members can be found on the health board [website](#). The Annual Governance Statement also contains further information in respect of Board and Committee Activity.

DECLARATION OF INTERESTS

Details of company directorships and other significant interests held by members of the Board which may conflict with their responsibilities are maintained and updated on a regular basis. A Register of Interests is available on the health board [website](#), or a hard copy can be obtained from the Board Secretary on request.

PERSONAL DATA RELATED INCIDENTS

Information on personal data related incidents formally reported to the Information Commissioner's office and "serious untoward incidents" involving data loss or confidentiality breaches are detailed on page 57 of the Annual Governance Statement.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

The Board is aware of the potential impact that the operation of the health board has on the environment and it is committed to wherever possible:

- ensuring compliance with all relevant legislation and Welsh Government Directives;
- working in a manner that protects the environment for future generations by ensuring that long term and short term environmental issues are considered; and
- preventing pollution and reducing potential environmental impact.

The Board's Sustainability Report forms a key part of the Performance Report section of the Annual Report and provides greater detail in relation to the environmental, social and community issues facing the health board.

Patterson,Liz
06/24/2020 11:19:17

STATEMENT OF PUBLIC SECTOR INFORMATION HOLDERS

As the Accountable Officer of Powys Teaching Health Board, and in line with the disclosure requirements set out by the Welsh Government and HM Treasury, I confirm that the health board has complied with the cost allocation and charging requirements set out in HM Treasury guidance during the year.

SIGNED BY:

DATE: 30 JUNE 2020

CAROL SHILLABEER [CHIEF EXECUTIVE]

Patterson, Liz
06/24/2020 11:19:17

STATEMENT OF ACCOUNTABLE OFFICER RESPONSIBILITIES: 2019-20

Patterson, Liz
06/24/2020 11:19:17

STATEMENT OF MY CHIEF EXECUTIVE RESPONSIBILITIES AS ACCOUNTABLE OFFICER OF POWYS TEACHING HEALTH BOARD

The Welsh Ministers have directed that I, as the Chief Executive, should be the Accountable Officer of Powys Teaching Health Board.

The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are Set out in the Accountable Officer's Memorandum issued by the Welsh Government.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as the Accountable Officer.

I also confirm that:

- as far as I am aware, there is no relevant audit information of which Powys Teaching Health Boards auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Powys Teaching Health Board's auditors are aware of that information.
- Powys Teaching Health Board's annual report and accounts as a whole is fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

SIGNED BY:

DATE: 30 JUNE 2020

**CAROL SHILLABEER
[CHIEF EXECUTIVE]**

Patterson.Liz
06/24/2020 11:19:17

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ACCOUNTS FOR 2019-20**

Patterson, Liz
06/24/2020 11:19:17

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors of Powys Teaching Health Board are required under the National Health Service Act (Wales) 2006 to prepare accounts for each financial year.

The Welsh Ministers, with the approval of the Treasury, direct that these accounts give a true and fair view of the state of affairs of the health board and of the income and expenditure of the health board for that period.

In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury;
- make judgements and estimates which are responsible and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

On behalf of the directors of Powys Teaching Health Board we confirm:

- that we have complied with the above requirements in preparing the 2019-20 accounts; and
- that we are clear of our responsibilities in relation to keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by the Welsh Ministers.

By Order of the Board

SIGNED BY:

**VIV HARPWOOD
[CHAIR]**

DATE: 30 JUNE 2020

SIGNED BY:

**CAROL SHILLABEER
[CHIEF EXECUTIVE]**

DATE: 30 JUNE 2020

SIGNED BY:

**PETE HOPGOOD
[INTERIM DIRECTOR OF FINANCE AND ICT]**

DATE: 30 JUNE 2020

Patterson.Liz
06/24/2020 11:19:17

ANNUAL GOVERNANCE STATEMENT

This Annual Governance Statement details the arrangements that were in place to manage and control resources during the financial year 2019-20. It also sets out the governance arrangements in place to ensure probity, mitigate risks and maintain appropriate controls to govern corporate and clinical situations.

Patterson, Liz
06/24/2020 11:19:17

SCOPE OF RESPONSIBILITY

The Board is accountable for Governance, Risk Management and Internal Control. As Chief Executive of the Board, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

Powys Teaching Health Board (PTHB, the health board) was established in 2003. The health board is predominantly a commissioning organisation, buying services on behalf of the population from a wide range of providers, including from primary care contractors, independent sector care homes, ambulance services, district general hospitals and other specialist hospitals. There are a range of directly provided services across Powys, including a network of community hospitals, a health and social care centre, community services such as district nursing, midwifery and health visiting, therapies, mental health and services for people with a learning disability. Increasingly, services are jointly provided by the health board and Powys County Council, working together and pooling resources.

Detailed information about the services we provide and our facilities can be found in the section labelled 'Services' on the health board [website](#). Our Integrated Medium Term Plan for 2019-2022 and Annual Report also provide helpful overviews of our services.

The Board of PTHB is accountable for good governance, risk management and internal control. As the Chief Executive and Accountable Officer of PTHB I have clearly defined responsibilities as set out in the Accountable Officer Memorandum and my letter of appointment. These responsibilities relate to maintaining appropriate governance structures and procedures, as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am personally responsible. These duties are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

I am held to account for my performance by the Chair of the health board and the Chief Executive and Accounting Officer for the NHS in Wales. I have formal performance meetings with both the Chair and the Chief Executive of NHS Wales. Further, the Executive Team of the health board meet with the senior leaders of the Department of Health and Social Services on a regular basis.

06/11/2019 11:19:17

At the time of preparing this Annual Governance Statement the Health Board and the NHS in Wales is facing unprecedented and increasing pressure in planning and providing services to meet the needs of those who are affected by COVID-19, whilst also planning to resume other activity where this has been impacted.

The required response has meant the whole organisation has had to work very differently both internally and with our staff, partners and stakeholders and it has been necessary to revise the way the governance and operational framework is discharged. In recognition of this, Dr Andrew Goodall, Director General Health and Social Services/NHS Wales Chief Executive wrote to all NHS Chief Executives in Wales, with regard to "COVID -19- Decision Making and Financial Guidance". The letter recognised that organisations would be likely to make potentially difficult decisions at pace and without a firm evidence base or the support of key individuals which under normal operating circumstances would be available. Nevertheless, the organisation is still required to demonstrate that decision-making has been efficient and will stand the test of scrutiny with respect to compliance with Managing Welsh Public Money and demonstrating Value for Money after the COVID-19 crisis has abated and the organisation returns to more normal operating conditions.

The actions and decisions taken by the Health Board in response to COVID-19 have been explained within this Annual Governance Statement.

Patterson, Liz
06/24/2020 11:19:17

FUNCTIONS HOSTED BY PTHB

In compliance with requests made by the Welsh Ministers, PTHB hosts the following functions:

- **The seven Community Health Councils that operate across Wales and the Board of Community Health Councils in Wales:**
The Community Health Councils operate across Wales and provide help and advice if citizens have problems with, or complaints about, NHS services. They ensure that citizens' views and needs influence the policies and plans put in place by health providers in their area. They monitor the quality of NHS services from a citizen's perspective and provide information about access to the NHS.
The Board of Community Health Councils in Wales was established in April 2004 with the aim to advise, assist and monitor the Community Health Councils with respect to the performance of their functions, and to represent their collective views and interests to the Welsh Ministers. In 2015, the regulations were revised and it was clearly stated that the Board had responsibility of setting standards and to monitor the performance of the Community Health Councils, the conduct of members and performance of officers as well as operating a Complaints Procedure.
- **Health and Care Research Wales (HCRW):**
HCRW is a national, multi-faceted, virtual organisation funded and overseen by the Welsh Government's Division for Social Care and Health Research. It provides an infrastructure to support and increase capacity in research and development, runs a number of funding schemes, and manages the NHS research and development funding allocation in Wales. Its aim is to generate and support excellent research to improve the health and care of people in Wales across a range of conditions and settings.

The Board of PTHB is not responsible for the delivery of the objectives of these functions, or their day to day management. It is however responsible for ensuring that the functions are staffed using appropriate recruitment mechanisms, and that PTHB's Standing Financial Instructions and Workforce and OD policies are complied with.

The health board has nominated its Director of Workforce and OD as the Lead Director for Community Health Council and its Medical Director as the Lead Director for Health and Care Research Wales. Key officers from the finance and workforce teams have been identified to provide support to the functions, as appropriate.

Patterson, Liz
06/24/2020 11:19:17

During 2019-20 we continued to work with Welsh Government to strengthen the governance and accountability arrangements for the functions that we host. The Audit, Risk and Assurance Committee held discussion regarding hosted functions in January 2020 following an Advisory Internal Audit Report. Internal Audit made a number of recommendations for improvement which will be taken forward in 2020/21.

The development of robust accountability frameworks, in conjunction with Welsh Government and hosted bodies, will be necessary to allow each function to discharge its responsibilities.

OUR GOVERNANCE AND ASSURANCE FRAMEWORKS

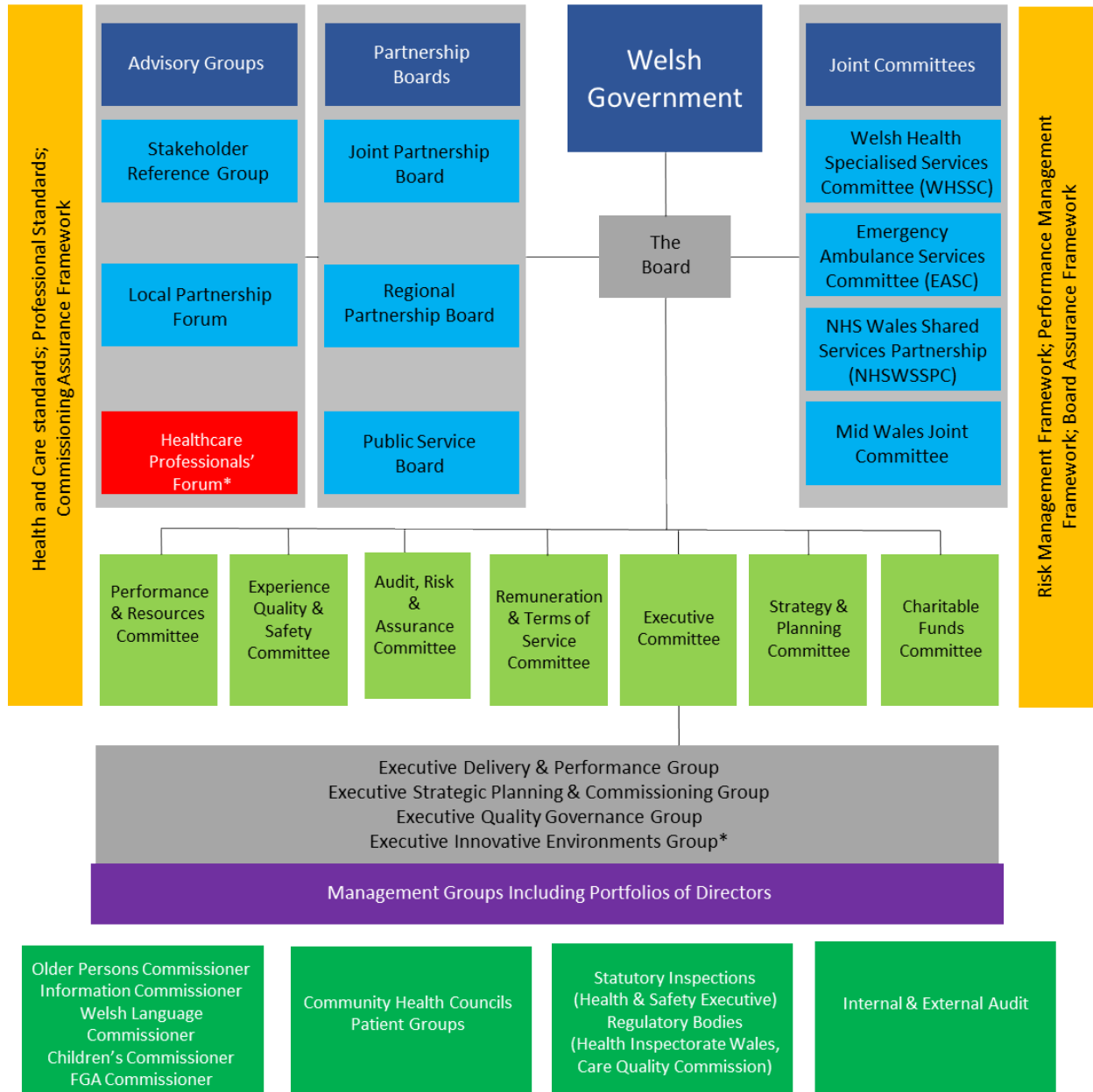
PTHB has a clear purpose from which its strategic aims and objectives have been developed. Our vision is to enable a 'Healthy Caring Powys'. The Board is accountable for setting the organisation's strategic direction, ensuring that effective governance and risk management arrangements are in place and holding Executive Directors to account for the effective delivery of its three year Integrated Medium Term Plan and related Annual Plan. A copy of our Integrated Medium Term Plan for 2019-20 to 2021-22 can be found on the health board [website](#).

Figure 1 on the page that follows provides an overview of the governance framework that was in operation during 2019-20:

Patterson,Liz
06/24/2020 11:19:17

Figure 1: Powys Teaching Health Board's Governance and Assurance Framework

Powys Teaching Health Board Governance and Assurance Framework



* Yet to be established

Patterson, Liz
06/24/2020 11:19:17

THE BOARD

The Board has been constituted to comply with the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009. The Board functions as a corporate decision making body, Executive Directors and Independent Members being full and equal members and sharing corporate responsibility for all the decisions of the Board. Details of those who sit on the Board are published on the health board [website](#). Further information is also provided in the Directors Report at page 6.

The Board sits at the top of the organisation's governance and assurance systems. Its principal role is to exercise effective leadership, provide strategic direction and control. The Board is accountable for governance and internal control in the organisation, and I, as the Chief Executive and Accountable Officer, am responsible for maintaining appropriate governance structures and procedures. In summary, the Board:

- Sets the strategic direction of the organisation within the overall policies and priorities of the Welsh Government and the NHS in Wales;
- Establishes and maintains high standards of corporate governance;
- Ensures the delivery of the aims and objectives of the organisation through effective challenge and scrutiny of performance across all areas of responsibility;
- Monitors progress against the delivery of strategic and annual objectives; and
- Ensures effective financial stewardship by effective administration and economic use of resources.

STANDARDS OF BEHAVIOUR

The Welsh Government's *Citizen-Centred Governance Principles* apply to all public bodies in Wales. These principles integrate all aspects of governance and embody the values and standards of behaviour expected at all levels of public services in Wales.

The Board is strongly committed to the health board being value-driven, rooted in 'Nolan' principles and high standards of public life and behaviour, including openness, customer service standards, diversity and engaged leadership. The Board has in place a Standards of Behaviour Policy, which sets out the Board's expectations and provides guidance so that individuals are supported in delivering that requirement.

The Standards of Behaviour Policy re-states and builds on the provisions of Section 7, Values and Standards of Behaviour, of the health board's Standing Orders. It re-emphasises the commitment of the health board to ensure that it operates to the highest standards, the roles and responsibilities of those

employed by the health board, and the arrangements for ensuring that declarations of interests, gifts, hospitality, honoraria and sponsorship can be made. The policy also aims to capture public acceptability of behaviours of those working in the public sector in order that the health board can be seen to have exemplary practice in this regard.

Details of the Board's Standards of Behaviour Policy incorporating Declarations of Interest, Gifts, Hospitality and Sponsorship, is available on the health board's [website](#).

STANDING ORDERS AND SCHEME OF RESERVATION AND DELEGATION

The health board's governance and assurance arrangements have been aligned to the requirements set out in the Welsh Government's Governance e-manual and the Citizen Centred Governance Principles. Care has been taken to ensure that governance arrangements also reflect the requirements set out in HM Treasury's 'Corporate Governance in Central Government Departments: Code of Good Practice 2011'.

The Board has approved Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice. Together with the adoption of a scheme of matters reserved for the Board, a detailed scheme of delegation to officers and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the health board and define "its ways of working". The Standing Orders in place during 2019-20 were adopted by the Board on 27 November 2019 and are available on the health board's [website](#).

The Board, subject to any directions that may be made by the Welsh Ministers, is required to make appropriate arrangements for certain functions to be carried out on its behalf so that the day to day business of the health board may be carried out effectively, and in a manner that secures the achievement of the organisation's aims and objectives. To fulfil this requirement, in alignment with the review of Standing Orders and Committee terms of reference, a detailed review of the Board's Scheme of Reservation and Delegation of Powers has also been completed. The document, which was approved by the Board on 27 November 2019 can be found on the health board's [website](#).

Patterson,Liz
06/24/2020 11:19:17

COMMITTEES OF THE BOARD

Section 3 of Powys Teaching Health Board's Standing Orders provides that *"The Board may and, where directed by the Welsh Government must, appoint Committees of the health board either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions."* In line with these requirements the Board has established a standing Committee structure, which it has determined best meets the needs of the health board, while taking account of any regulatory or Welsh Government requirements. Each Committee is chaired by an Independent Member of the Board and is constituted to comply with Welsh Government's Good Practice Guide – Effective Board Committees. All Committees annually review their Terms of Reference and Work Plans to support the Board's business. Committees also work together on behalf of the Board to ensure that work is planned cohesively and focusses on matters of greatest risk that would prevent the health board from meeting our mission's aims and objectives.

During 2018-19, a full and considered review of the Board's committee structure and each of the terms of reference was undertaken. This review highlighted the need for a refreshed approach to ensure: an appropriate balance between strategy and performance; and reduced duplication and increased integration between committees. Work was taken forward to develop revised committee arrangements, and these were formally approved by the Board in March 2019, the revised committee arrangements were implemented in 2019-20. A paper outlining the changes made and agreed by the Board can be found on the health board's [website](#).

The Committees that were in place during 2019-20 were:

- Audit, Risk and Assurance Committee
- Charitable Funds Committee
- Executive Committee
- Experience Quality and Safety Committee
- Performance and Resources Committee
- Remuneration and Terms of Service Committee
- Strategy and Planning Committee

The detailed Terms of Reference, agendas and papers for each of these Committees can be found on the health board's [website](#).

The Chair of each Committee reports regularly to the Board on the committee's activities. This contributes to the Board's assessment of risk, level of assurance and scrutiny against the delivery of objectives. In addition, and in-line with Standing Orders, each committee is required to produce an annual report. The development of committee annual reports for 2019/20 was delayed in order that capacity could be made available to support the health board's response to COVID-19.

Powys Teaching Health Board is committed to openness and transparency, and conducts as much of its board and committee business as possible in a session that members of the public are normally welcome to attend and observe. The Board and its Committees meet throughout the year, and attendance is formally recorded within the minutes, detailing where apologies have been received and deputies have been nominated.

In light of Welsh Government's advice in relation to COVID-19, the Board took a decision at its meeting on 25 March 2020 to conduct meetings by electronic / telephony means as opposed to in a physical location, for the foreseeable future. This will mean that members of the public will not be able attend in person or observe on-line. The Board took this decision in the best interests of protecting the public, our staff and Board members. The Board agreed to publish a summary of meetings held on the health board's website within a week of the meeting to promote openness and transparency.

In addition, the Board agreed to temporarily stand down the following meetings:

- Performance and Resources Committee meeting scheduled for 29th April 2020 would be cancelled. In its absence, finance and performance reporting will go to the full Board on 27th May 2020 (the usual Finance Monthly Report will be issued and Integrated Performance Report) along with any other critical areas and material issues; and
- Strategy and Planning Committee meeting scheduled for 23rd April 2020 would be cancelled, recognising that the organisation's immediate focus would be on COVID-19.

Figure 2 below provides an overview of the role and responsibilities of the Board's Committees, as set out within respective Terms of Reference.

Figure 3 below provides an overview of Board and Committee meetings held during 2019-20.

Patterson, Liz
06/24/2020 11:19:17

Figure 2: Roles and Responsibilities of Committees of the Board



Patterson.Liz
06/24/2020 11:19:17

Figure 3: Board and Committee meetings held during 2019-20

Board/ Committee	Dates											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Board		8 & 29		31		25		27		29		25
Audit Risk and Assurance		7 & 28		16		12		11		14		9
Charitable Funds			11				15				3	
Experience Quality and Safety	16		4		1		10		3		4	
Performance and Resources	30		24		6		22		16		24	
Remuneration and Terms of service		7			6			5			11	
Strategy and Planning		2	24					1		16		14

Details of Board Members and their attendance at the Board can be found at **Appendix 1**.

Patterson, Liz
06/24/2020 11:19:17

ITEMS CONSIDERED BY THE BOARD IN 2019-20

During 2019-20 the Board held:

- Five meetings in public;
- One extraordinary meeting held in public to consider a recommendation from the Branch Practice Review Panel, in respect of a Branch Surgery Closure Application received from Dyfi Valley Health regarding Cemmaes Road and;
- Six developmental sessions.
- One meeting of the Board (25 March 2020) was held in closed session due to the advice and guidance in relation to COVID-19. This meant that members of the public were not be able to attend in person or observe on-line. The Board took this decision in the best interests of protecting the public, staff and Board members. The Board published a summary of the meeting held on the website within a week of the meeting to promote openness and transparency.

All meetings of the Board held in 2019-20 were appropriately constituted with the required quorum.

COVID-19 Response

In March 2020, the Board approved its Clinical Response Model to the COVID-19 pandemic. This outlined the model of care to be put in place to save lives during COVID-19, and included five main elements:

1. Stay home and save lives;
2. Saving Lives through Self Care, Families and Support;
3. Saving Lives through the best use of the skills & resources in Primary Care;
4. Saving Lives through the best use of the skills & resources in Community Care; and
5. Saving Lives through strong partnership with acute & specialist care.

The first four elements of the model outlined above will mean that as many people as possible will continue to receive their care at home or close to home in Powys. We have increased beds, the skills and services within the community to care for more patients with the virus, which will reduce the need for patients to be admitted to acute hospital, and bringing them closer to home when they are more stable and no longer need acute hospital care. In addition to this we have refocussed our community hospitals and health & care centres to provide an enhanced level of in-county community hospital care for those who need it. This also includes increasing the number of beds, increasing the scope of practice so that we are able to provide a higher level of care within the county than would normally be possible, as well as making sure we are able to continue to provide dignified palliative support and end of life care. We also continue to develop plans so that extra local capacity can be put in place if the need for additional health and care support is required. There will be some people, however, with more

06/10/2020 11:19:17

serious illnesses who will need to be admitted for specialist and critical care, with specialist teams and equipment to give them the best chance of recovery. We have very well established relationships with our network of neighbouring hospitals who provide acute and specialist inpatient care for the people of Powys. This will continue to be the case during this period and each of our neighbouring hospitals is increasing their own capacity so that as the impact of COVID-19 increases, they will continue to be able to provide essential care, including for our communities – both for COVID-19 as well as for the other essential services.

Organisational Development Framework

In May 2019, the Board considered and approved '*Best Chance of Success*', An Organisational Development Strategic Framework to support 'A Healthy, Caring Powys' 2019 – 2021.

The purpose of this framework is to outline the development priorities to improve Powys Teaching Health Board's organisational effectiveness, enabling the health board to be best placed to deliver against its commitments for the population of Powys. These commitments are set out in the 10-year health and care strategy: 'A Healthy, Caring Powys' and are operationalised in our three year Integrated Medium Term Plan.

Workforce Futures Strategic Framework

The Board approved the Workforce Futures Strategic Framework in January 2020. The Framework sets out the health board's intentions, by describing our high-level strategic priorities based on what we know about the current workforce landscape, and ensures everyone is clear about what is needed to deliver 'A Healthy, Caring Powys' through our workforce resource. It makes a commitment to design a health and care workforce model that will meet the needs of our citizens and communities, attract the right people with the right skills and knowledge, continue to value, engage and retain our workforce through compassionate and collective leadership, and provide education and development opportunities.

Strategic Planning and Service Change

Integrated Medium Term Plan (IMTP) 2020-21 - 2022-23

The Health and Care Strategy for Powys 'A Healthy Caring Powys' provided a robust strategic context for the IMTP for 2019/2020 – 2021/2022. This provided the long-term strategy that has been agreed jointly between the health board, the local authority and the Regional Partnership Board, as the Local Area Plan for Powys. The IMTP for 2019/2020 – 2021/2022 represented Year Two of the delivery of this long term strategy. Further to Board approval, the IMTP 2019/2020 – 2021/2022 received approval from Welsh Government in March 2019.

In January 2020, the Board approved its IMTP for 2020-23. In March 2020, Welsh Government confirmed to the health board that, following a robust assessment, the IMTP was considered to be approvable, which provided a

08/03/2021 11:19:17

baseline for future planning discussions. However, in light of the challenges associated with COVID-19, Welsh Government had taken the decision to pause the IMTP processes and allow all resources to be redirected to sustaining key services.

During 2019-20, the Board also considered and approved:

- **Branch Surgery Closure Application received from Dyfi Valley Health**
The Board ratified a decision of a Branch Practice Review Panel, held on 18 April 2019, to accept an application from Dyfi Valley Health to close their premises in Cemmaes Road and consolidate their services at their premises in Machynlleth from 31 July 2019.
- **South Wales Trauma Network Programme Business Case**
In November 2019, the Board approved the overall network model described in the Programme Business Case (clinical, operational and governance) for a South Wales Trauma Network. This included the Operational Delivery Network (ODN) and the role of the health board as a provider of respective components of the service model.
- **Powys Winter Resilience Plan 2019/20**
In November 2019, the Board approved its Winter Resilience Plan which was co-produced with partners and key stakeholders to ensure the health and care community was fully prepared for the winter period to ensure safe, timely and effective care together with positive experiences and outcomes for the people of Powys.
- **Strategic Change Programmes**
The Board received regular updates and assurances in relation to other external change programmes, including: Aneurin Bevan University Health Board – 'Clinical Futures'; NHS Future Fit (Shrewsbury and Telford Hospitals); and Hereford and Worcestershire STP – Stroke Programme.

Clinical Quality Framework

In January 2020 the Board approved its Clinical Quality Framework. The specific purpose of the PTHB Clinical Quality Framework is to realise a vision of:

"Systematic, clinically-led, continuous and sustained, year-on-year improvement in the quality of clinical care provided by Powys Teaching Health Board".

In this context and through its approach, the framework encompasses fundamental pre-determinants of the delivery of high quality clinical care, including:

- Organisational culture - encompassing honesty and openness
- Clinical leadership
- The improvement methodology in place in the organisation
- Clinical quality intelligence and performance reporting

The Framework is structured around five organisational goals linked improvement actions to determine good quality care in PTHB clinical services, during the period 2020-2023.

Presented to the Board
11/19/17

Governance, Risk Management and Assurance

The Board received regular updates on, and participated in, the further development and strengthening of risk management and assurance arrangements across the organisation.

In March 2019, the Board approved its Board Assurance Framework, with an update regarding the Board Assurance Framework received quarterly. The Board Assurance Framework is available on the health board [website](#). In July 2019, the Board approved its Risk Appetite Statement and in September 2019 approved its updated Risk Management Framework. The Board considered its Corporate Risk Register at each meeting, ensuring risks were managed in-line with its appetite and thresholds.

In November 2019 the Board approved: revised Standing Orders and a revised Scheme of Reservation and Delegation of Powers.

During 2019-20, the Board approved the following key policies for implementation in the organisation:

- **Putting Things Right Policy**
This Policy sets out the arrangements, under Putting Things Right (PTR), by which Powys Teaching Health Board will manage, respond and resolve concerns in order to meet the requirements of the NHS Welsh Government legislation: Concerns, Complaints and Redress Arrangements (Wales) Regulations 2011. These Regulations came into force on 1 April 2011, except Part 7, which came into force in April 2012. Part 7 of the Policy deals with the consideration of Redress where a Welsh NHS body has commissioned care from a NHS Provider in England – Cross Border Arrangements.
- **Standards of Behaviour Policy**
The aim of this policy is to ensure that arrangements are in place to support employees and Independent Members to act in a manner that upholds the Standards of Behaviour Framework, as well as setting out the arrangements in place to manage declarations of interests, gifts, hospitality, honoraria and sponsorship, through the standard forms in place.
- **Bribery Policy**
The primary purpose of this policy is to outline the Health Board's position in respect of compliance with the Bribery Act; set out the Health Board's responsibilities, and the responsibilities of those working for the Health Board, in preventing bribery and corruption; and provide clear guidance on how to report any concerns or suspicions in respect of potential fraudulent behaviour. This policy forms a key part in the Health Board's defence against the risks posed by economic crime.

Nurse Staffing Levels (Wales) Act

The Nurse Staffing Levels (Wales) Act 2016 came into force on 21 March 2016,

Patterson
06/04/2020 11:19:17

with a phased commencement with full implementation required by 6 April 2018. In May 2019, the Board received a position report from the Executive Director of Nursing regarding local implementation of the Act, with assurance that all necessary steps had been taken to ensure compliance for provided services. In terms of services commissioned from other providers, safe staffing is included as a requirement within the Long Term Agreement and staffing levels are monitored through the Board's Commissioning Assurance Framework.

In addition to the above, the Board:

- Approved the Annual Accounts for 2018-19;
- Approved the Resource Plan for 2019-20;
- Received feedback from service users and patients through experience stories;
- Approved and monitored the Discretionary Capital Programme;
- Received, considered and discussed financial performance and the related risks being managed by the health board;
- Routinely considered the Board's performance in relation to key national and local targets and agreed mitigating actions in response to improve performance where appropriate.
- Routinely received assurance reports from the Committees and Advisory Groups of the Board.

ITEMS CONSIDERED BY COMMITTEES OF THE BOARD

During 2019-20, Board Committees considered and scrutinised a range of reports and issues relevant to the matters delegated to them by the Board. Reports considered by the committees included a range of internal audit reports, external audit reports and reports from other review and regulatory bodies, such as Healthcare Inspectorate Wales and the HSE.

As was the case in previous years, the Committees' consideration and analysis of such information has played a key role in my assessment of the effectiveness of internal controls, risk management arrangements and assurance mechanisms.

The Committees also considered and advised on areas of local and national strategic developments and new policy areas. Board Members are also involved in a range of other activities on behalf of the Board, such as Board Development sessions (at least six a year), attending partnership meetings, shadowing and a range of other internal and external meetings.

An overview of the key areas of focus for each of the Board committees is set out in Figure 4 that follows.

06/09/2020 11:19:17

Figure 4: Key Areas of Focus of Committees of the Board

<p>Audit Risk and Assurance Committee</p>	<ul style="list-style-type: none"> ▪ Approved the Internal Audit Plan for 2019-20 ▪ Oversaw the delivery of a programme of internal and external audit reports ▪ Sought assurance in relation to Post Payment Verification Checks ▪ Kept an overview of the adequacy of Local Counter Fraud Services ▪ Monitored the implementation of audit recommendations ▪ Kept under review the health board’s arrangements for risk management and assurance ▪ Reviewed and sought assurance on the accuracy of Annual accounts ▪ Oversaw the Governance Improvement Programme
<p>Executive Committee</p>	<ul style="list-style-type: none"> ▪ Took forward actions arising from the Integrated Performance Report and performance managing the delivery of those action plans. ▪ Kept the operational effectiveness of policies and procedures under review. ▪ Scrutinised key reports and strategies prior to their submission to other Committees of the Board and/or the Board to ensure their accuracy and quality. ▪ Provided a strategic view of issues of concern ensuring co-ordination between directorates. ▪ Provided advice to the Committees of the Board and/or the Board on matters related to quality, safety, planning, commissioning, service level agreements and change management initiatives. ▪ Ensured staff are kept up to date on health board wide issues. ▪ Acted as the forum in which Directors and senior managers can formally raise concerns and issues for discussion, making decisions on these issues.
<p>Charitable Funds Committee</p>	<ul style="list-style-type: none"> ▪ Scrutinised applications for charitable funds ▪ Kept and overview of charitable funds income and expenditure
<p>Experience Quality and Safety Committee</p>	<ul style="list-style-type: none"> ▪ Reviewed performance against key patient experience, quality and safety indicators ▪ Sought assurance in relation to the quality of directly provided services and commissioned services

L. J. Johnson, Liz
 06/24/2020 11:19:17

	<ul style="list-style-type: none"> ▪ Monitored the health board’s approach to complaints and concerns ▪ Sought assurance in relation to specific issues, for example, Commissioned Maternity Services ▪ Oversaw the development of the Annual Quality Statement ▪ Received reports on matters such as Infection Prevention and Control, Wellbeing at Work, Safeguarding and Health and Safety ▪ Monitored Welsh Language requirements, equality and diversity; and compliance with mental health legislation. ▪ Monitored the effectiveness of arrangements in place to support Improvement and Innovation ▪ Considered the safeguarding of information and associated governance arrangements. ▪ Sought assurance on the implementation of Putting Things Right regulations and lessons learnt.
<p>Performance and Resources Committee</p>	<ul style="list-style-type: none"> ▪ Sought assurance regarding financial management and financial performance. ▪ Oversaw the delivery of the health board’s performance against the National Outcomes Framework, the Integrated Medium Term Plan and related Annual Plan, and key local outcomes. ▪ Sought assurance regarding arrangements for the performance management and accountability of directly provided and commissioned services ▪ Monitored workforce and organisational development frameworks and plans; and the monitoring of key workforce metrics. ▪ Monitored GDPR and Freedom of Information, requirements

<p>Strategy and Planning Committee</p>	<p>Services Board.</p> <ul style="list-style-type: none"> ▪ Oversaw the development of the Board’s Capital Discretionary Programme and Capital Business Cases ▪ Received reports on matters such as Board’s Integrated Medium Term Plan, including the Financial Plan and Workforce Plan and Board’s Annual Plan, aligned to the Integrated Medium Term Plan. ▪ Considered and kept the following under review:
---	--

Patterson, Liz
06/24/2020 11:19:17

	<ul style="list-style-type: none"> • any necessary revision of the Health Board’s strategies and plans • implications for service planning arising from the development of the Health Board’s strategies and plans or those of its stakeholders and partners • Health Board Civil Contingency Plan and Business Continuity Plan
--	--

BOARD DEVELOPMENT

In July 2019, the Board approved its Board Development Plan 2019/20 – 2020/21. The purpose of Plan outlines the key components of an effective Board, areas for further development as identified through a process of self-assessment and reflection (undertaken in January 2019) and confirms the Board Development Plan for delivery throughout 2019/20 and 2020/21.

During the year, the Board took part in a number of development and briefing sessions which covered topics that included risk management, organisational development, strategic commissioning, key issues and hot topics and presentations from organisations, such as Welsh Health Specialised Services Committee and the Health and Safety Executive.

The Board had scheduled its annual self-assessment and reflection to take place in April 2020 (to include consideration of the effectiveness of its committees), however this was stood down in light of COVID-19. In its absence, implementation of the Board Development Plan will continue into its second year to support improved effectiveness.

Patterson,Liz
06/24/2020 11:19:17

ADVISORY GROUPS

PTHB's Standing Orders require the board to establish three advisory groups in place. These allow the Board to seek advice from and consult with staff and key stakeholders. They are the:

- Stakeholder Reference Group
- Local Partnership Forum
- Healthcare Professionals' Forum

Information in relation to the role and terms of reference of each Advisory Group can be found in the health board's Standing Orders on the health board's [website](#).

The Local Partnership Forum (LPF) is well established. Work was undertaken in 2019-20 to strengthen the Forum's operating arrangements and maximize its role in providing advice to the Board. Considerations have been made in 2019-20 regarding the potential of combining the Local Partnership Forum and the Health and Safety Group. This will be given further consideration in 2020/21. There were no significant issues considered by the LPF on behalf of the Board during 2019-20.

The Stakeholder Group did not meet during 2019/20. Whilst the Board had identified actions to review the SRG's terms of reference and membership and establish a schedule of meetings during 2019/20, other actions within the Annual Governance Programme were delivered as a priority. During 2020/21, in-line with the Annual Governance Programme, work will be undertaken to review the Stakeholder Reference Group's membership, to ensure clarity on its role and purpose and ensure alignment with the Board's programme of business.

The Board does not have in place its Healthcare Professionals' Forum. Whilst the Board had identified action to establish the Healthcare Professionals' Forum during 2019/20, other actions within the Annual Governance Programme were delivered as a priority.

In the absence of this Group, the Board engages clinical professionals through its clinical directors (Medical Director, Director of Nursing, Director of Therapies and Health Sciences and Director of Public Health) and existing management groups such as the Heads of Nursing and Midwifery Group and the Heads of Therapies. The Board also engages with GPs through its cluster arrangements.

The Healthcare Professional's Forum is due to be established in 2020/21, in-line with the Annual Governance Programme.

Patterson, Liz
06/24/2020 11:19:17

JOINT COMMITTEES

Regular reports on the work of the Joint Committees are provided by the Chief Executive to the Board at each meeting and can be viewed on the health board [website](#).

WELSH HEALTH SPECIALISED SERVICES COMMITTEE (WHSSC) & EMERGENCY AMBULANCE SERVICES COMMITTEE (EASC)

The Welsh Health Specialised Services Committee and the Emergency Ambulance Services Committee are joint committees of Welsh Health, established under the Welsh Health Specialised Services Committee (Wales) Directions 2009 (2009/35) and 2014 (2014/9 (w.9)) (the WHSSC Directions) and the Emergency Ambulance Services Committee (Wales) Directions 2014 (2014/8 (W.8)) (the EASC Directions).

PARTNERSHIP AND COLLECTIVE WORKING

Regular reports on the work of the Partnership Boards are provided by the Chief Executive to the Board at each meeting and can be viewed on the health board [website](#).

POWYS COUNTY COUNCIL

Powys Teaching Health Board and Powys County Council have a series of overarching Section 33 agreements through which the organisations manage joint arrangements for Care Homes, Community Equipment, Glan Irfon, Information Communication Technology (ICT) services, Reablement Services and Substance Misuse. In addition to Section 33 agreements, there are a number of key areas where there is integrated working, including: Mental health services, services for people with learning disabilities, older people, carers and children's. Section 33 arrangements are overseen by a Joint Partnership Board which is outlined below.

JOINT PARTNERSHIP BOARD

Powys has been made a region in its own right under Part 9 of the Social Services Wellbeing (Wales) Act 2014. In light of this and combined with the requirements of the Well-being of Future Generations Act (Wales) 2015 and the Social Services Wellbeing (Wales) Act 2014, and the collective drive towards increased integration between the health board and County Council, in February 2016, PTHB and PCC established a Joint Partnership Board. This brings together nominated strategic leaders from PCC and the health board to ensure effective partnership working across organisations within the county for the benefit of the people of Powys. The Joint Partnership Board also has oversight of the Section 33 agreements, as mentioned above.

The Joint Partnership Board is responsible for oversight of the integration

01/22/2025 11:19:17

agenda. Formal Terms of Reference are in place and a collaborative agreement between the health board and PCC has been signed.

POWYS PUBLIC SERVICE BOARD

The Public Service Board (PSB) is the statutory body established by the Well-being of Future Generations (Wales) Act which brings together the public bodies in Powys to meet the needs of Powys citizens present and future. The aim of the group is to improve the economic, social, environmental and cultural well-being of Powys. Working in accordance with the five ways of working, the Board has published its Well-being Assessment and Well-being Plan. The Well-being Plan which has been developed through extensive engagement sets out four local objectives for the Powys we want by 2040.

The health board contributes to achieving these objectives through the delivery of the health and care strategy and the Integrated Medium Term Plan (IMTP). The PSB has set out in its Well-being Plan 15 well-being steps that we will concentrate on during 2018-21 to contribute to achieving the objectives. These steps are those where the biggest difference can be made by developing solutions together.

POWYS PUBLIC SERVICE BOARD SCRUTINY COMMITTEE

The PSB Scrutiny Committee was set up in September 2018 as a joint committee with representatives of the organisations which sit on the Powys Public Service Board. This Committee was active during the year scrutinizing progress on a number of the 12 steps of the Well-being Plan.

POWYS REGIONAL PARTNERSHIP BOARD

The Powys Regional Partnership Board (RPB) is the statutory legal body established in April 2016 by the Social Services and Well-being (SSWB) (Wales) Act 2014. Its key role is to identify key areas of improvement for care and support services in Powys. The RPB has also been legally tasked with identifying integration opportunities between social care and health. This has been achieved through building on the years of joint working and through the development of the health and care strategy which has identified key priorities. The key opportunities for integrated working identified and the actions to be taken in support of them are outlined in the Area Plan and focuses on 'Delivering the Vision'. Priorities have been identified as a Focus on Wellbeing, Tackling the Big 4 (Cancer, Cardio-vascular diseases, respiratory diseases and mental health), Early Help and Support and Joined up care. The Regional Partnership Board is currently overseeing a major integrated project in North Powys providing a new model of care jointly for health and social care and extending to include supported accommodation and primary education.

Created by: Liz
Date: 14/2020 11:19:17

Welsh Government has distributed an Integrated Care Fund across Wales to the seven Regional Partnership Boards (RPBs) in Wales. The aim of the fund is to drive and enable integrated working between social services, health, housing and the third sector and independent providers to develop sustainable services. Powys RPB is responsible for overseeing and managing the use of the fund in Powys.

In September 2019, Wales Audit Office (WAO) examined whether the fund is being used effectively to deliver sustainable services that achieve better outcomes for service users. WAO identified a number of areas where Powys RPB could improve upon at a regional level, as set out in their report. In addition, WAO identified some key questions that Board members of Health Boards and scrutiny members of local authorities could explore with lead officers responsible for the fund to maintain a close handle on how the fund continues to be used across the region. The Board's Strategy and Planning Committee will consider these in its 2020/21 workplan.

MID WALES JOINT COMMITTEE FOR HEALTH AND SOCIAL CARE (MWHC)

Following the Welsh Government's formal recognition of mid Wales as a designated planning area, the Mid Wales Healthcare Collaborative transitioned to the Mid Wales Joint Committee for Health and Social Care in March 2018. The Welsh Government's long-term plan for the future of health and social care in Wales, 'A Healthier Wales: Our Plan for Health and Social Care', sets out the long term future vision of a 'whole system approach to health and social care' which focuses on health, wellbeing and prevention of illness.

The Mid Wales Joint Committee supports this direction of travel and its Strategic Intent sets out what we will do to ensure there is a joined up approach to the planning and delivery of health and care services across Mid Wales over the next three years.

SOUTH EAST WALES REGIONAL PLANNING – DELIVERY FORUM

In 2017-18, the Cabinet Secretary for Health and Social Services, following discussions with Health Board Chairs, wrote asking that they establish Regional Planning arrangements that address at pace some of the clinical service redesign options where solutions sit outside individual Health Board boundaries.

The Regional Planning and Delivery Forum was therefore established, which includes the Chief Executive NHS Wales and Chair and Chief Executive representation from Cwm Taf University Health Board, Cardiff & Vale

Peterson, Liz
06/24/2020 11:19:17

University Health Board, Aneurin Bevan University Health Board, Abertawe Bro Morgannwg University Health Board, Powys Teaching Health Board, Velindre NHS Trust and Welsh Ambulance Services Trust.

NHS WALES SHARED SERVICES PARTNERSHIP COMMITTEE

A NHS Wales Shared Services Partnership Committee (NWSSPC) has been established under Velindre NHS Trust which is responsible for exercising shared services functions including the management and provision of Shared Services to the NHS in Wales.

More information on the governance and hosting arrangements of these committees can be found in the health board's Standing Orders on the health board [website](#).

THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code currently relevant to NHS bodies is 'The Corporate governance code for central government departments: Code of Good Practice 2017'. This can be found on the Welsh Government website.

The health board like other NHS Wales organisations is not required to comply with all elements of the Code, however the main principles of the Code stand as they are relevant to all public sector bodies.

The Corporate Governance Code is reflected within key policies and procedures. Further, within our system of internal control, there are a range of mechanisms in place which are designed to monitor our compliance with the code, these include: Self-assessment; Internal and external audit; and Independent reviews.

The Board is clear that it is complying with the main principles of the Code, and is conducting its business openly and in line with the Code, and that there were no departures from the Code as it applies to NHS bodies in Wales.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROLS

As I have reported in previous Annual Governance Statements, the system of internal control operating across Powys Teaching Health Board is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives of the

01/11/2017 11:19:17

health board, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

I can confirm the system of internal control has been in place at the health board for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts. Some elements of the system of internal control were however adapted or suspended in the last quarter of 2019/20 to support the health board's response to COVID-19, specifically:

- The board's Performance and Resources Committee and Strategy and Planning Committee meeting did not meet, with any urgent business being absorbed by the Board;
- The implementation of Audit Recommendations was not monitored;
- The Internal Audit Plan for 2019/20 was closed down with two audits deferred to 2020/21;
- The Risk & Assurance Group did not meet to oversee Operational Risk Management, although risk management remained the responsibility of managers as set out within the Risk Management Framework;
- A Command and Control Model was established to lead the planning and response to COVID-19.

The system of internal control will continue to be reviewed and refined as the organisation moves into the second phase of responding to COVID-19.

CAPACITY TO HANDLE RISK AND KEY ASPECTS OF THE CONTROL FRAMEWORK

As Accountable Officer, I have overall responsibility for risk management and report to the Board on the effectiveness of risk management across the health board. My advice to the Board has been informed by executive officers, feedback received from Board Committees; in particular the Audit, Risk and Assurance Committee and Experience, Quality and Safety Committee.

Executive Committee (Committee of the Board, as per page 23) meetings present an opportunity for executive directors to consider, evaluate and address risk and actively engage with and report to the Board and its committees on the organisation's risk profile. In addition, the Risk and Assurance Group, constituted by Assistant Directors and Senior Managers to oversee operational risk management, reports into the Executive Committee.

The health board's lead for risk is the Board Secretary, who is responsible for establishing the policy framework and systems and processes that are needed for the management of risks within the organisation. Depending on the nature of risk, other Directors will take the lead, for example, patient

06/11/2020 11:19:17

safety risks fall within the responsibility of the Medical Director, Director of Nursing, and Director of Therapies and Health Science.

THE RISK MANAGEMENT FRAMEWORK

Robust risk management is seen by the Board as being integral to good management and the aim is to ensure it is integral to the health board's culture. It is an increasingly important element of the health board's planning, budget setting and performance processes.

The Board's Risk Management Framework, reviewed and updated in September 2019, sets out the health board's processes and mechanisms for the identification, assessment and escalation of risks. It has been developed to create a robust risk management culture across the health board by setting out the approach and mechanisms by which the health board will:

- make sure that the principles, processes and procedures for best practice risk management are consistent across the health board and fit for purpose;
- ensure risks are identified and managed through a robust organisational Assurance Framework and accompanying Corporate and Directorate Risk Registers;
- embed risk management and established local risk reporting procedures to ensure an effective integrated management process across the health board's activities;
- ensure strategic and operational decisions are informed by an understanding of risks and their likely impact;
- ensure risks to the delivery of the health board's strategic objectives are eliminated, transferred or proactively managed;
- manage the clinical and non-clinical risks facing the health board in a co-ordinated way; and
- keep the Board and its Committees suitably informed of significant risks facing the health board and associated plans to treat the risk.

The Risk Management Framework sets out a multi-layered reporting process, which comprises the Assurance Framework and Corporate Risk Register, Directorate Risk Registers, Local Risk Registers and Project Risk Registers. It has been developed to help build and sustain an organisational culture that encourages appropriate risk taking, effective performance management and organisational learning in order to continuously improve the quality of the services provided and commissioned.

The Risk Management Framework sets out the ways in which risks will be identified and assessed. It is underpinned by a number of policies which relate to risk assessment including incident reporting, information governance, training, health and safety, violence and aggression, complaints, infection control, whistle blowing, human resources, consent, manual handling and security.

08/09/2019 11:19:17

The Risk Management Framework is available on the health board [website](#).

EMBEDDING EFFECTIVE RISK MANAGEMENT

Embedding effective risk management remains a key priority for the Board as it is integral to enabling the delivery of our objectives, both strategic and operational, and most importantly to the delivery of safe, high quality services.

In March 2020, Internal Audit undertook a review of Risk Management and Board Assurance arrangements, which focused on how the Board Assurance Framework and Risk Management Framework are being implemented and updated in-line with the revised IMTP. A limited assurance rating was provided to the Board in respect of this review.

Internal Audit confirmed that the Board has adopted a structured approach to risk management, whereby risks are identified, assessed and controlled, and if appropriate, escalated or de-escalated through the governance mechanisms of the organisation. Further, the health board's Risk Management Framework identifies those individuals with responsibilities for the management of risk, and sets out the health board's key risk management structures and processes.

Whilst, Internal Audit recognised the progress made during 2019-20 at an organisational and strategic level to set the framework by which risk will be identified and managed, Internal Audit made a number of recommendations by which improvements could be made in embedding risk into the operational management of the organisation. During 2020-21, we will take forward Internal Audit's recommendations as a priority.

I recognise the limited assurance that Internal Audit was able to provide given the weaknesses identified in the operational management. I am satisfied that the Board did continue to receive and review its corporate risk register to ensure that strategic risks were managed and this was acknowledged by Internal Audit and the Wales Audit Office as part of the 2019 Structured Assessment.

RISK APPETITE

The Board's Risk Appetite Statement sets out the Board's strategic approach to risk-taking by defining its risk appetite thresholds. It is a 'live' document that will be regularly reviewed and modified, so that any changes to the organisation's strategies, objectives or its capacity to manage risk are properly reflected.

In updating and approving its Risk Appetite Statement in July 2019, the Board gave careful consideration to the health board's capacity and

Patterson
06/27/2024 11:19:17

capability to manage risk.

The Board recognises that risk is inherent in the provision and commissioning of healthcare services, and therefore a defined approach is necessary to articulate risk context, ensuring that the organisation understands and is aware of the risks it is prepared to accept in the pursuit of its aims and objectives.

The Risk Appetite Statement for 2019-20 was developed to reflect an increased appetite in relation to innovative and financial risks, which may be necessary to support achievement of the Board’s ten-year strategy, ‘A Healthy, Caring Powys’. In recognising the risks inherent in healthcare services, the risk appetite statement starts at the basis of a low appetite.

The Risk Appetite Statement confirms that the Board is not open to risks that materially impact on the quality or safety of services the Health Board provides or commissions; or risks that could result in the organisation being non-compliant with UK law, healthcare legislation, or any of the applicable regulatory frameworks in which we operate. The Board has greatest appetite to pursue innovation and challenge current working practices and financial risk in terms of its willingness to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment.

The following risk appetite levels, informed by the Good Governance Institute, have been included have been used as the basis in determining the appetite levels set out in the Statement:

Risk Appetite Level	Risk Maturity	Risk Appetite Description
LOW (Risk Score 1-6)	Minimal	Preference for ultra-safe, well established/evidence based delivery options that have a low degree of risk.
MODERATE (Risk Score 8-10)	Cautious	Preference for safe delivery options, also used by other organisations that have some degree of known risk outweighed by potential benefit.
HIGH (Risk Score 12-15)	Open	Willing to consider all potential delivery options, established and new, and make a choice which also provides an acceptable level of reward.
SIGNIFICANT (Risk Score 16-25)	Seek	Eager to be innovative and to choose options offering potentially higher rewards despite greater potential risk.
	Mature	Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust.

Patterson/Liz
06/24/2020 11:19:17

The thresholds provided within the Risk Appetite Statement, approved in July 2019, is provided below:

Risk Category	Description
APPETITE FOR RISK: Low (Risk Score 1-6)	
Quality & Safety of Services	<p>The provision of high quality services is of the utmost importance to the Health Board and we have a cautious appetite to risks that impact adversely on quality of care.</p> <p>We consider the safety of patients and staff to be paramount and core to our ability to operate and carry out the day-to-day activities of the organisation. We have a low appetite to risks that result in, or are the cause of incidents of avoidable harm to our patients or staff.</p> <p>This means we are not open to risks that could result in poor quality care or clinical risk assessment, non-compliance with standards of clinical or professional practice, unintended outcomes or poor clinical interventions.</p> <p>We will not accept risks associated with unprofessional conduct, underperformance, bullying, or an individual's competence to perform roles or tasks safely and, nor any incidents or circumstances which may compromise the safety of any staff member or group.</p>
Regulation & Compliance	<p>We will not accept risks that could result in the organisation being non-compliant with UK law or healthcare legislation, or any of the applicable regulatory frameworks in which we operate.</p>
APPETITE FOR RISK: Moderate (Risk Score 8-10)	
Reputation & Public Confidence	<p>We will maintain high standards of conduct, ethics and professionalism at all times, espousing our Values and Behaviours Framework, and will not accept risks or circumstances that could damage the public's confidence in the organisation.</p> <p>Our reputation for integrity and competence should not be compromised with the people of Powys, Partners, Stakeholders and Welsh Government.</p> <p>We have a moderate appetite for risks that may impact on the reputation of the health board when these arise as a result of the health board taking opportunities to improve the quality and safety of services, within the constraints of the regulatory environment.</p>
Finance	<p>We have been entrusted with public funds and must remain financially viable. We will make the best use of our resources for patients and staff. Risks associated with investment or increased expenditure will only be</p>

Patterson, L.J.
06/24/2020 11:19:17

	<p>considered when linked to supporting innovation and strategic change.</p> <p>We will not accept risks that leave us open to fraud or breaches of our Standing Financial Instructions.</p>
<p>APPETITE FOR RISK: High (Risk Score 12-15)</p>	
<p>Innovation & Strategic Change</p>	<p>We wish to maximise opportunities for developing and growing our services by encouraging entrepreneurial activity and by being creative and pro-active in seeking new initiatives, consistent with the strategic direction set out in the Integrated Medium Term Plan, whilst respecting and abiding by our statutory obligations.</p> <p>We will consider risks associated with innovation, research and development to enable the integration of care, development of new models of care and improvements in clinical practice that could support the delivery of our person and patient centred values and approach. We will only take risks when we have the capacity and capability to manage them, and are confident that there will be no adverse impact on the safety and quality of the services we provide or commission.</p>

THE HEALTH BOARD’S RISK PROFILE

As can be seen from the Heat Map at **Figure 7**, at the end of March 2020 a number of key risks to the delivery of the health board’s strategic objectives had been identified. Full details of the controls in place and actions taken to address these risks can be found in the Corporate Risk Register on the health board’s [website](#).

Figure 7: Strategic Risk Heat Map

Impact	Catastrophic	5					
	Major	4	<ul style="list-style-type: none"> There is a Service Failure of Out of Hours GMS Care 	<ul style="list-style-type: none"> Fragmented and unsustainable service models as a result of population changing need and service reconfiguration of neighbouring bodies The health board does not meet its statutory duty to achieve a breakeven position ICT systems are not robust or stable enough to support safe, effective and up to date care Effective governance arrangements are not embedded across all parts of the health board The health board is unable to attract, recruit and retain staff to some medical and clinical roles, principally registered nurses and doctors (GPs) 	<ul style="list-style-type: none"> Some commissioned services are not sustainable or safe, and do not meet national targets The care provided in some areas is compromised due to the health board’s estate being non-compliant and not fit for purpose Resources (financial and other) are not fully aligned to the health board’s priorities Potential adverse impact on business continuity and service delivery arising from a pandemic outbreak of a high consequence infectious disease 		
	Moderate	3			<ul style="list-style-type: none"> The health board does not comply to the Welsh Language standards, as outlined in the compliance notice Services provided are fragile, not sustainable, and impact on PTHB ability to achieve National Outcome Framework measures 		
	Minor	2					
	Negligible	1					
	Likelihood		1	2	3	4	5
		Rare	Unlikely	Possible	Likely	Almost Certain	

Patterson,Liz
06/24/2020 11:19:17

An overview of the key risks (i.e. those in the red section of the Heat Map) and actions taken is provided in **Figure 8**.

Figure 8: Key Risks and Controls

RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
<p>Some commissioned services are not sustainable or safe, and do not meet national targets</p>	<p>CONTROLS IN PLACE/ACTION TAKEN:</p> <ul style="list-style-type: none"> ▪ Implementation of the Strategic Commissioning Framework (for whole system commissioning) ▪ Embedding the Commissioning Assurance Framework (CAF) escalation process ▪ Executive Committee Strategic Commissioning and Change Group (including consideration of fragile services) ▪ Regular review at Delivery and Performance Meetings ▪ Scrutiny by Performance and Resources Committee ▪ Scrutiny by Experience, Quality and Safety Committee ▪ Internal Audits ▪ Contract Quality and Performance Review Meetings for the 15 NHS Providers and key private sector providers ▪ Individual Patient Funding Request Panel and Policy ▪ WHSSC Joint Committee and Management Group ▪ WHSSC ICP agreed within PTHB IMTP ▪ Emergency Ambulances Services Committee ▪ Shared Services Framework Agreements ▪ Section 33 Agreements ▪ Responsible Commissioner Regulations for Vulnerable Children Placed away from Home ▪ Specific Organisational Delivery Objectives set out in health board’s Annual Plan for 2019-20 ▪ Participation in the Cross-Border Network Between England and Wales (Statement of Values and Principles between England and Wales) ▪ Commissioning Intentions set out in IMTP ▪ NHS LTA and SLA Overview submitted to the Executive Committee (and approval process) ▪ Executive Committee approved LTA and SLA narrative (updated each year) ▪ CEO signed LTAs and SLAs for healthcare ▪ CAF developed for General Dental Services ▪ CAF developed for General Medical Services ▪ Recruitment of Public Health Consultant to help strengthen commissioning intelligence ▪ Prior approval policy in place ▪ EEA policy arrangements in place ▪ INNU policy out to consultation <p>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2020-21:</p> <ul style="list-style-type: none"> ▪ Embed whole system commissioning through the implementation of the Strategic Commissioning Framework ▪ Embed and ensure implementation of the Commissioning Assurance Framework ▪ Implement commissioning intentions for 2018-19 ▪ Robustly manage the performance of all providers of planned care services for the people of Powys through the Commissioning

Patterson.Liz
06/24/2020 11:19:17

	<p>Assurance Framework</p> <ul style="list-style-type: none"> ▪ Programme of work to strengthen effective processes to develop and manage condition specific and service plans ▪ Strengthening of commissioning intelligence in line with IMTP ▪ Review Patient flows and activity into specialised services to ensure safe and appropriate pathways ▪ Strengthen the organisation’s capacity, capability and governance processes for commissioning – including interface with specialised services ▪ As a member of the Powys Regional Partnership Board, support delivery of the Powys Area Plan which includes commissioning appropriate, effective and efficient accommodation options for older people, individual children and looked after children ▪ Through the Joint Partnership Board, continue to develop opportunities for pooling Third Sector commissioning ▪ Recruitment of a pooled fund manager for Section 33 Residential Care ▪ Strengthen the whole system approach to the Big 4
<p>The care provided in some areas is compromised due to the health board’s estate being non-compliant and not fit for purpose</p>	<p>CONTROLS IN PLACE/ACTION TAKEN:</p> <p><u>ESTATES</u></p> <ul style="list-style-type: none"> ▪ Specialist sub-groups for each compliance discipline ▪ Risk based improvement plans introduced ▪ Specialist leads identified ▪ Estates Compliance Group and Capital Control Group established ▪ Medical Gases Committee; Fire Safety Group; Water Safety Group; Health & Safety Committee in place ▪ Capital Programme developed for compliance and approved ▪ Capital and Estates set as a specific Organisational Priority (OP 22) in the health board’s Annual Plan for 2019-20 with related Organisational Delivery Objectives ▪ Address (on an ongoing basis) maintenance and compliance issues ▪ Address maintenance and compliance improvements to ensure patient environment is safe, appropriate and in line with standards <p><u>CAPITAL</u></p> <ul style="list-style-type: none"> ▪ Capital Procedures for project activity ▪ Capital Procedures for project activity ▪ Routine oversight / meetings with NWSSP Procurement ▪ Specialist advice and support from NWSSP Specialist Estates Services ▪ Audit reviews by NWSSP Audit and Assurance ▪ Close liaison with Welsh Government, Capital Function ▪ Reporting routinely to P&R Committee ▪ Capital Programme developed and approved ▪ Detailed Strategic, Outline and Full Business Cases defining risk ▪ Capital and Estates set as a specific Organisational Priority (OP 22) in the health board’s Annual Plan for 2019-20 with related Organisational Delivery Objectives <p><u>ENVIRONMENT</u></p> <ul style="list-style-type: none"> ▪ ISO 14001 accreditation with ongoing external audit to retain accreditation ▪ Environment & Sustainability Group ▪ NWSSP Specialist Estates Services (Environment) support and oversight ▪ Welsh Government support and advice

Patterson,Liz
06/24/2020 11:19:17

	<p>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2020-21:</p> <ul style="list-style-type: none"> ▪ Implement the Capital Programme and develop the long term capital programme ▪ Continue to seek WG funding ▪ Develop capacity and efficiency of the Estates and Capital function ▪ Review current structure of capital and estates department
Resources (financial and other) are not fully aligned to the health board's priorities	<p>CONTROLS IN PLACE/ACTION TAKEN:</p> <ul style="list-style-type: none"> ▪ Approved IMTP signals confidence in planning and delivery ▪ Development of an Organisational Development Framework ▪ Assessment of organisational capability including staff survey, WAO and Internal Audit, external review work ▪ Strengthened Regional Partnership Board working and ICF management – potential for further investment <p>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2020-21:</p> <ul style="list-style-type: none"> ▪ Development of a Workforce Futures Strategic Framework and its implementation ▪ Development of an Innovative Environments Strategic Framework and its implementation ▪ Development of a Digital First Strategic Framework and its implementation
Potential adverse impact on business continuity and service delivery arising from a pandemic outbreak of a high consequence infectious disease.	<p>CONTROLS IN PLACE/ACTION TAKEN:</p> <ul style="list-style-type: none"> ▪ PTHB Pandemic Framework invoked; Gold (Strategic), Silver (Tactical) and a series of task and finish groups have been convened to meet weekly. Incident management team established ▪ Action plan in place ▪ Scientific Advisory Group on Emergencies (SAGE) reasonable worst case planning assumptions being used to model the impact of a 4-6 month outbreak on the Powys population and plan the health board response ▪ Support being given to the wider system in Wales through participation in WG and PHW-led planning and response groups ▪ Regular updates on COVID-19 guidance issued via Powys Announcements to ensure effective communication processes across the health board are in place ▪ Walkthrough of local response arrangements at key PTHB hospital sites ▪ Community testing in place to support the 'Contain' phase ▪ UK Govt guidance circulated to primary and community services <p>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2020-21:</p> <ul style="list-style-type: none"> ▪ Local Resilience Forum arrangements may need to be invoked at some point in the future, depending on the scale of the outbreak and the effectiveness of the public health response

As referenced in the table above, in developing our Integrated Medium Term Plan for 2020-23 we gave careful consideration to the actions that we will be taken to mitigate such risks.

The Integrated Medium Term Plan also set out an initial risk assessment, which outlined an indication of the scale of risk contained within the financial framework. The risks included a range of delivery issues, partner compliance issues, delivery of savings targets, receipt of additional income and risks arising from the fact that assumptions had to be made based on current

Quality Standard
 01/04/2020 11:19:17

knowledge of the future pressures on the NHS. These risks have been monitored during 2019-20 by the Performance & Resources Committee and the Board.

During 2019/20, the Board agreed to reduce the likelihood of occurrence for a number of risks included in the Corporate Risk Register, due to the impact of mitigating actions being implemented or a change in circumstance. These included:

- A risk that ICT systems are not robust or stable enough to support safe, effective and up to date care
- A risk that the health board is unable to attract , recruit and retain staff to some medical and clinical roles, principally registered nurses and doctors (GPs)
- A risk that services provided are fragile, not sustainable, and impact on PTHB ability to achieve National Outcome Framework measures
- A risk that there is a Service Failure of Out of Hours GMS Care

During 2019/20, the Board agreed to de-escalate a number of risks from the Corporate Risk Register to the Directorate Risk Register, due to the impact of mitigating actions being implemented or a change in circumstance. These included:

- A risk that a "no deal" Brexit scenario adversely impacts PTHB systems and services, and key sectors within the economy of Powys

COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020, and this has subsequently led to NHS organisations, including Powys Teaching Health Board, needing to focus on preparations and plans for dealing with an expected surge in demand of patients requiring interventions. The situation has been changing constantly and has required an agile response.

The Board's approach to risk management will therefore need to be balanced and proportionate to ensure effective risk management arrangements, whilst ensuring capacity is made available to plan and respond to COVID-19. The approach to releasing capacity and determining priorities (COVID and 'business as usual' related) during this period will need to be determined by an assessment of risk.

During the COVID-19 Pandemic, the Board will continue to review the existing Corporate Risk Register to:

- Consider whether any existing risks may need to be updated to reflect the impact of COVID-19 on them which may reduce/increase the risk score in terms of likelihood and/or impact;
- Consider whether there are new risks emerging from the impact of COVID-19 on the achievement of the board's strategic objectives;

Patterson, Liz
06/24/2020 11:19:17

- Assess and make recommendations to the Board regarding those risks where appetite and tolerance may need adjusting to recognise the impact of COVID-19 on the organisation.

In light of the COVID-19 pandemic, the Chief Executive Officer established a command and control structure under Business Continuity Planning arrangements, led by a Strategic (Gold) Group. Gold Group is responsible for determining the coordinated strategy and policy for the overall management of the health board's response to COVID-19, to protect the reputation of the organisation and ensure the delivery of effective, efficient and safe care for the population of Powys.

In assessing the health board's ability to respond to COVID-19, Gold Group has identified the key risks which require mitigation and monitoring and a COVID-19 Risk Register developed. Risks contained within the COVID-19 Risk Register relate solely to the health board's arrangements for responding to COVID-19 and does not include the COVID-19 related risks relevant to the achievement of the Board's strategic objectives (recorded through the Corporate Risk Register) or those risks related to service delivery (recorded through Directorate Risk Registers).

The COVID-19 Risk Register is reviewed regularly by Strategic (Gold) Group and will be reported to the Board alongside the Corporate Risk Register during 2020/21.

The Audit, Risk and Assurance Committee has a key role in monitoring the effectiveness of internal control and the process for risk management. Work will continue in 2020/21 to strengthen the reporting of risks to the Board's Committees.

General Practitioners (GPs), Pharmacists, Dental Practitioners, Optometrists, Nursing Care Homes, Voluntary organisations and those where we have partnership relationships for service delivery, e.g. Local Authorities and other health boards, are responsible for identifying and managing their own risks through the contractual processes in place.

KEY ASPECTS OF THE CONTROL FRAMEWORK

In addition to the Board and Committee arrangements described earlier in this document, I have over the last 12 months worked to further strengthen the health board's control framework. Key elements of this include:

QUALITY GOVERNANCE STRUCTURE

During 2019-20, the health board progressed work to review arrangements and activities to support the delivery of high-quality clinical care. The existing quality governance structure of the Experience, Quality and Safety Committee continued to receive reports on assurance and escalated risks linked to patient experience, quality and safety. A new Quality Governance Group was set up in July 2019, its

09/27/2019 11:19:17

focus to ensure robust governance, management systems and processes were in place and were operating effectively; this reported via the Executive Committee to the Experience, Quality and Safety Committee on matters of risk or escalation. Recognising its collective responsibility for quality and with a particular focus on clinical quality and clinical quality improvement, in January 2020, the Board approved 'Improving Clinical Quality: Powys Teaching Health Board Framework for Action 2020-2023'.

The Board recognises people's experience is an important aspect of optimising clinical outcome. Listening and learning from patient stories at Board has supported a strong focus on the provision of person centered, outcome focused care to help inform decision making in relation to service planning design, delivery and evaluation. This year the Board has received presentations about driving when living with Parkinson's disease, Powys' triage approach to treating patients with musculoskeletal conditions in primary care and our model of care within occupational therapy. The driving checklist is now integrated into practice as part of the routine annual review for anyone with Parkinson's disease who drives. This improvement was also shared via the Chief Nursing Officer's Annual Conference last year and more widely, through the Parkinson's Disease Excellence Networks, along with a poster presentation at an international conference.

HEALTH AND CARE STANDARDS

The health board continues to utilise the Health and Care Standards (HCS) to inform on the quality of services provided in in-patient settings. Services undertake self-assessments which enables identification of good practice, which is shared across the health board to help support improvement in other areas. The HCS are referenced as part of all reports to Committees, with associated risks and escalation raised.

In December 2019, Welsh Government wrote to health boards advising that a review of the standards framework was underway. As part of the review, health boards were asked to complete a questionnaire on the current effectiveness of the standards in particular whether they remain fit for purpose or whether there is a need for wholesale review at this time.

HEALTH AND SAFETY

During 2019-20 the health board invested in its Health and Safety function, aligning the team to both Occupational Health and Workforce Training. During early 2019, the Health and Safety Executive visited various PTHB sites as part of a national initiative to look at the management of Violence and Aggression and Manual Handling, and recommended a number of areas for improvement. At the revisit in November 2019, the HSE reported significant improvements had been made by PTHB in the identified areas, where clear awareness, knowledge and application by staff was evident. During the revisit, two improvement notices were served and two contraventions of health & safety law were

06/14/2020 11:19:17

identified, in relation to Water Safety testing and robust site risk assessments.

The refreshed Health and Safety Group has a clear line of accountability to the Executive Team and the Experience Quality and Safety Committee, through to Board.

A number of key H&S policies have been reviewed, updated and signed off. Manual Handling Training provision has been streamlined to four key areas.

The following risk assessment templates have been reviewed and updated:

- Patient Handling Assessment and Safer Handling Plans
- Inanimate Load Handling Risk Assessment form and guidance
- General Risk Assessment Template Form and Toolkit
- All Wales Violence and Aggression Risk Assessment form

Waiting lists for occupational health Doctors have reduced from nine months to six weeks. SliverCloud online CBT programme is in place, including provision for self-referrals.

COMMISSIONING DEVELOPMENT AND ASSURANCE FRAMEWORKS

Powys is unlike other Health Boards in Wales in that around 75% of the funding entrusted to it by Welsh Government is spent on securing healthcare from providers it does not directly manage. Our commissioning work spans the continuum through health promotion, primary care, secondary care, specialised services, individual patient commissioning, continuing healthcare, partnership commissioning and joint commissioning with the local authority.

As a highly rural area with no District General Hospital, around 90% of admitted patient care and 80% of secondary care outpatients is delivered beyond its borders. It is a significant challenge to ensure that the quality and safety of the services its residents receive across five health economies, spanning England and Wales, in up to 30 different specialties is appropriate.

In 2019-20, under the Strategic Commissioning Framework, work has been undertaken with public health expertise to help strengthen commissioning intelligence building an approach which will enable the health board to scan multiple systems and sources of information (including the Clinical Health Knowledge System and the MAIR system for specialised services) to highlight the most important issues.

As part of our commissioning approach we have in place a Commissioning Assurance Framework to help ensure we have a safer more holistic and robust understanding of the services currently commissioned - with a rules based approach to escalation. Work has been successfully undertaken with Wye Valley NHS to reduce key areas of concern including mortality indicators. Escalation

06/11/2020 11:19:17

processes have also been used in relation to services in special measures including Shrewsbury and Telford NHS Trust, where there have been significant concerns in relation to Emergency Department and maternity services in particular. As well as its own escalation procedures, PTHB has also participated in system wide risk management arrangements for that provider led by NHS England.

In 2019-20 significant work has been undertaken to develop a specific thematic view of maternity services “across the system” with a maternity assurance spanning all providers feeding into the Commissioning Assurance Framework. The fragility of some neighbouring maternity services, including Shrewsbury and Telford NHS Trust and those in Cwm Taf Morgannwg University Health Board, has been a particular concern.

The dedicated lead for the quality and safety of commissioned services has populated a dashboard of key indicators covering key issues such as serious incidents, mortality, pressure sores, hospital acquired infections and patient experience.

Via Internal Audit there was reasonable assurance in relation to financial management of commissioned services. The Executive Committee approves the values of the DGH Agreements, which are signed by myself as Accountable Officer. Regular reports of progress in reaching signature through negotiation are received through the “Long Term Agreement and Service Level Agreement Overview”.

A “Fragile Services Log” is also regularly submitted to the Strategic Planning and Executive Group of the Executive Committee.

Assurances in relation to specialist services are reported to the Board through reports from the Welsh Health Specialised Services Committee strategic quality framework, and assurance on Emergency Ambulance Services through the Emergency Ambulance Services Committee.

A signed Section 33 Agreement has been in place with Powys County Council for care home functions. There was difficulty appointing a Pooled Fund Manager which was achieved in January 2020. The Health Board provided additional interim support and resources in-year to help take forward a programme of work needed for the Section 33 Agreement, including developing an information report ahead of a commissioning assurance approach.

A new procedure for Prior Approval was consulted upon and implemented in addition to the continued use of updated policies and procedures for Individual Patient Funding Requests and European Economic Area cases, which have helped to ensure robust processes for highly complex individual cases.

Generated by
DocuSign
06/07/2020 11:19:17

CLINICAL AUDIT

The current Clinical Audit Strategy is due to be reviewed during 2020, as set out in the Board's Clinical Quality Framework. Recognising that clinical audit is one of a number of tools that enable the provision of high quality, safe and effective healthcare, PTHB's approach to clinical audit will be incorporated into a Clinical Effectiveness and Quality Improvement Strategy. A Clinical Audit Programme Plan aligned to the Clinical Quality Framework has been developed. This reflects the changes to both the governance arrangements of the Health Board and the organisational realignment. A Clinical Audit Plan will be drafted for 2020/21 which incorporates within the plan:

- National Audit Programme elements as they apply to PTHB;
- Learning from Serious Incidents (SIs) or complaints;
- New or changes to existing policy / practice and areas where service improvement is required; and
- The prioritisation of new and repeat clinical audit projects (taking account of any recognised clinical risks).

All clinical services continued to offer a local audit programme during the course of 2019-20, with the Health Board also participating in the National Clinical Audits for:

- Cardiac Rehabilitation;
- Audiology; and
- Primary Care Diabetes Care.

COMPLAINTS AND CONCERNS FRAMEWORK

Significant work has taken place in 2019/20 to improve compliance with the National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011. This has resulted in focused work led through the Executive Team to improve the way in which serious incidents are managed, through to investigation, learning and sharing of lessons. Concerns/ complaints have been targeted with the aim of providing quality responses within assessed timeframes. This work is continuing through our Improving Clinical Quality: Powys Teaching Health Board Framework for Action 2020-2023, setting out clear goals for improving clinical quality, safety, effectiveness and patient experience.

Further detail on complaints and concerns will be published in the Annual Quality Statement 2019-2020 and Putting Things Right Annual Report for 2019-2020. These and further information on Putting Things Right can be found on the health board [website](#).

MORTALITY REVIEWS

The normal process for in-patient mortality review continued to take place in Powys hospitals throughout the year, with a change to a quarterly pan Powys mortality review to be introduced in 2020. A group also undertook a review of the

06/24/2020 11:19:17

proposed Datix module for mortality review documentation. Extensive feedback was offered to the manufacturers by Powys users. Links were also made to the All-Wales Medical Examiner's office about the future use of the software. Unfortunately the coronavirus pandemic is currently delaying a final implementation of quarterly reviews, Datix software or the full Medical Examiner role. A report summarising local mortality reviews was submitted to the Board's Experience, Quality and Safety Committee in November 2019

ANNUAL QUALITY STATEMENT

The Annual Quality Statement provides the opportunity to:

- share how well we are doing across all services and across the patient pathway, including working with social care and the third sector;
- promote good practice to share and spread more widely;
- confirm any areas which need improvement;
- reporting our progress year on year;
- account to our public and other stakeholders on the quality of our services; and
- engage our public on the quality of services received.

The health board will publish its Annual Quality Statement by 30 September 2020. This will provide a summary of the health board's activities in addressing local need. The Annual Quality Statement will highlight a summary of actions taken to improve the quality and safety of the services provided and commissioned, along with reference to the Health and Social Care (Quality & Engagement) (Wales) Bill, which is set to be introduced within the next year. The Annual Quality Statements of the health board can be found on the health board [website](#).

EXECUTIVE PORTFOLIOS

In November 2019, the Board approved an updated Scheme of Delegation and Reservation of Powers. This document set out the delegation of responsibility to Executive Directors. The allocation of responsibilities is based on ensuring an appropriate alignment of accountabilities and authority within each Directorate and Director portfolio, and to also ensure that directorates focus on their core responsibility. The Scheme of Delegation also supports the strengthening of clinical leadership. An overview of Executive Director portfolios is set out in **Figure 9**.

Patterson,Liz
06/24/2020 11:19:17

Figure 9: Executive Portfolios – November 2019



Patterson, Liz
06/12/2020 11:19:17

STAFF AND STAFF ENGAGEMENT

We engage with our staff in a number of ways which are part of the checks and balances we undertake to enable good governance.

The Board has in place a Local Partnership Forum as a formal advisory group. The purpose of the Local Partnership Forum provides a formal mechanism where the health board as employer, and trade unions/professional bodies representing the health board's employee's work together to improve health services for the citizens of Powys, achieved through a regular and timely process of consultation, negotiation and communication. The Local Partnership Forum's allows engagement on local priorities on workforce and health service issues.

In addition to these formal mechanisms, we have a consultation process open to all staff for all new and revised organisational policies and staff engagement events. These mechanisms are used in parallel with Facebook, Twitter, Powys Announcements, a weekly Newsletter and other virtual ways for staff to share their work and opinions.

Positive staff engagement and communication programmes have enabled us to maintain high levels of uptake of flu immunisation, and to continue our programmes to embed our values to ensure a kind and compassionate culture across the organisation including a very successful Staff Excellence Awards.

COMMUNICATION AND ENGAGEMENT

During 2019-20 we have continued to strengthen our systems and processes for engagement and communication.

The main formal consultation activity during the year was the analysis and decision-making phase following formal consultation on the Dyfi Valley Health primary care proposals.

However, this was a significant year for engagement programmes with the planning, launch and delivery of a comprehensive partnership engagement programme for the North Powys Wellbeing Programme culminating at the end of the year with the development of the new Model of Care. Alongside this, the health board engagement and communication team planned and launched a programme of engagement on podiatry services.

During the year we have also strengthened our stakeholder engagement and delivered a range of campaigns, publications and events with increasing levels of co- production with stakeholders. Examples include the continuation of the Welsh Government-led Local Care and Support programme to promote alternatives to GP Primary Care.

During the year we have continued our work on the transition of the health

06/24/2020 11:19:17
Gifferson

board's website from the Cascade Content Management System to a new platform being implemented by NWIS. Website migration will continue during 2020/21 having been delayed during Q4 by the need to focus on COVID-19.

As mentioned above, a significant focus during Q4 has been the emerging issue of COVID-19 with the health board's engagement and communication capacity and capability being fully occupied in support of addressing this major public health emergency.

INFORMATION GOVERNANCE

Information Governance (IG) is the way in which the health board handles all information, in particular personal and sensitive information relating to our patients, services users and employees. IG sets out the requirements and standards that the health board must achieve to ensure it fulfills its obligations to handle information securely, efficiently and effectively.

Responsibility for IG in the health board rests with the Board Secretary, and the Executive Director of Finance acts as the Senior Information Risk Owner (SIRO). The Information Governance Manager is the health board's nominated Data Protection Officer (DPO) in line with the requirements of General Data Protection Regulation (GDPR). The Medical Director is the nominated Caldicott Guardian. Performance against IG related legislation for Powys Teaching Health Board is captured and reported to our Performance and Resources Committee <http://www.powysthb.wales.nhs.uk/performance-and-resources-committee>.

During the Covid-19 response, reliance on IG has increased with the introduction of new technologies to share information and communicate with patients and staff. Performance indicators against IG related legislation include the following:

- **INFORMATION GOVERNANCE TRAINING**

Powys Teaching Health Board achieved a compliance rate of 93% for the mandatory Information Governance training for 2019-20. This exceeded the national average training compliance, and target set for compliance for NHS Wales organisations.

- **PERSONAL DATA RELATED INCIDENTS (BREACHES)**

A personal data incident is a breach of security leading to the accidental or unlawful destruction, loss, alteration, un-authorized disclosure of, or access to, personal data. In line with GDPR requirements, all personal data incidents must be reviewed daily and any incidents deemed significant must be formally reported to the Information Commissioner's office (ICO) within 72 hours. During 2019/20, six personal data incidents were formally reported to the ICO. These included over disclosure to the courts, and over disclosure to relatives of patients. The health board did not incur any financial penalties from the ICO as a result of those incidents reported. However the health board did adopt ICO

06/11/2020 11:19:17

recommendations locally, with these recommendations due to be added to the internal audit recommendations register, and we continue to take on board any lessons learned or feedback. Figures on the number of IG related breaches are reported to our Experience, Quality and Safety Committee (<http://www.powysthb.wales.nhs.uk/experience-quality-and-safety-committee>)

- **FREEDOM OF INFORMATION ACT**

The Freedom of Information Act (FOIA) 2000 gives the public right of access to a variety of records and information held by public bodies and provides commitment to greater openness and transparency in the public sector.

During the period 1 April 2019 to 31 March 2020, Powys Teaching Health Board received a total of 354 requests for information, 201 of these were answered within the 20 day target. Four requests for internal review was received, and one complaint was received from the Information Commissioner's Office.

An audit of the Publication Scheme was undertaken which reviewed the 7 classes of information required to be published on the health board's [website](#). The organisation is compliant with 49 of the 60 standards and work continues to progress the areas of non-compliance.

Key performance indicators on access to information requests are routinely reported to the Board's Performance and Resources Committee and papers are available on the health board's [website](#).

- **WELSH INFORMATION GOVERNANCE (IG) TOOLKIT**

The Welsh IG Toolkit is the national self-assessment tool that enables organisations to measure their level of compliance against National Information Governance Standards and data protection legislation to ascertain whether information is handled and protected appropriately. It replaces the previous assessment tool, the Caldicott Principles into Practice (C-PIP). A pilot of the assessment was released in 2019-20 and the closing date for submission was end of February 2020. Work will take place in 2020/21 to evaluate the results of the submission, target areas for improvement and to provide a compliance report and improvement plan to the Board Secretary and Medical Director as Caldicott Guardian.

RECORDS MANAGEMENT

Records Management is the process by which the health board manages all aspects of records whether internally or externally generated and in any format or media type, from their creation through their lifecycle to their eventual disposal. Responsibility sits with the Board Secretary, whose role includes the overall development and maintenance of records management practices within the organisation, and for ensuring that related policies and procedures conform to the latest legislation and standards.

In August 2019, Internal Audit undertook a review of records management. The

Paterson
06/24/2020 11:19:17

objective of the review was to assess the adequacy of the arrangements in place for the management of health records, including compliance with policies and procedures.

The review sought to provide assurance that: -

- roles, responsibilities and arrangements for the creation, storage, management, retention and disposal of records are clearly documented and reflect the GDPR;
- records are securely shared and stored, including the tracking and transportation of information, accessibility / availability and maintenance of records (including archiving and disposal);
- any record management issues have been identified, risk prioritised and reported; and
- sufficient resources are afforded to train staff (including induction training) and that staff overseeing the management of records have sufficient knowledge and experience.

Internal Audit concluded the level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with records management is 'No Assurance'. Internal Audit's report recommended six high rated recommendations for action.

In its meeting of 11 November 2019, the Audit, Risk & Assurance Committee approved the Records Management Improvement Plan that was developed by the Board Secretary in response to the audit. A Service Improvement Manager for Records Management has been appointed from 1 February 2020 to implement the recommendations and progress against the Plan will be reported to the Performance & Resources Committee. Although work continues, the Covid-19 outbreak has had a detrimental impact on the ability to address many of the requirements in accordance with the timescales set out in the Plan.

ADDITIONAL MANDATORY DISCLOSURES

PENSIONS SCHEME

I can confirm that as an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employers' contributions and payments into the Scheme are in accordance with Scheme rules and that the member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Note 9.7 to the Annual Accounts provides details of the scheme, how it operates and the entitlement of employees.

06/11/2020 11:19:17

WELSH LANGUAGE

During 2019-2020, significant improvements have been made to Welsh language service provision across PTHB. Following the appointment of a new Service Improvement Manager, PTHB has begun implementing a set of Welsh Language Standards which aim to improve patient experience for our Welsh speaking service users. Further information on the standards with which PTHB is required to comply can be found on the [website](#).

A series of departmental Welsh language action plans have been developed and Service Leads have been identified to oversee the monitoring procedures. A new Welsh Language Steering Group has been established to address any issues and to share examples of best practice. This is having a positive impact in raising awareness across the Health Board and encouraging more proactive bilingual service provision in line with the 'Active Offer' principle. Many initiatives to raise awareness of Welsh language and culture are now being rolled out such as our St David's Day ward activities, our promotion of the new Welsh Language Rights Day on 6 December 2019 and our nursing staff who took part in S4C's 'Nyrsys', a Welsh language documentary series which followed newly qualified nurses preparing to care for patients across Wales which also promoted the use of Welsh in healthcare settings.

Improvements have been made to the way in which Welsh speaking service users are identified. Patient Services are able to record and flag a person's preferred language at the point of referral which can allow staff to pair Welsh speaking staff to Welsh speaking patients, examples of which can be found right across the Health Board. PTHB also continues to assess the skills of its workforce in order to monitor the availability of Welsh speaking staff, especially in communities with high numbers of Welsh speakers.

Welsh language resources and aids are now available to support staff in their roles and all staff who wish to learn Welsh or improve upon their existing skills are encouraged to do so. Several members of staff have already taken up the opportunity to attend the Welsh language courses on offer and are more confident in using their language skills with patients in the workplace.

Considerable efforts have been made to ensure that PTHB does not treat the Welsh language any less favourably than English. Staff have undertaken assessments of the information available to patients and the public and existing translation procedures have been reviewed and strengthened to ensure that information is produced bilingually in accordance with the requirements of the Welsh Language Standards.

In 2019-20, Internal Audit undertook a review of high-level review of the actions

Watersop
06/24/2020 11:19:17

the health board had taken to assess the impact of, and achieve compliance with, the Welsh Language Regulations 2018. Internal audit provided the Board with a limited level of assurance with weaknesses identified. Recognising that the health board has made progress in 2019-20 in respect of the Welsh Language, further improvements will need to continue into 2020/21.

EQUALITY AND DIVERSITY

PTHB has continued to implement a series of initiatives aimed to improve the quality and accessibility of its services to minority and vulnerable groups. PTHB's Strategic Equality Plan (SEP) and Objectives has been reviewed and considerable engagement and consultation has been undertaken in preparation for a new 4yr SEP for 2020-2024. A joint-working approach between Powys, Carmarthenshire, Pembrokeshire and Ceredigion took place where all public sector and 3rd sector bodies joined together to conduct a survey with members of the public and targeted groups with protected characteristics. The data was analysed by the Regional Collaboration Group and was used to inform the new SEP objectives. PTHB has worked closely with neighbouring Hywel Dda UHB to ensure that its SEP objectives are aligned with the national objectives set out in Welsh Government's SEP objectives. In addition, PTHB has cross-referenced the new 4yr action plan to the actions included in the refreshed IMTP to help mainstream equality and diversity across all directorates and to ensure that a consistent approach is taken within PTHB.

Considerable achievements have been made during 2019-2020 to improve the lives of dementia patients who also have a physical or learning disability, which include meaningful ward activities, quicker referrals to audiology for dementia patients with hearing loss, and the development of our dementia home treatment teams to prevent hospital admissions.

Other notable achievements include the work completed by staff within the Mental Health Directorate who have been working with Diverse Cymru to implement the Cultural Competency Toolkit as part of our ambition to achieve the BME Mental Health Workplace Good Practice Certification Scheme. Also, a successful Maternity Day Assessment Project has been rolled out providing vital access to scans and support in the county, reducing the need for expectant parents to travel to neighbouring District General Hospitals and PTHB Maternity Flu Immunisation Project Team is also leading the way in midwife-led flu immunisation.

EMERGENCY PREPAREDNESS AND CIVIL CONTINGENCIES

PTHB is described as a Category 1 responder under the Civil Contingencies Act 2004 (CCA) and is therefore required to comply with all the legislative duties set out within the Act.

The CCA places 5 statutory duties upon Category 1 responders, these being

06/24/2020 11:19:17
pattersongz

to:

- assess the risks of emergencies;
- have in place emergency plans;
- establish business continuity management arrangements;
- have in place arrangements to warn, inform and advise members of the public;
- share information, cooperate and liaise with other local responders.

In December 2014, the Board approved the Powys Pandemic Framework which provides an overarching framework that details the Powys THB response to an influenza pandemic. The Pandemic Framework was developed in considering Welsh Government Guidance and other Multi-Agency Response Plans. The Board has also approved (January 2020) its Civil Contingency Plan. The purpose of which is to enable PTHB to respond effectively to a major incident or an emergency situation.

During 2019, the Health Board has participated in a number of multi-agency planning, training and exercises to increase the health board's ability to respond to a wide-range of emergencies.

Key areas of planning for 2019/2020 include:

- **Preparing for a 'no-deal' BREXIT**

The Health Board continued to prepare for the potential impacts of a 'no-deal' Brexit on its services throughout 2019/2020.

At a national level, the Health Board was represented at a number of NHS Brexit planning groups, which had been established by Welsh Government as part of the UK's overall governance arrangements for 'no-deal' Brexit. The Health Board was also represented at Dyfed-Powys Local Resilience Forum, ensuring that effective multi-agency planning and coordination was in place in response to the potential impact of a 'no-deal' Brexit.

At a local level, the focus of the Health Board's 'no-deal' Brexit preparations was on ensuring continuity and quality of service to ensure that the Health Board was as prepared as it could reasonably be, to respond to the challenges of leaving the EU. Key areas of this work included:

- ensuring continuity of supply of medicines, medical devices and clinical consumables as part of work being undertaken at a national level;
- ensuring that our workforce feel valued by providing continued support to EU staff working in Powys, including the promotion of the EU Settlement Scheme, which officially opened on 30th March 2019;
- the provision of mental wellbeing support in the farming sector;

Patterson, L
06/24/2020 11:19:17

- effective communications;
- seeking assurance from commissioned service providers that appropriate preparations were being developed in the context of a 'no-deal' Brexit.

In January 2020, the Health Board stood-down its 'no-deal' Brexit preparations, as directed by Welsh Government.

• **Planning Arrangements for COVID-19**

The current novel coronavirus (COVID-19) outbreak has presented significant challenges internationally, since the new strain was first identified in Wuhan City, China in December 2019. Since then, cases have been identified across the world, including the United Kingdom.

On 30th January 2020, the World Health Organisation (WHO) declared the outbreak of Coronavirus a "Public Health Emergency of International Concern". On 11th March 2020, the WHO subsequently declared COVID-19 as a "Pandemic" following the rapid global transmission of the outbreak.

As previously highlighted the need to plan and respond to the COVID-19 pandemic presented a number of challenges to the organisation. A number of new and emerging risks were identified. Whilst the organisation did have a major incident and business continuity plan in place, as required by the Civil Contingencies Act 2004, the scale and impact of the pandemic has been unprecedented. Significant action has been taken at a national and local level to prepare and respond to the likely impact on the organisation and population. This has also involved working in partnership on the multi-agency response as a key member of the Strategic Co-ordination Group. There does remain a level of uncertainty about the overall impact this will have on the immediate and longer-term delivery of services by the organisation, although I am confident that all appropriate action is being taken.

The PTHB Pandemic Framework is being used to shape the preparatory and response arrangements that are being undertaken within the Health Board at the time of completing this annual report.

The Health Board has established internal command and control arrangements, which centre on Gold (Strategic) and Silver (Tactical) groups, as part of its response to COVID-19. Task and finish groups have been established to carry out specific pieces of work, e.g. establish procedures for community and staff testing.

In addition, an internal COVID-19 action plan has been developed to ensure that the Health Board's response encompasses all measures currently

Patterson
06/04/2020 11:19:17

directed by Welsh Government.

The organisation continues to work closely with a wide range of partners, including the Welsh Government as it continues with its response, and planning into the recovery phase. It will be necessary to ensure this is underpinned by robust risk management arrangements and the ability to identify, assess and mitigate risks which may impact on the ability of the organisation to achieve their strategic objectives.

MINISTERIAL DIRECTIONS & WELSH HEALTH CIRCULARS

The Welsh Government has previously issued Non-Statutory Instruments and reintroduced Welsh Health Circulars in 2014/15. Details of these and a record of any ministerial directions given is available on the Welsh Government website. I can confirm that all of the Directions previously issued have been fully considered and where appropriate implemented. There was 1 ministerial direction issued in December 2019, relating to action on 2019/20 Pension Tax Impacts. A full detail of WHCs, ministerial directions and the health board's action is included at Appendix 2.

POST PAYMENT VERIFICATION

In accordance with the Welsh Government directions the Post Payment Verification (PPV) Team, (a role undertaken for the health board by the NHS Shared Services Partnership), in respect of General Medical Services Enhanced Services and General Ophthalmic Services has carried out its work under the terms of the service level agreement (SLA) and in accordance with NHS Wales agreed protocols. The Work of the Post Payment Verification Team is reported to the Board's Audit, Risk and Assurance Committee with papers available on the health board's [website](#).

REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS ON THE USE OF RESOURCES

The National Health Service Finance (Wales) Act 2014 amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. The Act places two financial duties on Local Health Boards:

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of three financial years; and
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

Patterson, L
06/24/2020 11:19:17

The health board achieved both financial duties in 2019-20.

SUSTAINABILITY AND CARBON REDUCTION DELIVERY PLANS

Risk assessments are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the Climate Change Act and the Adaptation Reporting requirements are complied with. To meet Welsh Government's 'decarbonisation by 2030' target, Powys Teaching Health Board has developed and is implementing an Environmental Management System in line with ISO14001:2015, which includes a decarbonisation delivery plan. This, along with a carbon footprint exercise carried out by the Carbon Trust, sets the agenda to develop a 'Carbon Neutral Strategy' through the Public Service Board and will support the health board working collaboratively and effectively with partner organisations to meet the 2030 targets.

The Board's Sustainability Report forms a key part of the Performance Report section of the Annual Report and provides greater detail in relation to the environmental, social and community issues facing the health board.

INTEGRATED MEDIUM TERM PLAN (IMTP)

The National Health Service Finance (Wales) Act of 2014, established a statutory duty on health boards to develop and publish a Board approved Integrated Medium Term Plan (IMTP) on an annual basis. Amendments to the National Health Service (Wales) Act 2006 also set out the statutory duty for health boards to have their IMTPs approved by Welsh Ministers.

In accordance with these legislative duties, the health board developed and published an approved IMTP for 2019-22, which was approved by the Minister for Health and Social Care. A copy of the plan is available on the health board [website](#).

A detailed analysis of the health board's performance for 2019/20 will be provided in the PTHB Annual Report 2019/20, which will be published in August 2020.

The health board continues to perform well against most of the directly influenced key targets set by Welsh Government. We are also performing well against the well-being objectives set jointly as part of the Health and Care Strategy, A Healthy Caring Powys.

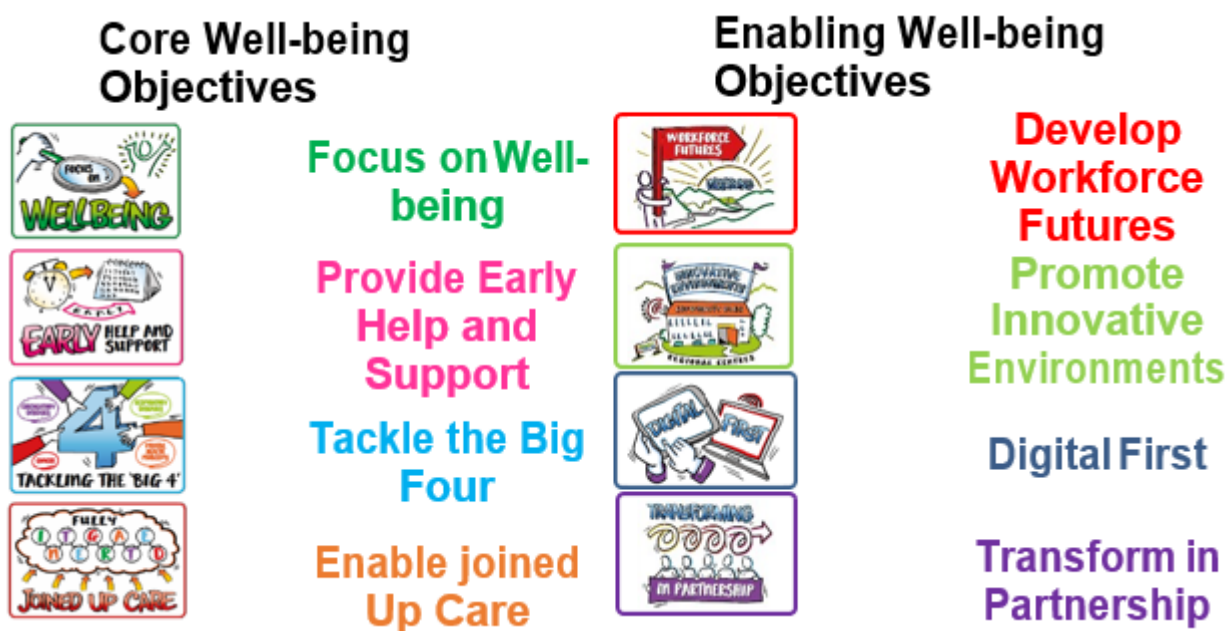
The health board delivered the financial target of breakeven in 2019/20 and remained within the Capital Resource Limit (CRL).

08/08/2020 11:19:17

In March 2020, Welsh Government confirmed to the health board that, following a robust assessment, the IMTP 2020-23 was considered to be approvable, which provided a baseline for future planning discussions. However, in light of the challenges associated with COVID-19, Welsh Government had taken the decision to pause the IMTP processes and allow all resources to be redirected to sustaining key services.

The IMTP also functions as the health board’s Well-being Statement, demonstrating how through the actions to deliver our well-being objectives we are contributing to the seven well-being goals for Wales and in accordance with the sustainable development principle.

The IMTP has been developed within the context of the Health and Care Strategy, published in July 2017. It sets out the vision to enable a ‘Healthy Caring Powys’, delivered through focusing on four core well-being objectives and four enabling well-being objectives underpinned by six delivery principles; Do What Matters, Do What Works, Focus on Greatest Need, Offer Fair Access, Be Prudent and Work with People and Communities.



The health board’s planning approach continues to strengthen and mature. The approach is multi-faceted and takes into account the multiple planning streams across local, organisational and regional levels. The key principles of planning processes in the health board are to ensure:

- Patients are at the centre of service design and delivery.
- There is a clinically led planning environment with multi professional input.
- There is whole system planning, ensuring alignment with neighbouring provider plans.

Patterson, Liz
06/24/2020 11:19:17

- There is a transformation of commissioning and provider functions.
- Promotion of integration at a strategic and service level.
- There are internal relationships including staff side/trade unions.
- There are external relationships with key stakeholders.
- There are strong Community Health Council planning links.

In its Structured Assessment for 2019, the Wales Audit Office confirmed "*the Health Board has a strong approach to strategic planning and is changing structures and leadership arrangements to deliver its vision. Underpinning plans are developing in collaboration with partners and are on track for delivery in year*".

INTEGRATED PERFORMANCE MANAGEMENT AND REPORTING

Delivery against the IMTP is managed through the Framework for Improving Performance with delivery and performance reported to the Board on a quarterly basis in the form of an Integrated Performance Report.

The objective of the framework is to ensure that information is available which enables the Board and other key personnel to understand, monitor and assess the organisation's performance against delivery of the IMTP, enabling appropriate action to be taken when performance against set targets deteriorates, and support and promote continuous improvement in service delivery.

The Framework for Improving Performance is a contributor to the Board Assurance Framework which ensures that there is sufficient, continuous and reliable assurance on the management of the major risks to the delivery of strategic objectives and most importantly to the delivery of quality, patient-centred services.

REVIEW OF EFFECTIVENESS OF SYSTEM OF INTERNAL CONTROL

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of the internal auditors, and the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their annual audit letter and other reports. In addition, the independent and impartial views expressed by a range of bodies external to the health board has been of key importance, including Welsh Government; Powys Community Health Council; and Healthcare Inspectorate Wales.

Gratton, Liz
09/12/2020 11:19:17

As Accountable Officer I have overall responsibility for risk management and report to the Board regarding the effectiveness of risk management across the Health Board. My advice to the Board is informed by reports on internal controls received from all its committees and in particular the Audit, Risk and Assurance Committee and the Experience, Quality and Safety Committee. The Experience, Quality and Safety Committee also provides assurance relating to issues of clinical governance and patient safety. In addition, reports submitted to the Board by the Executive Team identify risk issues for consideration.

Each of the Health Board's Committees have considered a range of reports relating to their areas of business during the last year, which have included a comprehensive range of internal audit reports and external audit reports and reports on professional standards and from other regulatory bodies. The Committees have also considered and advised on areas for local and national strategic developments and new policy areas. Each Committee reports its business regularly and these are received by the Board in public.

Whilst significant progress has been made in 2019/20 to strengthen the system of internal control, I recognise that further improvements are essential in 2020/21 in respect of risk management and embedding the Board's Assurance Framework. Fundamental work will also be taken forward in implementing the Boards Organisational Development Framework and Clinical Quality Framework which will contribute to the system of control.

INTERNAL AUDIT

Internal audit provide me as Accountable Officer and the Board through the Audit, Risk and Assurance Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit and Assurance Committee and is focused on significant risk areas and local improvement priorities.

We will ensure that the work of all regulators, inspectors and assurance bodies is mapped and evidenced in our assurance framework so that the Board is fully aware of this activity and the level of assurance it provides. We will also prioritise work to support the recording and monitoring of recommendations arising from the work of regulators, inspectors and other key assurance reviews.

HEAD OF INTERNAL AUDIT'S OPINION FOR 2019-20

The overall opinion by the Head of Internal Audit on governance, risk

Patterson
06/11/2020 11:19:17

management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

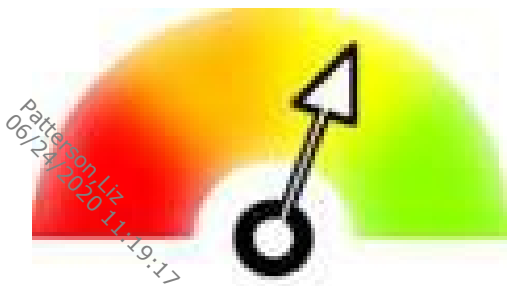
The 2019/20 audit programme was impacted by the need to respond to the COVID-19 pandemic with some audits deferred to 2020/21 as the organisation responded to the pandemic. The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the reporting period in order to provide the Head of Internal Audit Annual Opinion. In forming the Opinion the Head of Internal Audit has considered the impact of the audits that have not been fully completed.

The Head of Internal Audit's opinion is arrived at having considered whether or not the arrangements in place to secure governance, risk management and internal control are suitably designed and applied effectively in the following assurance domains:

- Corporate Governance, Risk Management and Regulatory Compliance
- Strategic Planning, Performance Management and Reporting
- Financial Governance and Management
- Clinical Governance, Quality and Safety
- Information Governance and Security
- Operational Service and Functional Management
- Workforce Management
- Capital and Estates Management

The scope of this opinion is confined to those areas examined in the risk based audit plan which has been agreed with senior management and approved by the Audit, Risk & Assurance Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement.

The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control for 2019-20 is set out below:



“In my opinion 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. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved."

The Head of Internal Audit has confirmed that in reaching their opinion both professional judgement and the Audit & Assurance "*Supporting criteria for the overall opinion*" guidance produced by the Director of Audit & Assurance for NHS Wales has been used.

The Head of Internal Audit has also concluded that Reasonable Assurance could be reported for five of the eight assurance domains, around which the plan is structured. The three assessed as 'limited' assurance this year are 'corporate governance, risk management and regulatory compliance', 'clinical governance quality & safety' and 'information governance and I.T. security'.

Of the 27 reviews included in the 2019/20 Internal Audit Plan, 15 were rated as providing 'reasonable' assurance and two 'substantial'. Six reviews were rated as 'limited' assurance with a further one providing 'no' assurance. Ratings were not applicable to three reviews.

Audits of 'risk management & board assurance', 'Welsh Language Standards', 'care and nursing homes governance', 'DOLS best interest assessments', 'FoI requests' all received limited assurance. In addition, the follow up work on the 2017/18 'no' assurance report of 'podiatry' received a 'limited' assurance rating in 19/20.

The health board recognises that the effective management of risk is a key responsibility. The Head of Internal Audit noted in the review of risk management "*It is disappointing that for the second year running we have been able to deliver only a 'limited' assurance rating. We observed limited progress with implementing prior year recommendations, resulting in several of the findings from our 2018/19 limited assurance report being repeated. Whilst we noted slight improvement, the key finding from previous years remains – there is an absence of directorate level risk registers and a lack of evidence of management oversight by directorate teams.*"

A 'no assurance' rating was assigned to the review of the 'records management' where significant issues were highlighted. The overarching theme of audit findings was the inadequacy of arrangements in place. The majority of the findings were consistent with those raised in previous audits, dating as far back as 2012, including a no assurance report in 2015/16. Six

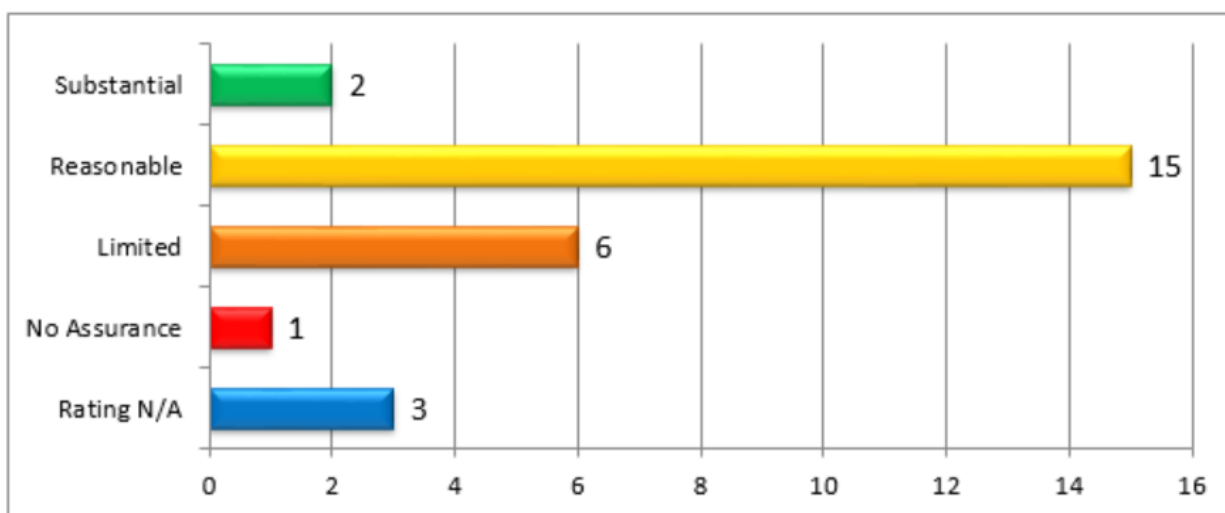
09/04/2020 11:19:17

high priority recommendations were raised.

Due to the Covid-19 outbreak and the impact on health board resource, Internal Audit was unable to progress two of the four remaining follow up reviews of 2018/19 limited assurance outcomes ('health & safety' and 'Section 33 governance arrangements'). The reviews of 'dental services – monitoring the GDS contract' and 'catering department' evidenced sufficient improvements to enable assurance ratings of 'reasonable'.

Both the Board and operational management have worked in partnership with Internal Audit throughout the year and formal feedback on the work demonstrates that Internal Audit is helping the health board to make continuous improvements.

A summary of audit ratings provided in 2019-20, is outlined in the table below:



The findings to all limited and no assurance rated internal audit reviews undertaken in 2019/20 were accepted in full by management, and action plans included in final reports. All Internal Audit reports were reported to the Audit, Risk and Assurance Committee for oversight and monitoring.

The Audit, Risk and Assurance Committee has responsibility for tracking all recommendations made by Internal Audit and to ensure that they are addressed in a way that is appropriate and timely, through robust systems for recording and monitoring audit recommendations arising from Internal and External Audit Reviews.

I will monitor the implementation of audit action plans/recommendation implementation through regular meetings of the Executive Delivery and

Patterson
06/20/2021 11:19:17

Performance Group.

The full Head of Internal Audit Opinion and Internal Audit Reports can be accessed on the health board's [website](#).

COUNTER FRAUD

In line with the NHS Protect Fraud, Bribery and Corruption Standards for NHS Bodies (Wales) the Local Counter Fraud Specialist (LCFS) and Director of Finance agreed, at the beginning of the financial year, a work plan for 2019-20. This was approved by the Audit, Risk and Assurance Committee in May 2019.

The work plan for 2019-20 was completed and covered all the requirements under Welsh Government directions. The Counter Fraud Service provides regular reports and updates to members of the Executive Team and directly to the Audit, Risk and Assurance Committee. The Audit, Risk and Assurance Committee will receive the Counter Fraud and Corruption Annual Report for 2020-21 on 25 June 2020.

The NHS Counter Fraud Authority (formerly NHS Protect) provides national leadership for all NHS anti-fraud, bribery and corruption work and is responsible for strategic and operational matters relating to it. A key part of this function is to quality assure the delivery of anti-fraud, bribery and corruption work with stakeholders to ensure that the highest standards are consistently applied.

EXTERNAL AUDIT: STRUCTURED ASSESSMENT FINDINGS

The Auditor General for Wales is the statutory external auditor for the NHS in Wales. The Wales Audit Office (WAO) undertakes the external auditor role for Powys Teaching Health Board on behalf of the Auditor General.

The 2019 Structured Assessment work reviewed aspects of the health board's corporate governance and financial management arrangements and, in particular, the progress made in addressing the previous year's recommendations. The scope was broadened to include commentary on arrangements relating to procurement, asset management and improving efficiency and productivity.

Overall the WAO concluded that the Structured Assessment work had demonstrated that the Health Board's arrangements provide strong foundations for delivering its vision, and that the Board has a clear understanding of which arrangements require further development and has focused action to deliver improvements.

06/14/2020 11:19:17

The WAO made three recommendations within its report. Recommendations in respect of governance related to: functioning of the Performance and Resources Committee; and, evaluation of the new committee structure.

While pleased that the Wales Audit Office considers good progress to be made I am fully aware of the need to further strengthen and enhance the health board's governance arrangements. I can confirm that actions to address each of the recommendations are underway.

The WAO Structured Assessment 2019 can be viewed on the health board's [website](#).

Patterson, Liz
06/24/2020 11:19:17

CONCLUSION

As Accountable Officer for Powys Teaching Health Board, based on the assurance process outlined above, I have reviewed the relevant evidence and assurances in respect of internal control. I can confirm that the Board and its Executive Directors are alert to their accountabilities in respect of internal control and the Board has had in place during the year a system of providing assurance aligned to corporate objectives to assist with identification and management of risk. I am pleased to note that as a result of our internal control arrangements, Powys Teaching Health Board continues to be on 'routine' monitoring as part of NHS Wales Escalation and Intervention arrangements.

During 2019-20, we proactively identified areas requiring improvement and requested that Internal Audit undertake detailed assessments in order to manage and mitigate associated risks. Further work will be undertaken in 2020-21 to ensure implementation of recommendations arising from audit reviews, particular where a limited or no assurance rating is applied. We have taken substantial steps to embed risk management and the assurance framework at a corporate level; this work will continue in 2020-21. Implementation of the Board's Annual Governance Programme will see a further strengthening of the Board's effectiveness and system of internal control in 2020-21.

This Annual Governance Statement confirms that Powys Teaching Health Board has continued to mature as an organisation and, whilst there are areas for strengthening, no significant internal control or governance issues have been identified. The Board and the Executive Team has had in place a sound and effective system of internal control which provides regular assurance aligned to the organisation's strategic objectives and strategic risks. Together with the Board, I will continue to drive improvements and will seek to provide assurance for our citizens and stakeholders that the services we provide are efficient, effective and appropriate and designed to meet patient needs and expectations.

As indicated throughout this statement, the need to plan and respond to the COVID-19 pandemic has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the organisation and wider society throughout 2020/21 and beyond. I will ensure our Governance Framework considers and responds to this need.

SIGNED BY:

CAROL SHILLABEER [CHIEF EXECUTIVE]

DATE: 30 JUNE 2020

Patterson, Liz
06/06/2020 11:19:17

Appendix 1

Board and Board Committee Membership and Attendance at Board

Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2019-20	Board Champion Role
Vivienne Harpwood	Chair	▪ Chair of the Board	7/7	
		▪ Chair of the Remuneration and Terms of Service Committee	4/4	
Melanie Davies	Vice Chair	▪ Vice Chair of the Board	6/7	
		▪ Chair of the Experience, Quality and Safety Committee	5/6	
		▪ Vice Chair of the Remuneration and Terms of Service Committee	3/4	
		▪ Member of the Performance and Resources Committee	4/6	
Ian Phillips	Independent Member [Information Technology]	▪ Member of the Board	5/7	
		▪ Vice Chair of the Strategy and Planning Committee	4/4	
		▪ Member of the Audit, Risk and Assurance Committee	4/6	
		▪ Member of the Performance and Resources Committee	5/6	
Trish Buchan	Independent Member [Third Sector]	▪ Member of the Board	7/7	Cleaning, Hygiene and Infection Management
		▪ Chair of the Strategy and Planning Committee	4/4	
		▪ Vice Chair of the Experience, Quality and Safety Committee	6/6	
		▪ Member of the Charitable Funds Committee	3/3	
Matthew Dorrance	Independent Member [Local Authority]	▪ Member of the Board	4/7	
		▪ Chair of the Performance and Resources Committee	3/6	
		▪ Member of the Audit, Risk and Assurance Committee	4/7	
		▪ Member of the Remuneration and Terms of Service Committee	4/4	
Owen James	Independent Member [Community]	▪ Member of the Board	7/7	
		▪ Chair of the Charitable Funds Committee	2/3	
		▪ Member of the Experience, Quality and Safety Committee	6/6	
		▪ Member of the Strategy and Planning Committee	4/4	

Patterson, Liz
06/24/2020 11:19:17

Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2019-20	Board Champion Role
Tony Thomas	Independent Member [Finance]	▪ Member of the Board	7/7	
		▪ Chair of the Audit, Risk and Assurance Committee	7/7	
		▪ Vice Chair of the Charitable Funds Committee	3/4	
		▪ Member of the Performance and Resources Committee	5/6	
		▪ Member of the Remuneration and Terms of Service Committee	4/4	
Mark Taylor	Independent Member [Capital and Estates] [From July 2019]	▪ Member of the Board	6/6	
		▪ Vice Chair of the Audit, Risk and Assurance Committee	4/5	
		▪ Vice Chair of Performance & Resources Committee	4/4	
		▪ Member of the Charitable Funds Committee	2/2	
		▪ Member of the Strategy and Planning Committee	2/2	
Susan Newport	Independent Member [Trade Union]	▪ Member of the Board	6/7	Armed Forces/Veterans Health
		▪ Member of the Experience, Quality and Safety Committee	4/6	
		▪ Member of the Remuneration and Terms of Service Committee	3/4	
Duncan Forbes	Independent Member [Legal] [To August 2019]]	▪ Member of the Board	2/3	
		▪ Vice Chair of the Performance and Resources Committee	1/3	
		▪ Member of the Audit, Risk and Assurance Committee	2/3	
		▪ Member of the Strategy and Planning Committee	2/2	
Frances Gerrard	Independent Member [University] [Sickness Absent from 2 nd February 2020]	▪ Member of the Board	5/6	
		▪ Member of the Experience, Quality and Safety Committee	4/5	

Patterson, Liz
06/24/2020 11:19:17

Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2019-20	Board Champion Role
Carol Shillabeer	Chief Executive	<ul style="list-style-type: none"> ▪ Member of the Board ▪ Member of the Emergency Ambulance Services Committee ▪ Member of the Joint Partnership Board ▪ Member of the Welsh Health Specialist Services Committee <p><u>Required attendee at:</u></p> <ul style="list-style-type: none"> ▪ Remuneration and Terms of Service Committee ▪ Regular attendee at all Board Committees 	Board Attendance 7/7	
Patsy Roseblade	Director of Primary and Community Care, and Mental Health [To April 2019]	<ul style="list-style-type: none"> ▪ Member of the Board ▪ Member of the Emergency Ambulance Services Committee (in Chief Executives absence) ▪ Member of the Welsh Health Specialist Services Committee (in Chief Executives absence) <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Experience Quality and Safety Committee ▪ Performance and Resources Committee <p><u>Attendee as requested at all Board Committees</u></p>	Board Attendance 0/0	
Jamie Marchant (From June 2019)	Director of Primary and Community Care, and Mental Health [From June 2019]	<ul style="list-style-type: none"> ▪ Member of the Board ▪ Member of the Emergency Ambulance Services Committee (in Chief Executives absence) ▪ Member of the Welsh Health Specialist Services Committee (in Chief Executives absence) <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Experience Quality and Safety Committee ▪ Performance and Resources Committee <p><u>Attendee as requested at all Board Committees</u></p>	Board Attendance 4/5	

Patterson, Liz
06/24/2020 11:19:17

Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2019-20	Board Champion Role
Wyn Parry	Medical Director	<ul style="list-style-type: none"> ▪ Member of the Board <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Experience, Quality and Safety Committee <p><u>Attendee as requested at all Board Committees</u></p>	Board Attendance 5/7	
Rhiannon Jones	Director of Nursing and Interim Director of Therapies and Health Sciences [To July 2019]	<ul style="list-style-type: none"> ▪ Member of the Board <p><u>Executive Lead and Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Experience, Quality and Safety Committee <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Performance and Resources Committee ▪ Strategy and Planning Committee ▪ Charitable Funds Committee <p><u>Attendee as requested at all Board Committees</u></p>	Board Attendance 2/2	
Claire Madsen	Director of Therapies and Health Sciences [From January 2020]	<ul style="list-style-type: none"> ▪ Member of the Board <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Experience, Quality and Safety Committee ▪ Performance and Resources Committee <p><u>Attendee as requested at all Board Committees</u></p>	Board Attendance 2/2	
Alison Davies	Director of Nursing [From January 2020]	<ul style="list-style-type: none"> ▪ Member of the Board <p><u>Executive Lead and Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Experience, Quality and Safety Committee <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Strategy and Planning Committee ▪ Charitable Funds Committee <p><u>Attendee as requested at all Board Committees</u></p>	Board Attendance 1/1	

Patterson, Liz
06/24/2020 14:19:17

Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2019-20	Board Champion Role
Katrina Rowlands	Interim Director of Nursing [From July 2019 to January 2020]	<ul style="list-style-type: none"> ▪ Member of the Board <u>Executive Lead and Required Attendee:</u> <ul style="list-style-type: none"> ▪ Experience, Quality and Safety Committee <u>Required Attendee:</u> <ul style="list-style-type: none"> ▪ Strategy and Planning Committee ▪ Charitable Funds Committee <ul style="list-style-type: none"> ▪ <u>Attendee as requested at all Board Committees</u> ▪ 	Board Attendance 3/3	
Julie Rowles	Director of Workforce and OD	<ul style="list-style-type: none"> ▪ Member of the Board <u>Executive Lead and Required Attendee:</u> <ul style="list-style-type: none"> ▪ Remuneration and Terms of Service Committee <u>Required Attendee:</u> <ul style="list-style-type: none"> ▪ Experience, Quality and Safety Committee ▪ Performance and Resources Committee ▪ Strategy and Planning Committee <u>Attendee as requested at all other Board Committees</u>	Board Attendance 7/7	
Hayley Thomas	Director of Planning and Performance	<ul style="list-style-type: none"> ▪ Member of the Board <u>Executive Lead and Required Attendee:</u> <ul style="list-style-type: none"> ▪ Strategy and Planning Committee <u>Required Attendee:</u> <ul style="list-style-type: none"> ▪ Performance and Resources Committee <u>Attendee as requested at all other Board Committees</u>	Board Attendance 7/7	

Patterson/JZ
06/24/2020 11:19:17

Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2019-20	Board Champion Role
Stuart Bourne	Director of Public Health	<ul style="list-style-type: none"> ▪ Member of the Board <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Strategy and Planning Committee ▪ Experience, Quality and Safety Committee <p><u>Attendee as requested at all other Board Committees</u></p>	Board Attendance 7/7	
Eifion Williams	Director of Finance and IT [To July 2019]	<ul style="list-style-type: none"> ▪ Member of the Board <p><u>Executive Lead and Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Performance and Resources Committee ▪ Charitable Funds Committee <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Audit, Risk and Assurance Committee ▪ Strategy and Planning Committee <p><u>Attendee as requested at all other Board Committees</u></p>	Board Attendance 2/2	
Pete Hopgood	Interim Director of Finance and IT [From July 2019]	<ul style="list-style-type: none"> ▪ Member of the Board <p><u>Executive Lead and Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Performance and Resources Committee ▪ Charitable Funds Committee <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> ▪ Audit, Risk and Assurance Committee ▪ Strategy and Planning Committee <p><u>Attendee as requested at all other Board Committees</u></p>	Board Attendance 5/5	

Patterson, Liz
06/24/2020 11:19:17

Appendix 1

Ministerial Directions and Welsh Health Circulars 2019-20

Ministerial Direction/ Welsh Health Circular	Year of Adoption	PTHB Position
Ministerial Direction referred to in letter from Andrew Goodall, 19 December 2019 – Action on 2019/20 Pension Tax Impacts	2019	Received and detailed in financial statements.
WHC 2019 (001) - Changes to the availability of gluten free (GF) foods for the treatment of coeliac disease on prescription in England – Implications for Wales	2019	Reported to prescribing leads at the Drugs and Therapeutics Committee. No specific action required within Powys.
WHC 2019 (002) - Update on ordering influenza vaccines for the 2019-20 season	2019	Circular cascaded in line with guidance. Circulated to members of Influenza Steering Group on 07/02/19 and on 11/02/19. Reviewed at Influenza Steering Group meeting on 11/02/19.
WHC 2019 (003) - List of Welsh Health Circulars - 1 August 2018 – 31 January 2019	2019	All WHCs for the period received and actioned
WHC 2019 (004) - Statutory and Administrative Financial Duties of Health Education and Improvement Wales	2019	HEIW's financial responsibilities noted.
WHC 2019 (005) - Maintaining continuity of supply of medicines in the event of leaving the European Union in a 'no deal' scenario	2019	Head of Pharmacy is a member of the WG Medicine Shortages Group Messaging for Wales wide shortage risks will be managed centrally though this group Within Powys, We have 1. Asked MM team to actively discourage stockpiling 2. Working with our DGH suppliers to identify potential over-ordering National advice has been sent to all Community pharmacies and GP practices, and re-iterated at PCD&T
WHC 2019 (006) - NHS Wales National Clinical Audit and Outcome Review Plan	2019	Audits relevant to PTHB underway to be completed in 2020

06/24/2020 11:19:17

Annual Rolling Programme for 2019/20		
WHC 2019 (007) - Annual Quality Statement 2018 / 2019 Guidance	2019	The Annual Quality Statement was prepared and published by the 31 May as required.
WHC 2019 (008) - Changes to the shingles immunisation programme from 1 April 2019	March 2019	Circular cascaded in line with guidance. Circulated to members of Powys Vaccination Group on 19/02/19. Reviewed at Powys Vaccination Group meeting on 12/03/19.
WHC 2019 (011) - Implementing recommendations of the review of sexual health services – action to date and next steps	2019	Finance, Planning and Performance paper prepared in September in anticipation of the forthcoming Sexual Health Welsh Health Circular Multi-agency workshop held in October 2018 to prepare the relevant priorities for Powys Sexual Health Improvement plan The content will be populated as part of the required response to the Welsh Health Circular by June 2019
WHC 2019 (012) - Implementation of OBS Cymru (Obstetric Bleeding Strategy for Wales), a management strategy for Postpartum Haemorrhage (PPH), in Maternity Services	2019	Powys fully implemented Community element (stage 1 risk assessment of OBS Cymru (Obstetric Bleeding Strategy for Wales) as the the agreed all Wales management strategy for Postpartum Haemorrhage (PPH), in Maternity Services. Full training of all Powys midwives was undertaken in the 19-20 Midwifery updates in regards to use of documentation and objective measurement of blood loss. Early VHA, haemoglobin and lactate testing is undertaken on transfer for PPH in the community
WHC 2019 (013) - 2019/20 LHB & Trust Monthly Financial Monitoring Return Guidance	2019	The Guidance has been implemented and being adhered to by the Finance Team
WHC 2019 (014) - Dispute Arbitration Process – Guidance for Disputed Debts (invoices and service agreements within NHS Wales – 2019/20 – 2020/21	2019	Revised guidance incorporating a change in timescales for service agreement disputes. This is being followed should the need arise. There have been no requirements for arbitration in 19/20

06/12/2020 11:19:17

WHC 2019 (015) - The National Influenza immunisation Programme 2019-2020	2019	Circular forwarded to lead officers. Relevant actions in WHC 015/2019 included in 2019/20 PTHB seasonal flu vaccination action plan approved by Executive Committee in July'19. - Enclosure – Childhood Influenza Vaccination Programme 2019/2020 – National Enhanced Service Specification
WHC 2019 (016) - European Parliamentary Elections - 23 May 2019	2019	Guidance issued by Powys Announcements and included in Standards of Behaviour Policy
WHC 2019 (017) - Living with Persistent Pain in Wales	2019	Powys has introduced a Chronic Pain Pathway that is compliant with NICE Guidelines.
WHC 2019 (018) - Augmentative and Alternative Communication (AAC) Pathway	2019	Circular cascaded in line with guidance.
WHC 2019 (019) - AMR & HCAI IMPROVEMENT GOALS FOR 2019-20	2019	5 year National Action Plan 2019 – 2024 underpinning the UK AMR Strategy 20
WHC 2019 (020) - Changes to the Human Papillomavirus (HPV) immunisation programme for the academic school year starting September 2019	2019	Circular forwarded to lead officer for school nursing service. Confirmation provided that plans in place to extend HPV immunisation from Sep'19 as per the requirements.
WHC 2019 (021) - The Role of the Community Dental Service and Services for Vulnerable People	2019	The CDS is now transmitting FP17's and all actions are complete.
WHC 2019 (022) - Sharing Patient information between healthcare professionals – a joint statement from the Royal College of Ophthalmologists and College of Optometrists	2019	Consultants advised of requirements.
WHC 2019 (023) -UPDATE OF GUIDANCE ON CLEARANCE AND MANAGEMENT OF HEALTHCARE WORKERS LIVING WITH A BLOODBORNE VIRUS (BBV)	2019	Occupational Health Physician revising guideline, scheduled for completion end March 2020
WHC 2019 (024) -Pertussis – occupational vaccination of healthcare workers	2019	There is no PGD for pertussis this was due to be discussed with Medicines Management 5 March 2020. Mitigation is that Occupational Health Physician signs individual prescriptions. Focus on Pertussis will increase now that

Patterson, Liz
06/24/2020 11:19:17

		influenza campaign is coming to an end, however progress may be adversely affected dependent upon demand generated by COVID-19.
WHC 2019 (025) - List of Welsh Health Circulars - 31 January 2019 – 31 July 2018	2019	All WHC for the period received and actioned.
WHC 2019 (026) - Nationally Standardised Adult Inpatient Assessment and Core Risk Assessments	2019	Compliance achieved.
WHC 2019 (027) - Model Standing Orders, Reservation and Delegation of Powers – Local Health Boards, NHS Trusts, Welsh Health Specialised Services Committee and the Emergency Ambulances Services Committee	2019	Board approved amended versions in November 2019.
WHC 2019 (028) - Consolidated rules for managing cancer waiting times	2019	For Planned Care the management of patients is in accordance with the relevant elements of consolidated guidance (mainly in relation to the start of the pathway and diagnostics, treatment is not undertaken in PTHB).
WHC 2019 (029) - NHS Wales Planning Framework 2020-23	2019	The PTHB IMTP 2020/2023 has been developed in accordance with the NHS Wales Planning Framework 2020-23. PTHB Board approved the IMTP in January 2020 and it was submitted to Welsh Government for the deadline of the end of January 2020.
WHC 2019 (030) - National Integrated Medium Term Plan (IMTP) – An All Wales Review of NHS IMTPs for 2019-22	2019	The PTHB IMTP 2020/2023 has been developed in accordance with the NHS Wales Planning Framework 2020-23. PTHB Board approved the IMTP in January 2020 and it was submitted to Welsh Government for the deadline of the end of January 2020.
WHC 2019 (031) - The Department of Culture, Media and Sport (DCMS) guidance for UK departments on mitigation options for risks to data flows	2019	Guidance used as part of no-deal Brexit planning up to 31st January 2020. Will be re-visited in the second half of 2020, depending on WG future direction regarding no-deal Brexit planning.

Revised
06/24/2020 11:19:17

WHC 2019 (032) -Sensory Loss Communication Needs (Accessible Information Standard) - of parents and carers of patients and service users.	2019	As a service communication preference is recorded on referral forms.
WHC 2019 (034) -National Optimal Pathways for Cancer (2019 tranche 1)	TBC	Improving data capture shows that more work is required to ensure we consistently meet the 62 day target for diagnosis. There is a requirement to address symptom awareness, encourage uptake of screening opportunities and healthcare consultations to review possible red flag symptoms and the increase clinical suspicion amongst healthcare providers.
WHC 2019 (035) - UK General Election 2019	2019	Guidance shared via Powys Announcements. Standards of Behaviour Policy updated to include revised guidance.
WHC 2019 (036) - UK General Election 2019 – Guidance for NHS Wales	2019	Guidance shared via Powys Announcements. Standards of Behaviour Policy updated to include revised guidance.
WHC 2019 (037) - Ordering Influenza Vaccines for the 2020-2021 Season	2019	Advice circulated to GPs and community pharmacists by WG. Shared internally via the PTHB Influenza Steering Group membership (inc to Medicines Management, School Nursing and Maternity).
WHC 2019 (038) - Guidance for the Provision of Continence Containment Products for Adults in Wales	2019	All Wales guidelines developed and implemented locally. Local audit planned to confirm compliance by March 2021.
WHC 2019 (039) - Good Working Practice Principles for the Use of Chaperones During Intimate Examinations or Procedures Within NHS	2020	Action undertaken by the Safeguarding Group during January 2020.
WHC 2019 (040) - 2020-21 Health Board and Public Health Wales NHS Trust Allocations	2020	Noted. Detail included in IMTP 2020-23.
WHC 2019 (041) - Changes to the infant pneumococcal conjugate vaccine (PCV) immunisation schedule.	2020	Received and cascaded to clinical leads.

06/12/2020 11:19:17

WHC 2019 (042) - Annual Quality Statement 2019 / 2020 Guidance	2020	Noted. AQS to be developed by September 2020, in-line with revised timescales.
WHC 2020 (003) - Value Based Health Care Programme - Data Requirements	2020	Cascaded to commissioning and information teams for action.
WHC 2020 (004) - List of Welsh Health Circulars - 1 August 2019 - 31 January 2020	2020	All WHCs for the period received and actioned.
WHC 2020 (006) - COVID-19 RESPONSE – CONTINUATION OF IMMUNISATION PROGRAMMES	2020	Received and cascaded to clinical leads.

Patterson, Liz
06/24/2020 11:19:17

PART B: REMUNERATION AND STAFF REPORT

This report contains information about the remuneration of senior management, fair pay ratios, sickness absence rates etc. and has been compiled by the Directorate of Finance and the Workforce and Organisational Development Directorate.

Patterson, Liz
06/24/2020 11:19:17

THE REMUNERATION AND STAFF REPORT

BACKGROUND

The Treasury's Government Financial Reporting Manual (FRM) requires that a Remuneration Report shall be prepared by NHS bodies providing information under the headings in SI 2008 No 410, made to the extent that they are relevant. The Remuneration Report contains information about senior manager's remuneration. The definition of "Senior Manager" is:

"those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments."

This section of the Accountability Report meets these requirements.

THE REMUNERATION TERMS OF SERVICE COMMITTEE

Remuneration and terms of service for Executive Directors and the Chief Executive are agreed, and kept under review by the Remuneration and Terms of Service Committee. The Committee also monitors and evaluates the annual performance of the Chief Executive and individual Directors (the latter with the advice of the Chief Executive).

In 2019-20, the Remuneration and Terms of Services Committee was chaired by the health board's Chair, Vivienne Harpwood, and the membership included the following Members:

- Melanie Davies, Vice Chair of the Board;
- Tony Thomas, Chair of Audit and Assurance Committee;
- Matthew Dorrance, Chair of Performance and Resources Committee; and
- Susan Newport, Independent Member (Trade Union)

Meetings are minuted and decisions fully recorded.

INDEPENDENT MEMBERS' REMUNERATION

Remuneration for Independent Members is decided by the Welsh Government, which also determines their tenure of appointment.

DIRECTORS' AND INDEPENDENT MEMBERS' REMUNERATION

Details of Directors' and Independent Members' remuneration for the 2019-20 financial year, together with comparators are given in Table 2 opposite.

The norm is for Executive Directors and Senior Managers salaries to be uplifted in accordance with the Welsh Government identified normal pay

Patricia
04/11/20 11:19:17

inflation percentage. In 2019-20, Executive Directors received a pay inflation uplift, in-line with Welsh Government's Framework.

If there were to be an up-lift over and above this level, this would always be agreed as a result of changes in roles and responsibilities and with advice from an independent consultancy with specialist knowledge of job evaluation and executive pay within the NHS. In addition, the Remuneration and Terms of Services Committee would receive a detailed report in respect of issues to be considered in relation to any uplift to Executive Directors salaries (including advice from the Welsh Government) and having considered all the advice and issues put before them, would report their recommendations to the Board for ratification.

The Committee also reviews objectives set for Executive Directors and assesses performance against those objectives when considering recommendations in respect of annual pay uplifts.

It should be noted that Executive Directors are not on any form of performance related pay. All contracts are permanent with a three month notice period. Conditions were set by Welsh Government as part of the NHS Reform Programme of 2009. However, for part of the year there were interim Directors in post; an Interim Director of Nursing, and Interim Director of Primary, Community Care and Mental Health, and an Interim Director of Finance & IT.

Patterson, Liz
06/24/2020 11:19:17

SALARY AND PENSION DISCLOSURE TABLE: SALARIES AND ALLOWANCES

Name and title	2019-20						2018-19					
	Salary	Benefits in Kind	Performance Pay and Bonuses	Long Term Performance Pay and Bonuses	All Pension - Related Benefits Salary	Single Total remuneration	Salary	Benefits in Kind	Performance Pay and Bonuses	Long Term Performance Pay and Bonuses	All Pension - Related Benefits Salary	Single Total remuneration
	(bands of £5,000) £000	(taxable) to nearest £100 £00	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	(taxable) to nearest £100 £00	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Executive directors												
Carol Shillabeer - Chief Executive	165 - 170	0	0	0	42.5 - 45.0	210 - 215	160 - 165	0	0	0	2.5 - 5.0	165 - 170
Julie Rowles - Director of Workforce and Organisational Development **	115 - 120	59	0	0	102.5 - 105.0	225 - 230	105 - 110	47	0	0	(42.5) - (45.0)	65 - 70
Catherine Woodward - Director of Public Health (From 1st September 2018 to 31st January 2019)	0	0	0	0	0	0	110 - 115	0	0	0	90.0 - 92.5	200 - 205
Hayley Thomas - Director of Planning and Performance **	115 - 120	65	0	0	72.5 - 75.0	195 - 200	105 - 110	55	0	0	42.5 - 45.0	155 - 160
Rhiannon Jones - Director of Nursing and Interim Director of Therapies & Health Science (to 14th July 2019)	35 - 40	20	0	0	55.5 - 57.0	95 - 100	105 - 110	58	0	0	22.5 - 25.0	135 - 140
Eifion Williams - Interim Director of Finance (to 30th July 2019)	30 - 35	0	0	0	0	30 - 35	130 - 135	0	0	0	10.0 - 12.5	140 - 145
Stuart Bourne - Interim Director of Public Health (to 31st August 2018) - Director of Public Health (From 1st February 2019)	105 - 110	0	0	0	12.5 - 15.0	115 - 120	75 - 80	0	0	0	7.5 - 10.0	85 - 90
Patsy Roseblade - Interim Director of Primary, Community Care and Mental Health (From 15th October 2018 to 14th April 2019)	5 - 10	0	0	0	0	5 - 10	50 - 55	0	0	0	27.5 - 30.0	75 - 80
Wyn Parry - Medical Director (From 10th September 2018)	130 - 135	0	0	0	140.0 - 142.5	270 - 275	70 - 75	0	0	0	67.5 - 70.0	140 - 145
Pete Hopgood - Interim Director of Finance (From 1st July 2019)	100 - 105	0	0	0	132.5 - 135.0	235 - 240	0	0	0	0	0	0
Jamie Marchant - Director of Primary, Community Care and Mental Health Services (From 11th June 2019)	80 - 85	0	0	0	15.0 - 17.5	95 - 100	0	0	0	0	0	0
Katrina Rowlands - Interim Director of Nursing (From 15th July 2019 to 19th January 2020)	50 - 60	0	0	0	132.5 - 135.0	185 - 190	0	0	0	0	0	0
Rani Mallison - Board Secretary	75 - 80	0	0	0	105.0 - 107.5	180 - 185	0	0	0	0	0	0
Claire Madsen - Director of Therapies and Health Science (From 7th January 2020)	20 - 25	0	0	0	12.5 - 15.0	35 - 40	0	0	0	0	0	0
Alison Davies - Director of Nursing (From 20th January 2020)	15 - 20	0	0	0	20.0 - 22.5	35 - 40	0	0	0	0	0	0

Patter... Liz
 06/24/2020 11:19:17

Name and title	2019-20						2018-19					
	Salary	Benefits in Kind	Performance Pay and Bonuses	Long Term Performance Pay and Bonuses	All Pension - Related Benefits Salary	Single Total remuneration	Salary	Benefits in Kind	Performance Pay and Bonuses	Long Term Performance Pay and Bonuses	All Pension - Related Benefits Salary	Single Total remuneration
	(bands of £5,000) £000	(taxable) to nearest £100 £00	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	(taxable) to nearest £100 £00	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Associate Members												
Director of Social Services, Powys County Council (Alison Bulman)	0	0	0	0	0	0	0	0	0	0	0	0
Chair of Healthcare Professionals Forum (TBC)	0	0	0	0	0	0	0	0	0	0	0	0
Chair of Stakeholder Reference Group (TBC)	0	0	0	0	0	0	0	0	0	0	0	0
Non-Officer Members												
Professor Vivienne Harwood - Chair *	50 - 55	0	0	0	0	50 - 55	40 - 45	0	0	0	0	40 - 45
Melanie Davies - Vice Chair	30 - 35	0	0	0	0	30 - 35	30 - 35	0	0	0	0	30 - 35
Matthew Dorrance - Independent Member (Local Authority)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Patricia Buchan - Independent Member (Third Sector)	5 - 10	0	0	0	0	5 - 10	10 - 15	0	0	0	0	10 - 15
Mark Baird - Independent Member (ICT - to 30th June 2018)	0	0	0	0	0	0	0 - 5	0	0	0	0	0 - 5
Sara Williams - Independent Member (Capital and Estates to 30th September 2018)	0	0	0	0	0	0	5 - 10	0	0	0	0	5 - 10
Owen James - Independent Member (Community)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Anthony Thomas - Independent Member (Finance)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Duncan Forbes - Independent Member (Legal - to 7th August 2019)	0 - 5	0	0	0	0	0 - 5	5 - 10	0	0	0	0	5 - 10
Frances Gerrard - Independent Member (University held post relating to health)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Ian Phillips - Independent Member (ICT - from 1st September 2018)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Susan Newport - Independent Member (Trade Union - from 1st September 2018)	0	0	0	0	0	0	0	0	0	0	0	0
Mark Taylor - Independent Member (Capital and Estates from 3rd July 2019)	5 - 10	0	0	0	0	5 - 10	0	0	0	0	0	0

Patterson, Liz
06/24/2020 11:19:17

*Please note that Professor Vivienne Harpwood is also Chair for the Welsh Health Specialist Services Committee and the costs of this role are paid by Powys THB and recharged to Cwm Taf Morgannwg University Health Board. These costs are excluded from the above calculations

** Please note that the salary figure for 2019-20 includes arrears of pay relating to 2018-19

The remuneration Report now contains a Single Total Figure of remuneration, this is a different way of presenting the remuneration for each individual for the year. The table used is similar to that used previously, and the salary and benefits in kind elements are unchanged. The amount of pension benefits for the year which contributes to the single total figure is calculated using a similar method to that used to derive pension values for tax purposes, and is based on information received from NHS BSA Pensions Agency.

The value of pension benefits is calculated as follows: (real increase in pension* x20) + (real increase in any lump sum) – (contributions made by member)

*excluding increases due to inflation or any increase or decrease due to a transfer of pension rights

The Single Total Figure of remuneration is not an amount which has been paid to an individual by the THB during the year, it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

Patterson, Liz
06/24/2020 11:19:17

Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in PTHB in the financial year 2019-20 was £165,000 to £170,000 (2018-19, £160,000 to £165,000. This was 5.61 times (2018-19, 5.75 times) the median remuneration of the workforce, which was £29,763 (2018-19, £28,479).

In 2019-20, 1 (2018-19, 2) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £17,652 to £169,422 (2018-19, £17,460 to £171,635).

	2019-20	2018-19
Band of Highest paid Directors' Total Remuneration £000	165 - 170	160 - 165
Median Total Remuneration £000	30	28
Ratio	5.6	5.8

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Overtime payments are included for the calculation of both elements of the relationship.

Patterson, Liz
06/24/2020 11:19:17

SALARY AND PENSION DISCLOSURE TABLE: PENSION BENEFITS

	Real increase in pension at age 60	Real increase in pension lump sum at aged 60	Total accrued pension at age 60 at 31 Mar 2020	Lump sum at aged 60 related to accrued pension at 31st March 2020	Cash Equivalent transfer value at 31 Mar 2020	Cash Equivalent transfer value at 31 Mar 2019	Real increase in Cash equivalent transfer value	Employer's contribution to stakeholder pension
	(bands of £2,500) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	£000	£000	£000	£000
Name and title								
Carol Shillabeer - Chief Executive	2.5 - 5.0	0.0 - 2.5	55 - 60	145 - 150	1,070	981	66	0
Julie Rowles - Director of Workforce and Organisational Development	5.0 - 7.5	7.5 - 10.0	55 - 60	140 - 145	1,168	1,018	126	0
Hayley Thomas - Director of Planning and Performance	2.5 - 5.0	5.0 - 5.5	30 - 35	70 - 75	552	469	71	0
Rhiannon Jones - Director of Nursing and Interim Director of Therapies & Health Science (to 14th July 2019)	2.5 - 5.0	7.5 - 10.0	50 - 55	155 - 160	1,091	891	59	0
Eifion Williams - Interim Director of Finance (to 30th July 2019)**	0	0	0	0	0	1,742	0	0
Stuart Bourne - Interim Director of Public Health (to 31st August 2018) - Director of Public Health (From 1st February 2019)	0.0 - 2.5	0.0 - (2.5)	30 - 35	70 - 75	584	545	26	0
Patsy Roseblade - Interim Director of Primary, Community Care and Mental Health (From 15th October 2018 to 14th April 2019)**	0	0	0	0	0	643	0	0
Wyn Parry - Medical Director (From 10th September 2018)*	5.0 - 7.5	20.0 - 22.5	45 - 50	145 - 150	0	997	0	0
Pete Hopgood - Interim Director of Finance (From 1st July 2019)	7.5 - 10.0	17.5 - 20.0	35 - 40	80 - 85	632	457	165	0
Jamie Marchant - (From 11th June 2019)	0.0 - 2.5	0.0 - (2.5)	25 - 30	50 - 55	463	427	21	0
Katrina Rowlands - Interim Director of Nursing (From 15th July 2019 to 19th January 2020)*	5.0 - 7.5	(7.5) - (10.0)	45 - 50	75 - 80	0	0	0	0
Rani Mallison - Board Secretary	5.0 - 7.5	10.0 - 12.5	10 - 15	25 - 30	183	111	70	0
Claire Madsen - Director of Therapies and Health Science (From 7th January 2020)	0.0 - 2.5	0.0 - 2.5	25 - 30	75 - 80	549	475	15	0
Alison Davies - Director of Nursing (From 20th January 2020)***	0.0 - 2.5	2.5 - 5.0	30 - 35	100 - 105	0	0	0	0

Patterson-Liz
06/24/2020 11:19:17

The above calculations are provided by the NHS Pensions Agency and are based on the standard pensionable age of 60.

For Directors marked:

* the member is over normal retirement age in existing scheme therefore a CETV calculation is not applicable

** the members are now retired

*** CETV figures are not currently available

As Non officer members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

CASH EQUIVALENT TRANSFER VALUES

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

REAL INCREASE IN CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Patterson, Liz
06/24/2020 11:19:17

STAFFING DETAILS

STAFF PROFILE

As of 31 March 2020, the total number of staff employed by the Health Board stood at 1709.26 Whole Time Equivalents (WTE). The table below provides a breakdown of the staff groups we employ excluding hosted services, such as the Board of Community Health Councils, Health and Care Research Wales and All Wales CHC.

Staff Group	Average Weekly WTE 19/20	Average Weekly WTE 18/19
Add Prof Scientific and Technic	59.83	53.96
Additional Clinical Services	327.56	306.20
Administrative and Clerical	414.29	510.61
Allied Health Professionals	123.81	118.44
Estates and Ancillary	161.71	151.11
Healthcare Scientists	2.43	2.58
Medical and Dental	36.55	32.61
Nursing and Midwifery Registered	541.62	531.94
Grand Total	1667.80	1707.45

STAFF COMPOSITION

As at 31 March 2020 the composition of the staff of Powys Teaching Health Board was as follows:

	Female	Male
Directors	5	4
Employees	1,816	303

SICKNESS ABSENCE

2019-20 information on sickness absence is provided in the table below:

	2019/2020	2018/19
Days Lost Long Term	22062.01	21071.66
Days Lost Short Term	7700.17	7037.26
Total Days Lost	29762.18	28108.92
Total Staff Years	81.54	77.01
Average Working Days Lost	17.87	15.85
Total Staff Employed in Period (Headcount)	2128	2182
Total Staff Employed in Period with no absence (Headcount)	935	978
Percentage of Staff with no Sick Leave	43.93%	44.82%

Patterson, Liz
06/24/2020 11:19:17

STAFF POLICIES

Powys Teaching Health Board as a range of staff policies in place. The policies applied during the financial year:

- For giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.
- For continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period when they were employed by the company.
- Otherwise for the training, career development and promotion of disabled persons employed by the health board.

Were the *Employing Disabled people Policy* and the *Policy on Impact Assessment for Equality*. These were utilised alongside a range of other policies such as the *Sickness Absence Policy* and *Recruitment and Selection Policy* to ensure fair consideration was given to applications for employment made by a disabled person and for supporting their continued employment.

TAX ASSURANCE FOR OFF-PAYROLL APPOINTEES

The following table shows all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months:

▪ The total number of existing engagements as of 31 March 2020;	0
▪ The number that have existed for less than one year at time of reporting;	0
▪ The number that have existed for between one and two years at time of reporting;	0
▪ The number that have existed for between two and three years at time of reporting;	0
▪ The number that have existed for between three and four years at time of reporting; and	0
▪ The number that have existed for four or more years at time of reporting.	0

There have been no new engagements, or those that reached six months in duration during 2019-20.

There have been no off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2019 and 31 March 2020.

06/27/2020 11:19:17

EXIT PACKAGES AND SEVERANCE PAYMENTS

This disclosure reports the number and value of exit packages taken by staff leaving in the year. This disclosure is required to strengthen accountability in the light of public and Parliamentary concern about the incidence and cost of these payments.

Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures	Cost of other departures	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special element included in exit packages
	Whole numbers only	£'s	Whole numbers only	£'s	Whole numbers only	£'s	Whole numbers only	£'s
Exit package cost band								
less than £10,000	0	0	0	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0	0	0	0
more than £200,000	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0

Redundancy and other departure costs if paid would have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Exit costs in this note are accounted for in full in the year of departure on a cash basis in this note as specified in EPN 380 Annex 13C. Should the health board have agreed early retirements, the additional costs would have been met by PTHB and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pension's scheme and are not included in the table.

Patterson, Liz
06/24/2020 11:19:17

PART C: WELSH PARLIAMENT ACCOUNTABILITY AND AUDIT REPORT

This report contains a range of disclosures on the regularity of expenditure, fees and charges, compliance with the cost allocation and charging requirements set out in HM Treasury guidance, material remote contingent liabilities, long-term expenditure trends, and the audit certificate and report

Patterson, Liz
06/24/2020 11:19:17

THE NATIONAL ASSEMBLY FOR WALES ACCOUNTABILITY REPORT

Regularity of Expenditure

Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting.

Powys Teaching Health Board ensures that the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised.

The Health Board's Chief Executive is the Accountable Officer and ensures that the financial statements are prepared in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, the Chief Executive is required to:

- observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
- prepare them on a going concern basis on the presumption that the services of the Health Board will continue in operation.

Fees and Charges

Where the Health Board undertakes activities that are not funded directly by the Welsh Government the Health Board receives income to cover its costs which will offset expenditure reported under programme areas. Miscellaneous Income can be seen in Note 4 (page 29) of the Annual Accounts.

When charging for this activity the Health Board has complied with the cost allocation and charging requirements set out in HM Treasury guidance.

Remote Contingent Liabilities

Remote contingent liabilities are made for three categories, comprising indemnities, letters of comfort and guarantees.

The value of remote contingent liabilities for 2019-20 is £0.00m and is disclosed in note 21.2 (page 55) of the Health Board's Annual Accounts.

Patterson.Liz
06/24/2020 11:19:17

THE CERTIFICATE AND INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE SENEDD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

I certify that I have audited the financial statements of Powys Teaching Local Health Board for the year ended 31 March 2020 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Powys Teaching Local Health Board as at 31 March 2020 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for

Patterson.Liz
06/24/2020 11:19:17

a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

I draw attention to Note 1.24 to the financial statements, which describes a material valuation uncertainty clause in the valuation report on certain property items arising from circumstances caused by the Covid-19 pandemic. My opinion is not modified in respect of this matter.

Emphasis of Matter – Clinicians’ pension tax liabilities

I draw attention to Note 21.1 of the financial statements, which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund NHS Clinicians’ pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20 financial year. The Health Board has disclosed the existence of a contingent liability at 31 March 2020, and my opinion is not modified in respect of this matter.

Other information

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor’s report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Patterson, Liz
06/24/2020 11:19:17

REPORT ON OTHER REQUIREMENTS

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the board and its environment obtained in the course of the audit, I have not identified material misstatements in the Accountability Report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

RESPONSIBILITIES

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 12 and 14, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial

Profession.Liz
06/24/2020 11:19:17

statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Adrian Crompton	24 Cathedral Road
Auditor General for Wales	Cardiff
2 July 2020	CF11 9LJ

Patterson, Liz
06/24/2020 11:19:17

AUDIT, RISK & ASSURANCE COMMITTEE		Date of Meeting: 25 June 2020
Subject :	SINGLE TENDER WAIVERS	
Approved and Presented by:	Director of Finance and IT	
Prepared by:	Head of Financial Services	
Other Committees and meetings considered at:	None	

PURPOSE:

To seek the Audit, Risk and Assurance Committee RATIFICATION of Single Tender Waiver requests made between 1 May 2020 and 31 May 2020.

RECOMMENDATION(S):

It is recommended that the Audit, Risk and Assurance Committee RATIFIES the use of Single Tender Waiver in respect of 2 items during the period of 1 May 2020 and 31 May 2020 and consider additional information provided regarding the individual single tender documents.

Ratification	Discussion	Information
✓		

Patterson, Liz
06/24/2020 11:19:17

THE PAPER IS ALIGNED TO THE DELIVERY OF THE FOLLOWING STRATEGIC OBJECTIVE(S) AND HEALTH AND CARE STANDARD(S):

Strategic Objectives:	1. Focus on Wellbeing	x
	2. Provide Early Help and Support	x
	3. Tackle the Big Four	x
	4. Enable Joined up Care	✓
	5. Develop Workforce Futures	x
	6. Promote Innovative Environments	x
	7. Put Digital First	x
	8. Transforming in Partnership	x
Health and Care Standards:	1. Staying Healthy	x
	2. Safe Care	✓
	3. Effective Care	✓
	4. Dignified Care	x
	5. Timely Care	✓
	6. Individual Care	x
	7. Staff and Resources	✓
	8. Governance, Leadership & Accountability	✓

EXECUTIVE SUMMARY:

In-line with the organisation’s Standing Orders, there is a requirement for all single tender waiver and extension of contracts to be reported to the Audit Risk and Assurance Committee. Single tender waiver shall only be permitted when a single firm or contractor or a proprietary item or service of a special character is required and as set out in law. Single tender waiver shall only be employed following a formal submission and with the express written authority of the Chief Executive, or designated deputy having taken into consideration due regard of procurement requirements.

DETAILED BACKGROUND AND ASSESSMENT:

The previous report on single tender waiver use was received by the Audit, Risk and Assurance Committee at its May 2020 meeting which covered the period from 1 March 2020 to 30 April 2020.

A summary of the use of Single Tender Action from 1 May 2020 and 31 May 2020 is as follows:

Paterson, Liz
06/24/2020 11:19:17

Single Tender Reference	Request to waive QUOTE or TENDER threshold?	Name of Supplier	Item	Reason for Waiver	Date of Approval	Value £	Length of Contract	Prospective/ Retrospective	Appendix Ref
POW1920020	Quote	Zurich	Engineering Inspections	Continuation of Service	28/05/2020	£6,500	1 year	Retrospective	A1
POW1920015	Tender	Powys County Council	Winter Gritting Services	Continuation of Service - Framework suppliers not able to undertake	28/05/2020	£22,800	6 months (winter period)	Retrospective	A2

Full details including supporting documentation is attached at Appendix A1 & A2.

From 1st January 2019 a Dun and Bradstreet Report is being undertaken by NWSSP Procurement Services to provide a report on financial standing of the proposed supplier including Director details and associated companies. This has been introduced to further strengthen governance of the Single Tender Waiver process. This is referenced in the procurement section of the form and the full report is reviewed by the Head of Financial Services and provided to the Chief Executive with the Single Tender Waiver Form to aid the decision making process.

NEXT STEPS:

A report on use of Single Tender Waivers will be submitted to each Audit, Risk and Assurance Committee meeting. A nil report will also be reported if applicable.

Patterson, Liz
06/24/2020 11:19:17

Appendix A1



SINGLE QUOTATION/TENDER REQUEST FORM

REFERENCE NUMBER: POW1920020

(Applicable to expenditure in excess of £5,000)

Request to Waive Standing Financial Instructions:

Single quote/tender action shall only be undertaken following the approval of this application in advance of procurement activity commencing and only in **exceptional circumstances**.

Approval to waive the requirement to seek competitive tenders (purchases between £25,000 & £122,976) & Quotations (purchases between £5,000 and £24,999). In relation to waiver requests over the OJEU threshold, a VEAT notice will also need to be published via Sell2Wales.

It is important that the form is completed **IN FULL** in order to satisfy the Health Board's Standing Orders which require competitive quotations/tenders to be obtained (to prove value of money) unless there are compelling reasons for single sourcing.

Consideration must be given to the Welsh Audit Office Guidance available from the Procurement Team.

Please Note: all requests to waive Standing Financial Instructions will be formally reported to the next Audit Committee for retrospective approval.

***Please complete all mandatory sections. Failure to complete will result in the form being returned to originator**

****To be completed by the Requesting Officer ****

Section 1

Request to Waive <i>Please tick as appropriate</i>	Single Quotation	Single Tender	
*Supplier:	Zurich		
<p>The granting of this application for a single firm or contractor of a special character is required or a proprietary item or service may be assessed as appropriate:</p> <ul style="list-style-type: none"> the service/good/works is follow-up work where a provider has already undertaken initial work in the same area (and where the initial work was awarded from open competition); there is a compatibility issue which needs to be met e.g. specific equipment required, or compliance with a warranty cover clause; there is genuinely only one provider; there is a need to retain a particular contractor for real business continuity issues (not just preferences). <p><i>NB: Evidence of all contact with potential alternative suppliers should be retained. Where no other supplier has been approached justification must also be included to ensure the application process is not delayed</i></p>			
*Please provide detail of Goods/Services/Works required:	A 12- month engineering inspection on a defined list of assets. 01/06/2019-31/05/2020.		
If Services, is this for Consultancy/Individual?	No	If 'yes', has an IR35 assessment been completed	N/A

Patterson, Liz
06/24/2020 11:19:17

Does this requirement have an implication under GDPR?	No	If 'yes', has the IG Department been consulted	No or not applicable
Proposed agreement period including start and end dates and any extension provision required. <i>NB: Approval cannot be granted retrospectively. Should this be the case, please seek advice from the Procurement department.</i>	01/06/2019-31/05/2020		
*Unit Cost/Annual Cost:	£6.5k for time period above		
*Total Cost (inc delivery & VAT):	£6.5k for time period above		
*Whole Life Costs: <i>(Please state all additional goods/services/works that may be required during the life of the goods/service/works being requested here. E.g. Maintenance, Consumables etc.)</i>	This is the annual cost and the service needs to be conducted annually		
*New or Replacement Equipment/Service: <i>(Please state)</i>	Service		
*Life Expectancy of equipment	N/A		
*Is this a Recurring Procurement?	Yes	Yes -annual	
*Source of Funding: <i>(Revenue/Capital/Charity etc.)</i>	Revenue	*Please provide Financial Code:	B130
Breakdown of estimated capital and on-going revenue charges per annum. <i>NB: Please ensure your Finance Team are consulted before</i>	Costs are annual- there are no other revenue charges		
Have any revenue consequences (particularly staffing or maintenance implications), been agreed?	Yes / No If yes give details	No	
Any other financial consideration to be declared e.g. risks to ongoing funding, savings: cash releasing, cost avoidance, cost pressure, VFM impact.	N/A		
*Background: Reason for single supplier & details of any alternatives considered & reasons for their rejection (supplier(s) details required)	<p>This is a compliance issue, where are assets needs to be inspected to maintain statutory requirements. All data regarding PTHB assets is held by Zurich and has been for several years. In order to tender the works as an ongoing contract with an estimated annual value of £6.5k, NWSSP-PS require the data from Zurich, and any new contractor will also require the data in order to populate their own systems/databases. The data Zurich hold will be requested immediately, but timescales are not known, and the format may not be compatible for other contractors. The tender/mini competition may take several weeks to process, and there could be a further delay whilst the newly appointed contractor assesses any transferred data on PTHB assets and sets up the contract. The proposal is to process a PO immediately backdated to June 2019, to cover a 12 -month time period in order to maintain compliance, whilst a tender process is undertaken for award and commencement 1st June 2020. Data will be requested immediately, and a specification draw up as a priority.</p>		

Patterson, Liz
06/24/2020 11:19:17

*Explicit Reasons as to How Value for Money will be achieved when services are provided by a Single Supplier. Sufficient detail should be provided in this section or the request will be returned.	There is a limited market for this type of service, and Zurich are one of the major companies providing the service. The costs are in-line with previous years costs. The service will be tendered for award 1.06.2020		
*Have any Trials / Evaluations been undertaken within the Health Board? NB: Appropriate advice should be sought from Procurement in advance of trials being undertaken	No	If Yes, please state the evaluation reference number:	
If Yes, please give full details of evaluation. Including whether or not any relevant Groups have been made aware of this evaluation (please state).	N/A		
*Consequence & Impact if not approved:	Non compliance for statutory inspection of specific assets		
*Is this an Essential or Non-Essential requirement?	Essential as above		
If Yes, please give details (How many years etc)	Non compliance for statutory inspection of specific assets		
*Name:			
*Title:			
*Ward/Department:			
*Contact No:			
*Budget Holder:			
*Requisition Created?	Yes/ No	If Yes, please state requisition number:	
I have delegated responsibility for the non-pay expenditure budget specified above. I confirm that sufficient funding is available within the budget code specified, and authorise the expenditure to be coded accordingly.			
*Signature of requestor (please also print name & position):	<i>W. TANNANHILL</i> W. TANNANHILL Estate Manager	*Signature of budgetary approver (please also print name & position):	<i>W. TANNANHILL</i> W. TANNANHILL A.D. ESTATES
Date of Request:	02/04/2020	Date of Approval :	02/04/2020.
Statement of Support by Approver:	Roll over of specialist contract pending future re-tender.		

Patterson, Liz
06/24/2020 11:19:17

Section 2

Declaration of Interest

The Health Board is obliged to ensure that all procurement processes are carried out in accordance with the public procurement rules and NHS Wales's guidance. Where an employee is engaged in a procurement exercise a formal declaration is required to confirm that there is no potential interest which may give rise to a conflict.

Please confirm the following statements are correct:

		✓ x
1.	Neither I, my family, friends, acquaintances or work colleagues involved in this process, will receive any benefit or gain (financial or otherwise, directly or indirectly) if the contract is awarded to any of the bidders involved in the process as they become known.	✓
2a.	I have no material interest in whether the contract is awarded or not.	✓
2b.	I am not in possession of any Additional Information in respect of the procurement process. (Save for the information in the 'Additional Information box below)	✓
3.	I currently do not benefit in any way, financially or otherwise, including (but not limited to) the receipt of a grant or outside funding, that could influence my decision in respect of the procurement or any of the bidders involved in this process.	✓
4.	I have not received hospitality (other than of a nominal value or that declared in the register of gifts and hospitality maintained by Corporate Management) or any material gifts, as outlined in the Health Boards Standards of Behaviour Framework Policy http://howis.wales.nhs.uk/sitesplus/972/page/51681 from any of the bidders involved in the process.	✓
5.	I have read, understood and will abide by the NHS Guidance entitled "Standards of Business Conduct for NHS Staff" (DGM (93)84) and the Trust Standards of Behaviour Framework Policy. http://howis.wales.nhs.uk/sitesplus/972/page/51681	✓
6.	By signing this declaration I understand that it is my responsibility that should my circumstance change or a new relationship be established in relation to any bidding organisation, I will consult with the Lead Procurement contact and am aware that I may be required to complete a new Declaration of Interest or be required to withdraw my participation.	✓
7.	I will keep the identities of the bidders, the content of the bids and procurement documents confidential.	✓

I hereby certify that, to the best of my knowledge and belief, the statements set out above are correct. I understand that any failure on my part to declare an interest in a contract or otherwise to breach the rules and instructions mentioned above is a serious matter and could result in further legal or professional action being taken against me, including (but not limited to):

- Exclusion from the current procurement exercise and future procurement activities
- For Trust employees, it could result in disciplinary proceedings being initiated.
- For non-employees of the Trust we reserve the right to report the matter to their relevant employing organisation and professional body as potential professional misconduct
- Should the matter involve issues that are of a criminal nature e.g. fraud, bribery or corruption then the Trust will notify the appropriate authority to take any necessary action which may include prosecution.

Signature:

Signature:	<i>W. TANNATTILL</i>
Print Name:	W. TANNATTILL
Position:	A D ESTATES
Date:	07/04/2020

Patterson, Liz
06/24/2020 11:19:17

Authorisation – EXECUTIVE DIRECTOR

Section 3

Designation	Signature	Date
Executive Director/Director	H Thomas	30/4/2020
Comments:	Approval via email to submit for approval to CEO	

Please note Single Tender/Quotation Action requests cannot be processed unless supported by the above signatures, electronic signatures will NOT be accepted, unless accompanied by an e-mail trail to prove that the authorisation has been completed correctly.

Please now forward to Procurement Department

**** For Procurement Department Completion Only****

Section 4

Procurement Advice <i>(Delete or cross through as appropriate)</i>	<ul style="list-style-type: none"> • Yes, the SQA or STA is an appropriate course • No, an alternative option can be pursued • No Option 		
Procurement Advice or Rejection Comments: <i>(including any conditions/future actions)</i>	<p>No alternative option, the opportunity cannot be advertised as the service commenced in June 2019.</p> <p>The Health Board need to develop a specification to allow this requirement to be competitively procured It is noted that cost of the service was consistent with the previous period.</p>		
Endorsed	Yes/No		
Head of Procurement Signature:	S Osborne	Date:	6/5/2020

**** Chief Executive Approval****

Section 5

Request Supported?	Yes/No		
Supporting or Rejection Comments: <i>(including any conditions/future actions)</i>	I note that this STW is retrospective. Enquiries are being made regarding process/rationale for this.		

Signed:	C Shillabeer	Date:	28/03/2020
Please Print Name & Position:	C Shillabeer		

Notes:

- Upon completion of this section, please forward to: Sarah Pritchard – Head of Financial Services, Powys THB
- In the event that the Head of Procurement/Sourcing and Chief Executive do not authorise the request to waive the Standing Financial Instructions the budget holder will be advised immediately of the decision.

Patterson, Liz
06/24/2020 11:19:17

Appendix A2



SINGLE QUOTATION/TENDER REQUEST FORM

REFERENCE NUMBER: **POW1920015**

(Applicable to expenditure in excess of £5,000)

Request to Waive Standing Financial Instructions:

Single quote/tender action shall only be undertaken following the approval of this application in **advance** of procurement activity commencing and only in **exceptional circumstances**.

Approval to waive the requirement to seek competitive tenders (purchases between £25,000 & £122,976) & Quotations (purchases between £5,000 and £24,999). In relation to waiver requests over the OJEU threshold, a VEAT notice will also need to be published via Sell2Wales.

It is important that the form is completed **IN FULL** in order to satisfy the Health Board's Standing Orders which require competitive quotations/tenders to be obtained (to prove value of money) unless there are compelling reasons for single sourcing.

Consideration must be given to the Welsh Audit Office Guidance available from the Procurement Team.

Please Note: all requests to waive Standing Financial Instructions will be formally reported to the next Audit Committee for retrospective approval.

***Please complete all mandatory sections. Failure to complete will result in the form being returned to originator**

****To be completed by the Requesting Officer ****


Section 1

Request to Waive <i>Please tick as appropriate</i>	Single Quotation	Single Tender
*Supplier:	Powys County Council	
<p>The granting of this application for a single firm or contractor of a special character is required or a proprietary item or service may be assessed as appropriate:</p> <ul style="list-style-type: none"> • the service/good/works is follow-up work where a provider has already undertaken initial work in the same area (and where the initial work was awarded from open competition); • there is a compatibility issue which needs to be met e.g. specific equipment required, or compliance with a warranty cover clause; • there is genuinely only one provider; • there is a need to retain a particular contractor for real business continuity issues (not just preferences). <p><small>NB: Evidence of all contact with potential alternative suppliers should be retained. Where no other supplier has been approached justification must also be included to ensure the application process is not delayed</small></p>		
*Please provide detail of Goods/Services/Works required:	<p>The requirement for the service is every winter season. Commencing annually in November and ceasing in April. The service requirement is dependent on weather conditions which can vary considerably year to year.</p>	

Patterson, Liz
06/24/2020 11:19:17

If Services, is this for Consultancy/Individual?	No	If 'yes', has an IR35 assessment been completed	N/A
Does this requirement have an implication under GDPR?	No	If 'yes', has the IG Department been consulted	N/A
Proposed agreement period including start and end dates and any extension provision required. <i>NB: Approval cannot be granted retrospectively. Should this be the case, please seek advice from the Procurement department.</i>	Commenced for winter season October 2019		
*Unit Cost/Annual Cost:	Cost of £440 per treatment. Last year we received approx. 52 treatments. Therefore, estimated costs of service per Winter Season is £22,800		
*Total Cost <i>(inc delivery & VAT):</i>	Therefore, estimated costs of service per Winter Season is £22,800		
*Whole Life Costs: <i>(Please state all additional goods/services/works that may be required during the life of the goods/service/works being requested here. E.g. Maintenance, Consumables etc.)</i>	N/A		
*New or Replacement Equipment/Service: <i>(Please state)</i>	N/A		
*Life Expectancy of equipment	N/A		
*Is this a Recurring Procurement?	Yes - annual		
*Source of Funding: <i>(Revenue/Capital/Charity etc.)</i>	Revenue	*Please provide Financial Code:	3580
Breakdown of estimated capital and on-going revenue charges per annum. <i>NB: Please ensure your Finance Team are consulted before</i>	None		
Have any revenue consequences (particularly staffing or maintenance implications), been agreed?	Yes / No If yes give details	No	
Any other financial consideration to be declared e.g. risks to ongoing funding, savings: cash releasing, cost avoidance, cost pressure, VFM impact.	None		
*Background: Reason for single supplier & details of any alternatives considered & reasons for their rejection (supplier(s) details required)	A Framework was recommended by NWSSP-PS: ESPO for Grounds Maintenance including winter maintenance. Four suppliers on the framework were approached by telephone and a written specification provided by email. They were given a week deadline to response and confirm they could provide the service inline with the specification at the price provided in the Framework. Three failed to respond, and two declined the opportunity. A price has been sought from our local partner organisation: Powys County Council. They have provided a total per treatment cost which is in line with costs on the ESPO framework. Therefore, comparative quotations could not be obtained and the proposal is to procure the service through Powys County Council;		

Patterson, Liz
06/24/2020 11:19:17

	<p>being the only provider who can provide the service, and the cost they have offered has been tested and shows to offer Value for Money when compared to the ESPO Framework. Please see embedded spreadsheet below showing the exercise that was completed and price obtained from Powys County Council.</p>  <p>Exercise using ESPO FW Feb 20.xlsx</p>		
<p>*Explicit Reasons as to How Value for Money will be achieved when services are provided by a Single Supplier. <i>Sufficient detail should be provided in this section or the request will be returned.</i></p>	As above		
<p>*Have any Trials / Evaluations been undertaken within the Health Board? NB: Appropriate advice should be sought from Procurement in advance of trials being undertaken</p>	No	If Yes, please state the evaluation reference number:	N/A
<p>If Yes, please give full details of evaluation. Including whether or not any relevant Groups have been made aware of this evaluation (please state).</p>	N/A		
<p>*Consequence & Impact if not approved:</p>			
<p>*Is this an Essential or Non-Essential requirement?</p>	Essential- health and safety		
<p>If Yes, please give details (How many years etc)</p>			
<p>*Name:</p>			
<p>*Title:</p>			
<p>*Ward/Department:</p>			
<p>*Contact No:</p>			
<p>*Budget Holder:</p>			
<p>*Requisition Created?</p>	Yes/ No	If Yes, please state requisition number:	
<p>I have delegated responsibility for the non-pay expenditure budget specified above. I confirm that sufficient funding is available within the budget code specified, and authorise the expenditure to be coded accordingly.</p>			

Patterson
06/24/2020 11:19:17

*Signature of requestor (please also print name & position):	<i>S. Watkins</i> S. WATKINS ESTATES MANAGER	*Signature of budgetary approver (please also print name & position):	<i>W. TANNARHILL</i> W. TANNARHILL A DESTATES
Date of Request:	7/4/2020	Date of Approval:	07/04/2020
Statement of Support by Approver:	<i>Agreed for the reasons outlined.</i>		

****Requesting Officer to Complete****

Section 2

Declaration of Interest

The Health Board is obliged to ensure that all procurement processes are carried out in accordance with the public procurement rules and NHS Wales's guidance. Where an employee is engaged in a procurement exercise a formal declaration is required to confirm that there is no potential interest which may give rise to a conflict.

Please confirm the following statements are correct:

		✓*
1.	Neither I, my family, friends, acquaintances or work colleagues involved in this process, will receive any benefit or gain (financial or otherwise; directly or indirectly) if the contract is awarded to any of the bidders involved in the process as they become known.	✓
2a.	I have no material interest in whether the contract is awarded or not.	✓
2b.	I am not in possession of any Additional Information in respect of the procurement process. (Save for the information in the 'Additional Information box below)	✓
3.	I currently do not benefit in any way, financially or otherwise, including (but not limited to) the receipt of a grant or outside funding, that could influence my decision in respect of the procurement or any of the bidders involved in this process.	✓
4.	I have not received hospitality (other than of a nominal value or that declared in the register of gifts and hospitality maintained by Corporate Management) or any material gifts, as outlined in the Health Boards Standards of Behaviour Framework Policy http://howis.wales.nhs.uk/sitesplus/972/page/51681 from any of the bidders involved in the process.	✓
5.	I have read, understood and will abide by the NHS Guidance entitled "Standards of Business Conduct for NHS Staff" (DGM (93)84) and the Trust Standards of Behaviour Framework Policy. http://howis.wales.nhs.uk/sitesplus/972/page/51681	✓
6.	By signing this declaration I understand that it is my responsibility that should my circumstance change or a new relationship be established in relation to any bidding organisation, I will consult with the Lead Procurement contact and am aware that I may be required to complete a new Declaration of Interest or be required to withdraw my participation.	✓
7.	I will keep the identities of the bidders, the content of the bids and procurement documents confidential.	✓

I hereby certify that, to the best of my knowledge and belief, the statements set out above are correct. I understand that any failure on my part to declare an interest in a contract or otherwise to breach the rules and instructions mentioned above is a serious matter and could result in further legal or professional action being taken against me, including (but not limited to):

- Exclusion from the current procurement exercise and future procurement activities
- For Trust employees, it could result in disciplinary proceedings being initiated.
- For non-employees of the Trust we reserve the right to report the matter to their relevant employing organisation and professional body as potential professional misconduct
- Should the matter involve issues that are of a criminal nature e.g. fraud, bribery or corruption then the Trust will notify the appropriate authority to take any necessary action which may include prosecution.

Signature:

Patterson, Liz
06/24/2020 11:19:17

Signature:	<i>W. J. Annahill</i>
Print Name:	W. J. ANNATHILL
Position:	A DE STATES
Date:	07/04/2020

Authorisation – EXECUTIVE DIRECTOR

Section 3

Designation	Signature	Date
Executive Director/Director	H THOMAS via email	30/4/20
Comments:	Approval to submit for Approval of CEO	

Please note Single Tender/Quotation Action requests cannot be processed unless supported by the above signatures, electronic signatures will NOT be accepted, unless accompanied by an e-mail trail to prove that the authorisation has been completed correctly.

**** For Procurement Department Completion Only****

Section 4

Procurement Advice <i>(Delete or cross through as appropriate)</i>	<input checked="" type="radio"/> Yes, the SQA or STA is an appropriate course <input type="radio"/> No, an alternative option can be pursued <input type="radio"/> No Option		
Procurement Advice or Rejection Comments: <i>(including any conditions/future actions):</i>	Continuation of Service from Current supplier. Framework options have been looked at and the supplier base engaged to see if they were available to carry out the service, all suppliers contacted were unable to meet the Health Boards requirement. One declined the other three failed to respond Current provide able to provide service in line with the Framework rate and shows value for money. It has been agreed with the Health Board that this waiver will cover the winter period of 2019/20 and further agreed that a specification will be developed to allow the requirement to be advertised to the market ahead of the next winter period 2020/21		
Endorsed	<input checked="" type="radio"/> Yes/No		
Head of Procurement Signature:	<i>S. Owens</i>	Date:	7.5.2020

**** Chief Executive Approval****

Section 5

Request Supported?	<input checked="" type="radio"/> Yes/No
--------------------	---

Patterson, Liz
06/24/2020 11:19:17

Supporting or Rejection Comments: <small>(including any conditions/future actions):</small>	I note that this is retrospective- Enquiries being made regarding rationale.		
Signed:	[Signature]	Date:	28/05/2020
Please Print Name & Position:	C. Shillabeer.		

Notes:

- Upon completion of this section, please forward to: Sarah Pritchard – Head of Financial Services, Powys THB
- In the event that the Head of Procurement/Sourcing and Chief Executive do not authorise the request to waive the Standing Financial Instructions the budget holder will be advised immediately of the decision.

Patterson, Liz
 06/24/2020 11:19:17

Internal Audit Plan: Covid-19 Impact

Powys Teaching Health Board

NHS Wales Shared Services Partnership Audit and Assurance Services

Patterson, Liz
06/24/2020 11:19:17

1. Introduction and background

- 1.1. This paper is seeking the approval of the Audit Committee to changes proposed to the Internal Audit plan for 2020/21.
- 1.2. Covid-19 has had a significant impact on the management of services and risk profile of NHS organisations across Wales. It was agreed nationally and with individual organisations' Audit Committees that audit work would be suspended for the first quarter of 2020/21 in recognition of the exceptional circumstances facing management and staff. It was indicated that this position would be reviewed at the end of the quarter prior to the resumption of audit work.

2. Changes to the internal audit plan

- 2.1. The internal audit plan was originally agreed at the Audit Committee in March 2020. It has been reviewed in June 2020 to reflect changes in risk across audit areas, input from Executive Directors, and to reflect the reduced period over which internal audit work will be delivered.
- 2.2. Within the attached paper we present a proposed, revised Internal Audit Plan for 2020/21. The table at Appendix A lists the original areas agreed in March, together with revised timings, proposed additions/deferrals, and some proposed adjustments to indicative scopes. We are grateful to Executive Directors for their prospective input to inform the changes proposed.

3. Conclusion and next steps

- 3.1. A number of audits have been proposed for deferral from 2020/21 audit coverage for future audit planning. Additionally, we have included the proposed addition of a review of COVID-19 Governance arrangements, the scope for which is being developed nationally and will be discussed and agreed locally with the Board Secretary and Director of Finance.

The audit plan will remain flexible and will continue to be reviewed and revised during the year as required.

The Audit Committee is asked to consider and approve the revised plan. Additional comments and queries would be welcomed.

Patterson, Lz
06/24/2020 11:19:17

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
Corporate governance, risk management and regulatory compliance						
Governance, Leadership and Accountability (Health and Care Standards)		007	To provide a commentary on the process that has been adopted and evidence supporting the self-assessment.	3	Chief Executive / Board Secretary	Q1
Annual Governance Statement		007	To provide commentary on key aspects of Board Governance to underpin the completion of the statement.	2	Chief Executive / Board Secretary	Q1
Welsh Risk Pool Claims Management	PTHB-2021-01		It is a requirement of the Welsh Risk Pool's Claims Management Standard that a sample of claims made against the WRP is reviewed by Internal Audit each year. Specifically, the standard requires that Internal Audit review either 25 claims, or 25% of claims, whichever is the lower number.	10	Director of Nursing	Q4 In the process of confirming whether there remains a specific requirement to undertake this review.
Risk Management & Assurance	PTHB-2021-02	007	We will provide an assurance that the BAF reflects the objectives set out in the current IMTP and the Health Board's quality priorities; and that the Risk Management Strategy reflects the oversight arrangements for the BAF, the Quality and Patient Safety	15	Executive Team/Director of Nursing/Board Secretary	Q4 Risk management is included as an area of focus within the All Wales Covid-19 Governance review included on page 6.

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			Governance Framework and any changes to the management of risk within the Health Board.			
Health and Safety Follow Up (delayed from 2019/20)		7	To provide an assurance on progress with implementing recommendations made in the 2018/19 'limited' assurance report.	10	Director of Workforce & OD and Support Services	Q2
Corporate governance, risk and regulatory compliance domain sub-total				15		
Strategic planning, performance management & reporting						
Progress against regional plans: <ul style="list-style-type: none"> Future Fit Clinical Futures – effect on South Powys 	PTHB-2021-05	008	An assessment of the health board's contribution to progressing regional plans: Planned care services to Telford A review of the THB's engagement with partners and how it is managing change to ensure the best outcomes for patients under the Clinical Futures programme.	20	Director of Planning & Performance	Q3

Patterson, LIZ
06/24/2020 11:19:17

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
Partnership governance – programmes interface	PTHB-2021-06	007	<p>The review will consider how the THB ensures effective interface of partnership programmes through the RPB.</p> <p>Following the output of WAO work, we will also review arrangements in place to ensure effective decision making, use of funds and if this is effective in enabling expected outcomes.</p> <p>We will focus on Live Well Mental Health and Together for Mental Health as a tracer for the review.</p>	25	Director of Planning & Performance	Q2
Section 33 Governance Arrangements Follow Up (delayed from 2019/20)		7	To provide an assurance on progress with implementing recommendations made in the 2018/19 'limited' assurance report.	5	Board Secretary / Director of Planning and Performance	Q2
Performance management & reporting	PTHB-2021-07		A review of the Improvement and Performance Framework and its current relevance. We will assess the mechanisms in place that provide assurance on e.g.	20	Director of Planning and Performance	Q3 Propose to defer to 2021/22

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			governance, patient access, service quality & safety and finance information to support quality improvement. Our fieldwork will focus on the Mental Health and LD services.			
Strategic planning performance management and reporting domain sub-total				50		
Financial governance and management						
Financial savings & budgetary control	PTHB-2021-08	002	To provide an assurance that corporate policies and procedures are effectively being discharged for Budgetary Control and the extent to which the associated management controls are being applied and savings targets met. The review will include an assessment of compliance with delegated limits.	15	Director of Finance Information & I.T.	Q2 Financial Savings and Budgetary Control is included as an area of focus within the All Wales Covid-19 Governance review below.

Patterson, Liz
06/24/2020 11:19:17

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
Financial planning	PTHB-2021-09	002	To provide an assurance that there is appropriate overview of health board financial planning to reflect value based principles, robust monitoring and reporting processes that support IMTP objectives.	15	Director of Finance, Information & I.T.	Q3 Financial Planning is included as an area of focus within the All Wales Covid-19 Governance review below.
Covid-19 Governance Review (Additional reviews identified to be undertaken post Covid-19)			This review has been discussed at all Wales Director of finance group. Will be undertaken at each health organisation. May be advisory in nature.	30	Director of Finance, Information & I.T.	Q2
Financial Governance & Management domain sub-total				30		
Clinical governance, quality & safety						
Annual Quality Statement	PTHB-2021-10	007	The overall objective is for Internal Audit to assist the health board with accuracy checking and triangulation of data and evidence before publication of the AQS.	10	Director of Nursing	Q2 (originally Q1)

Patterson, Liz
06/24/2020 11:19:17

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
Concerns tracking/monitoring assurance	PTHB-2021-11	007	We will assess the process of tracking concerns (to include SIs) of all 15 providers across specialities in line with newly introduced Clinical Quality Framework, and specifically how the THB is ensuring that lessons are learned.	15	Director of Nursing	Q4 (originally Q1)
Breathe well programme - (key transformational area) appropriate use of oxygen	PTHB-2021-12		The appropriate use of oxygen is an enabler to improving respiratory care, a key element of the 'breathe well programme'. There is also significant risk attached to inappropriate use. The review will assess the controls in place to ensure improvement of oxygen use.	15	Medical Director	Q2
Cancer services (key transformational area)	PTHB-2021-13	007	The review will assess the effectiveness of the structure in place to provide an assurance that cancer patients are receiving the best possible service. We will include both provider and	15	Medical Director	Q3

Patterson, Liz
06/24/2020 11:19:17

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			commissioned cancer services in the review.			
DOLS – best interest assessments follow up	PTHB-2021-14	007	An assessment of progress made with implementation of agreed recommendations made in the 2019/20 limited assurance report	10	Director of Nursing	Q3 Picked up in the combined follow up review included on page 15.
Care and nursing homes governance follow up	PTHB-2021-15	007	An assessment of progress made with implementation of agreed recommendations made in the 2019/20 limited assurance report	10	Director of Nursing	Q3 Picked up in the combined follow up review included on page 15.
Clinical governance quality & safety domain sub-total				55		
Information governance & I.T. security						
IM&T control and risk assessment	PTHB-2021-16	004	To review and assess the control environment for the management of IM&T within the organisation	15	Director of Finance	Q2 (originally Q1)
Access to systems	PTHB-2021-17	004	The review will focus on user experience of connectivity and	15	Director of Finance,	Q2

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			access to information. The outcome will help to inform the development of the digital strategy.		Information & I.T.	Propose to defer to 2021/22
Freedom of Information follow up	PTHB-2021-18	007	An assessment of progress made with implementation of agreed recommendations made in the 2019/20 limited assurance report	10	Board Secretary	Q4 Picked up in the combined follow up review included on page 15.
Records management follow up	PTHB-2021-19	007	An assessment of progress made with implementation of agreed recommendations made in the 2019/20 limited assurance report	15	Executive Team/Board Secretary	Q4
Information governance & security domain sub-total				30		
Operational service and functional management						
Delayed transfers of care	PTHB-2021-20		The review will assess compliance with policy to provide an assurance on the effective management of the transfer of patients in both provider and commissioned	20	Director of Primary, Community and Mental Health Service	Q2

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			services. As part of the review, we will provide an assurance that the intended outcomes of the virtual ward have been realised.			
Access to primary care – GP contract monitoring (key transformational area)	PTHB-2021-21		An assurance that lessons are being learned and that the HB is working at pace to improve access.	15	Director of Primary, Community and Mental Health Service	Q3
Theatres utilisation	PTHB-2021-22	013	To provide an opinion on theatre efficiency. We will include a review of financial performance; use of staff resource; patient experience and clinical outcomes.	15	Director of Primary, Community and Mental Health Service	Q2 (originally Q1)
Operational service and functional management domain sub-total				50		
Workforce management						
Workforce Futures Framework	PTHB-2021-23	006	Workforce Futures is an enabler of the Health & Care Strategy for Powys. The review will provide an assurance that the framework has embedded and is providing clear direction of the future work	15	Director of Workforce & OD	Q4 Propose to defer to 2021/22

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			required to achieve the outcomes intended.			
Grievance policy	PTHB-2021-24		We will consider the process by which staff members are suspended from duties with a focus on length of time to resolve; and whether the THB is doing all that it can to avoid delays.	15	Director of Workforce & OD	Q4
Advanced Practice Framework	PTHB-2021-25		To provide an assurance on the deployment of the framework	15	Director of Workforce & OD	Q2 (originally Q1)
Workforce domain sub-total				30		
Capital and estates management						
Environmental sustainability	PTHB-2021-03		The overall objective of the review was to assess the adequacy of management arrangements for the production of the sustainability report within the Annual Report.	10	Director of Planning & Performance	Q1
Fire Safety	PTHB-2021-04	005	A no assurance report was issued at the THB for Fire Safety in 2013/14; followed by a reasonable assurance report issued in 2016/17.	18	Director of Workforce	Q3

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			<p>Work will be undertaken to assess compliance against the processes and procedures put in place by management to operate the estate and compliance with statutory regulations in relation to fire precautions.</p> <p>Compliance will be tested at selective sites [noting those examined at the previous audits] to determine compliance with both the THB's and national legislative requirements.</p>			
<p>Machynlleth Hospital Primary & Community Care Project</p> <p><i>Patterson.Liz 06/24/2020 11:19:17</i></p>	PTHB-2021-26	007	<p>To assess the THB's processes, procedures and operational management of the Machynlleth reconfiguration project to create a primary and community care hub.</p> <p>This would be the first audit of the development while progressing on site (i.e. previous audit progressed Pre-FBC approval).</p>	20	Director of Planning & Performance	Q3

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			<p>Focus of the 2020/21 review may include an assessment of the following:</p> <ul style="list-style-type: none"> • Project appointments; • Project Governance and Management arrangements; • Interim valuation and payments processes; • Change Management arrangements • Other – i.e. any other issues identified at the project affecting project delivery 			
Capital systems	PTHB-2021-27	007	The capital systems work is profiled on an annual basis. This is focused at reviewing specifically arrangements for the delivery of discretionary capital at the THB and may also include testing of any projects where an audit has not been separately planned.	20	Director of Planning & Performance	Q3

Patterson, Liz
06/24/2020 11:19:17

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			<p>Building on work previously progressed the focus of the 2020/21 review may include:</p> <ul style="list-style-type: none"> • Management of external agents; • Project cost control and reporting arrangements; and • Change management controls etc. • Adequacy of commissioning arrangements. 			
Control of Contractors	PTHB-2021-28		<p>The Health & Safety Executive (HSE) has produced a range of guidance on the safe management of contractors, including 'Managing Contractors' (HSG 159), and the 'Using Contractors – a Brief Guide.' The audit will assess compliance with the requirements of this guidance. This recognises recent HSE feedback to the THB.</p>	18	Director of Planning & Performance	Q2

Patterson, Liz
06/24/2020 11:19:17

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
			A control of contractors audit was undertaken at the majority of NHS Wales Health Boards/ Trusts during 2019/20.			
Llandrindod Wells	PTHB-2021-29	007	The objective of the review will be to assess the delivery of the circa £6.6M multi phased project through to completion. Specific consideration will be given to the management of key issues affecting the delivery of the scheme to date, together with arrangements to ensure risks to project delivery are mitigated/managed appropriately and in accordance with defined contractual requirements.	c/f from 19/20	Director of Planning & Performance	Q1-4
Capital & Estates domain sub-total				86		
Follow up review of 2019/20 Limited Assurance audits: Risk Management and Board Assurance, Welsh Language Standards Implementation, Care and Nursing Homes Governance, DoLS /			We propose to test a sample of recommendations raised within the limited assurance reports issued in 2019/20, focussing on those rated	10		Q4 Reliance placed on the health board's monitoring

Planned output	Audit Reference	CRR	Outline Scope	Est. Audit Days	Executive Lead	Outline Timing
Best Interest Assessments and Freedom of Information.			high priority, to provide assurance on progress with implementation.			mechanisms, principally the Audit Recommendations Tracker to scrutinise implementation of the remaining recommendations from these reviews.
Audit Management and Reporting			Audit planning, reporting and management; Audit Committee preparation and attendance; Liaison with WAO/HIW; attendance at Sub-Committees; Head of Internal Audit Annual Report; and on-going support	50		
Total days in Plan				401		

Patterson, Liz
06/24/2020 11:19:17



GIG
CYMRU
NHS
WALES

Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services

Office details:

Audit and Assurance Services,
Cwmbran House,
Mamhilad Park Estate,
Pontypool,
NP4 0XS

Contact details

Helen Higgs (Head of Internal Audit) – 01495 300846

Patterson, Liz
06/24/2020 11:19:17



Section 33 Governance Arrangements Follow-up

Internal Audit Report

2020/21

Powys Teaching Health Board

NHS Wales Shared Services Partnership

Audit and Assurance Service

Patterson, Liz
06/24/2020 11:19:17



CONTENTS	Page
1. Introduction and Background	4
2. Scope and Objectives	4
3. Associated Risks	5
<u>Opinion and key findings</u>	
4. Overall Assurance Opinion	5
5. Assurance Summary	5
6. Summary of Audit Findings	6
7. Summary of Recommendations	9

Appendix A	Progress on implementation of previous recommendations
Appendix B	Assurance opinion and action plan risk rating
Appendix C	Responsibility Statement

Review reference: PTHB-2021-31
(previously PTHB-1920-09)

Report status: Final

Fieldwork commencement: 11th January 2020

Fieldwork deferred in response to Covid 19 outbreak: 2nd April 2020

Fieldwork resumed: 8th June 2020

Fieldwork completion: 9th June 2020

Draft report issued: 17th June 2020

Management response received: 18th June 2020

Final report issued: 18th June 2020

Auditors: Helen Higgs – Head of Internal Audit
Osian Lloyd – Deputy Head of Internal Audit
Donna Morgan – Principal Auditor

Executive sign off: Hayley Thomas – Director of Planning & Performance
Rani Mallison – Board Secretary

Distribution: Stella Parry – Committee Secretary

Pattersson
06/24/2020 11:19:17

Committee:

Audit, Risk & Assurance
Committee
Strategy & Planning
Committee

ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Powys Teaching Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. Introduction and Background

Section 33 of the NHS (Wales) Act 2006 enables health boards, NHS trusts and local authorities to enter into any partnership arrangements to exercise certain NHS and health related functions, and over recent years, the Welsh Government has been encouraging increased integration. In its 2011 policy document, *Together for Health*, the Welsh Government set out a vision for health services for the next five years and beyond, with a key principle being the concept of 'one system for health'.

Powys Teaching Health Board ('the health board') is party to a number of Section 33 arrangements with Powys County Council ('the County Council'), and it is the County Council that is the 'host partner' for all of these arrangements.

The regulations that govern pooled budgets in Wales are still the National Health Service Bodies and Local Authorities Partnership Arrangements (Wales) Regulations 2000 - SI 2000/2993. The regulations came into force on 1 December 2000, but have been subsequently amended.

Establishing pooled funds is a complex process and such arrangements do not override the health board's statutory responsibilities or lines of accountability. Because of this, it is important that sound governance arrangements are put in place to give the health board the assurance it needs.

Our 2018/19 report, which considered the ongoing governance arrangements in place within the health board to support the operation of a sample of Section 33 Agreements, delivered a limited assurance opinion.

2. Scope and Objectives

The purpose of the 2020/21 follow up review was to assess whether the health board has implemented the Internal Audit recommendations made following our review of Section 33 Governance Arrangements in 2018/19.

The scope of this follow-up review does not provide assurance against the full review scope and objectives of the original audit. The 'follow-up review opinion' provides an assurance level against the implementation of the agreed action plan only. The recommendations made in the 2018/19 audit that remain open, along with a status update, are set out in Appendix A.

Patterson, Liz
06/24/2020 11:19:17

3. Associated Risks

The overall risk considered in the follow-up review was failure to implement agreed audit recommendations and therefore, continued risk of:


- the Section 33 arrangements are not complying with the *National Health Service Bodies and Local Authorities Partnership Arrangements (Wales) Regulations 2000*;
- the governance arrangements are not appropriate to enable the health board to meet its statutory responsibilities and lines of accountability; and
- good practice in the development, management and financial control of Section 33 Agreements is not being shared with existing or new partnership arrangements.

OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

The current review considers all recommendations made (high, medium or low priority). This report **does not** provide assurance against the full review scope and objective of the original audit. The 'follow-up review opinion' provides the assurance level against the implementation of the agreed action plan only.












Considering the progress made against the action plan the follow-up review opinion is **Reasonable Assurance**.

RATING	INDICATOR	DEFINITION
Reasonable assurance		All high level recommendations implemented and progress on the medium and low level recommendations.

5. Assurance Summary

The following table summarises the extent to which the original recommendations have been implemented and provides classification of current risks:

Patterson
06/24/2020 11:19:17

Area		Priority 2018/19 audit	Direction of travel	Priority 2020/21 audit
1	Signed Agreements		 Good progress made. Further work required to reduce the risk.	
2	Governance & Effectiveness		 Good progress made. Further work required to reduce the risk.	
3	Agreement Issues		 Some progress made. Further work required to the reduce risk.	
4	Sharing Good Practice		 Recommendation implemented.	Closed

6. Summary of Audit Findings

Our prior audit identified a number of issues regarding the arrangements in place within the health board to support the operation of Section 33 Agreements, including significant delays in agreeing and signing 2017/18 agreements, a lack of governance and oversight, inaccuracies and technical issues in the agreements and sharing good practice.

A summary of our previous findings that remain open can be seen in Appendix A.

The two open **medium priority** findings are:

Previous Finding 2: Governance and Effectiveness (previously high priority)

Review of Section 8 of the Overarching Section 33 Agreement during the previous audit confirmed that the Joint Partnership Board ('the JPB') is the key mechanism for assurance and governance over Section 33 schemes. However, whilst the planned in-year reporting for the four agreements under review meets requirements, including reviewing quarterly reports, annual reviews and the annual plan and budget setting for each scheme, there had been no actual in-year reporting to the JPB.

The Joint Partnership Board ('the JPB') remains the key mechanism for assurance and governance over Section 33 schemes. The minimum requirements of the statutory guidance are that the host must provide quarterly reports to all parties to the pool, including income, expenditure and other relevant information. Whilst review of the JPB papers found

performance and financial information is now being reported, we were not provided with evidence to demonstrate that the Operational Groups named within each agreement have been providing appropriate oversight. This has been recognised by the JPB and it was agreed at its meeting in June 2019 that a Joint Officers' Group (including representatives from both the health board and the county council) should be established to oversee the operation of the section 33 agreements. At the time of this follow up audit, this group had not been established.

In addition to the monitoring arrangements through the JPB, an update on Section 33 Agreements was reported at the Performance and Resource Committee in February 2020. We were advised by the Board Secretary that further updates will be provided at future Performance and Resource Committee meetings.

Previous Finding 3: Agreement Issues (previously medium priority)

A number of inaccuracies and technical issues were identified in the agreements we reviewed as part of the original audit.

Our review of a sample of four 2019/20 agreements: *Substance Misuse, Reablement, Provision of Community Equipment Service* and *Provision of Services to Carers* identified similar inaccuracies and issues. It is evident from our testing that there remains a need for a further accuracy check of the Section 33 Agreements before they are signed.

The one open **low priority** finding is:

Previous Finding 1: Signed Agreements (previously high priority)

Our previous audit identified that an Overarching Section 33 Agreement has been created. This reflects good practice by detailing a timeline for the preparation of partnership schemes for future financial years, so that schemes are approved in advance of each forthcoming year. However, there had been significant delays in agreeing and signing 2017/18 agreements.

Although it was evident that the overarching agreement had been reviewed since the original audit, including during 2019/20 to reflect changes to oversight and monitoring arrangements, the health board was not able to locate the complete, signed deed of variation. Accordingly, the Overarching Agreement signed in 2018 remained extant. We also note that the section 33 Agreement for Ystradgynlais Integrated Care Team for Older People is no longer covered by the overarching agreement, however we were informed that this was never a formal section 33 Agreement.

We reviewed a sample of four 2019/20 agreements (noted under previous finding 3 above). Whilst three of these agreements had been signed by both the health board and the county council, this was not until three months after the start of the period they covered. The copy of the *Reablement* agreement provided had been signed by the health board on 27 June 2019, however it had not been signed by the county council. It is worth noting that this is a significant improvement from the previous audit where agreements were either not in place or had not been signed in a timely manner, typically after the end of the period it covered.

The remaining finding from the previous audit has been **fully implemented**.

Previous Finding 4: Sharing Good Practice (previously low priority)

A 2015 review of the ICT Section 33 agreement by the Wales Audit Office highlighted lessons learned, which included that *'the section 33 arrangement if developed properly provides the structure and formality required to ensure any key concerns can be mitigated.'* Our previous audit noted that this had been addressed by the development of the Overarching Section 33 Agreement, but with lack of oversight over the current Section 33 operational groups (previous finding 2), it was difficult to see how ongoing lessons learned and good practice will be disseminated into any future integration projects.

The improvement noted in the governance arrangements via the JPB and Performance and Resources Committee noted in previous finding 2 above, alongside the future establishment of the Joint Officers Group is sufficient for us to consider this recommendation to be closed.

Audit Recommendation Tracker

In line with our report on the implementation of the health board's Audit Recommendation Tracker ('the Tracker'), we have considered the implementation status of recommendations from the prior year Section 33 Governance Arrangements report against the Tracker presented to the March 2020 Audit, Risk & Assurance Committee.

This Tracker shows the health board considers all four recommendations to be closed and complete. Our view is that whilst good progress has been made, reflected by the overall reasonable assurance opinion, three of the four recommendations remain open as shown in the tables in section 7 below.

Patterson, Liz
06/24/2020 11:19:17

7. Summary of Recommendations

Summary of the recommendations by implementation status:

Actions Implemented in Full	Actions Implemented in Part	Actions Not Implemented
1	2	1

Priority ratings of the open findings:

	2018/19	2020/21
High priority	2	-
Medium priority	1	2
Low priority	1	1
Total	4	3

The full findings of our current review are detailed in Appendix A, together with the original recommendations and management action plan.

Patterson, Liz
06/24/2020 11:19:17

Previous Finding 1: Signed Agreements (Operation)**Original Finding (Previous Priority Rating: HIGH)**

The Overarching Section 33 Agreement reflects good practice by detailing a timeline for the preparation of partnership schemes for future financial years, so that schemes are approved in advance of each forthcoming year, however there has been significant delays in agreeing and signing 2017/18 agreements. We found as part of our review of four scheme agreements that:

- **Reablement:** Despite it being half way through 2018/19, there is no signed 2017/18 agreement for Reablement;
- **Glan Irfon Integrated Health and Social Care Unit:** The 2017/18 agreement was signed on behalf of the health board on 16 February 2018 and on behalf of the County Council on 21 February 2018, leaving a little over a month left of the year that it covers.
- **Provision of Community Equipment:** The 2017/18 agreement was signed on behalf of the health board on 24 May 2018 and on behalf of the County Council on 30 May 2018, almost two months after the end of the year it covers.
- **Information and communications technology services (ICT):** The 2017/18 agreement was signed on behalf of the health board on 19 July 2018, over three months after the end of the year it covers. We have not seen a version signed by the County Council.

Although not covered by this review, we understand that the 2017/18 Section 33 Agreement for Ystradgynlais Integrated Team for Older People is also not yet signed. Whilst we were informed that this is not a formal Section 33 Agreement it is included in the list of schemes that are covered by the Overarching Section 33 Agreement.

Patterson, Liz
06/24/2020 11:19:17

Original Recommendation

2017/18 and current year scheme agreements need to be brought up to date ASAP and the Overarching Agreement timeline instigated to ensure 2019/20 scheme agreements can be agreed and signed off in advance of the start of that financial year.

Original Management Response:

Agreed. Focussed action will be instigated to ensure by end March 2019 that all 19/20 agreements will be approved, the overarching Agreement updated and the individual scheme agreements updated and signed.

Board Secretary - End of March 2019

Current Findings

Although it was evident that the overarching agreement had been reviewed since the original audit, including during 2019/20 to reflect changes to oversight and monitoring arrangements, the health board was not able to locate the complete, signed deed of variation to demonstrate agreement of proposed revisions. Accordingly, the Overarching Agreement signed in 2018 remained extant.

We also note that the section 33 Agreement for Ystradgynlais Integrated Care Team for Older People is no longer covered by the overarching agreement, however we were informed that this was never a formal section 33 Agreement.

As part of our review of four 2019/20 scheme agreements we found a significant improvement in the agreement of Section 33 scheme arrangements:

Substance Misuse

- The 2019/20 agreement was signed on behalf of the health board on 26 June 2019 and on behalf of the county council on 3 July 2019, three months after the effective from date of 1 April 2019.

Reablement

- The 2019/20 agreement was signed on behalf of the health board on 27 June 2019, three months after the effective from date of 1 April 2019. We have not seen a version signed by the County Council.

Provision of Community Equipment Service

- The 2019/20 agreement was signed on behalf of the health board on 27 June 2019 and on behalf of the county council on 3 July 2019, three months after the effective from date of 1 April 2019.

Provision of Services to Carers

- The 2019/20 agreement was signed on behalf of the health board on 28 May 2019 and on behalf of the county council on 16 May 2019, two months after the effective from date of 1 April 2019.

Conclusion

This finding is considered **PARTIALLY IMPLEMENTED** and remains **OPEN**. The priority level has been reduced to reflect the improvements in controls in this area.

Updated Recommendation

The deed of variation to the Overarching Agreement requires completion and signing to demonstrate agreement by both the health board and county council of the amendments proposed during 2019/20.

The Reablement agreement needs to be brought up to date and signed ASAP. This also applies to any other unsigned current year scheme agreements.

Priority level

Low

Patterson, Liz
06/24/2020 11:19:17

Action Plan

<p>The health board should to continue work with the county council to instigate the timeline defined in the Overarching Agreement to ensure future scheme agreements are agreed and signed off in advance of the start of that financial year.</p>	
<p>Management Response</p>	<p>Responsible Officer/ Deadline</p>
<p>Recommendation Accepted. There has been an inevitable impact on the signing of 2020/21 S33 Agreements by April 2020, in light of the COVID-19 Pandemic. 2020/21 Agreements will therefore be signed later in the year. PTHB will therefore work towards ensuring signed agreements for 2021/22 in April 2021. The Overarching Agreement Deed of Variation will be addressed in 2020/21.</p>	<p>Board Secretary April 2021</p>

Patterson, Liz
06/24/2020 11:19:17

Previous Finding 2: Governance and Effectiveness (Operation)**Original Finding (Previous Priority Rating: High)**

Section 8 of the Overarching Section 33 Agreement confirms that the Joint Partnership Board ('the JPB') is the key mechanism for assurance and governance over Section 33 schemes. Whilst the planned in-year reporting for the four agreements under review meets requirements, there has been no actual in-year reporting to the JPB. The minimum requirements of the statutory guidance are that the host must provide quarterly reports to all parties to the pool, including income, expenditure and other relevant information.

In their 2017/18 work plan, the JPB planned to fulfil the requirements of legislation including reviewing quarterly reporting from each pooled fund manager, an annual review and consideration of the draft annual plan and budget setting for 2018/19 for each scheme. In part due to meeting cancellations, none of these things took place for any Section 33 Schemes in 2017/18. We understand that the remit and constitution of JPB is being reviewed, given the establishment of the Regional Partnership Board.

We have not been able to see how assurance over the operation of Section 33 arrangements flows through to the health board, when the overseeing body, the JPB, has not reviewed any operational or performance reports, and where pathways of assurance to the health board are unclear. For one of the Section 33 arrangements reviewed, the Pooled Funds Manager was not aware that they held that role.

Original Recommendation

The health board needs to ensure that it can obtain the assurance it needs over the governance of the Section 33 agreements that are in place, which could be achieved by:

- doing all it can to ensure the partnership forum that has oversight of Section 33 agreements, i.e. the Joint Partnership Board or Regional Partnership Board (to which the health board contributes key members), takes place as scheduled; and
- influencing Pooled Fund Managers to prepare quarterly financial and performance reports so to enable parties to the Section 33 agreements gain assurance over their operation.

In addition, should it be determined that the Joint Partnership Board is no longer the forum responsible for the oversight of Section 33 Agreements going forward, the Overarching Section 33 Partnership Agreement should be updated to reflect the new assurance and governance arrangements.

Original Management Response:

Agreed. The remit and constitution of JPB is being reviewed, given the establishment of the Regional Partnership Board. The Overarching Section 33 Partnership Agreement will be updated as necessary to reflect changes in assurance and governance arrangements. Given this, Executive Team oversight of S33 agreements and performance with a line to the appropriate Board Committee will be established.

Board Secretary - End March 2019

Current Findings

The Joint Partnership Board ('the JPB') remains the key mechanism for assurance and governance over Section 33 schemes. The minimum requirements of the statutory guidance are that the host must provide quarterly reports to all parties in the pool, including income, expenditure and other relevant information. Our review of JPB papers which held meetings in January, March, June and September 2019, and in January 2020 noted regular items on Section 33 agreements.

The service performance and financial outturns for the 2018-19 agreements together with the recommendations for managing any under/overspends were reported to the June 2019 meeting. Also reported at this meeting were the key proposed changes to, and the financial implications of the 2019-20 agreements, alongside the requirements to finalise and sign off all the individual agreements for 2019-20 by 30 June 2019, with the exception of the *Services to Carers* scheme which was scheduled to be signed off in September. A six monthly performance review paper on each section 33 Agreement was presented to the September 2019 meeting and an update on the financial performance for 2019/20 was presented to the January 2020 meeting for each scheme. However, whilst review of the JPB papers found

performance and financial information is now being reported, we could not see updates being provided on each agreement at each meeting.

Furthermore, we were not provided with evidence to demonstrate that the Operational Groups named within each agreement have been providing appropriate oversight. This has been recognised by the JPB at its meeting in June 2019: *'Agree to the establishment of a Joint Officer Group to provide management oversight of the overarching agreement and individual agreements and to address all the audit recommendations. Delegate management oversight of individual agreements to the Joint Officer Group and agree to receive performance and highlight reports twice a year'*. The Joint Officers' Group will include representatives from both the health board and the county council to provide effective oversight of the section 33 agreements at an operational level. However, at the time of this follow up audit, this group has yet to be established.

In addition to the monitoring arrangements through the JPB, an update on section 33 Agreements was reported at the Performance and Resource Committee in February 2020. We were advised by the Board Secretary that further updates will be provided at future Performance and Resource Committee meetings.

Conclusion

This finding is considered **PARTIALLY IMPLEMENTED** and remains **OPEN** as a medium priority finding.

Updated Recommendation

The health board should continue strengthening the arrangements in place to ensure it receives the assurance it needs over the governance of the Section 33 agreements in place. This could be achieved by:

- working with the county council to establish the Joint Officers' Group to ensure effective oversight of the operation of Section 33 agreements, and

Priority level

Medium

Patterson, Liz
06/24/2020 11:19:17

<ul style="list-style-type: none"> ensuring that relevant information is reported to the JPB in line with the requirements of the Section 33 Agreements. 	
<p>Management Response</p>	<p>Responsible Officer/ Deadline</p>
<p>Recommendation Accepted. The remit and constitution of JPB will be revisited and will be articulated through the Overarching Agreement Deed of Variation (linked to Finding 1). S33 Oversight by JPB and Board Committees will continue to be strengthened throughout 2020/21 as far as possible, recognising the impact of COVID-19.</p>	<p>Board Secretary April 2021</p>

Patterson, Liz
06/24/2020 11:19:17

Previous Finding 3: Agreement Issues (Design)**Original Finding (Previous Priority Rating: Medium)**

We noted a number of inaccuracies and technical issues in the agreements we reviewed as part of this audit:

- **Overarching agreement**
 - Refers to the Audit Commission (for example in paragraph 19.5). The Audit Commission was abolished in 2015.
 - Includes a section on Internal Inspection and Monitoring, however this is not as comprehensive as the access granted in some of the individual Section 33 Agreements, which grant access to the health board's and the County Council's internal auditors.
- **Reablement agreement**
 - Mentions the role of Partnership Lead (Host Partner) and Pooled Funds manager, but does not identify who these are.
 - Includes developing an annual plan for 2016/17 when the agreement is for 2017/18.
 - Section 6.4 mentions Annual Substance Misuse Plan, which is from a different Agreement.
- **Glan Irfon Integrated Health and Social Care Unit**
 - Para 2.1 B mentions that there are 28 bedrooms at the Brynhyfryd Residential Care Home. Schedule 5 of 6 (on page 11) indicates that there are 30 bedrooms (with the service provider to provide a block contract (at reduced rate) for 16 beds.
 - Section 4.1 on page 12 includes that the contract is for 'Seventeen (16) contract beds.'
 - As with the Reablement agreement, Section 6.4 mentions Annual Substance Misuse Plan, which is from a different Agreement.

- Notes that governance is through the Regional Partnership Board which is inconsistent with arrangements (and other agreements) where governance is through the Joint Partnership Board.

- **ICT**

The Agreement includes an ICT Service Improvement Plan at Appendix 1, which details key priorities, however there are differences between the priorities listed in Appendix 1 and the aims and objectives listed in Section 1 of the Agreement.

Original Recommendation

There is a need for a further final accuracy check of the Section 33 Agreements before they are signed.

Original Management Response:

Agreed. These amendments, alongside any other appropriate amendments, will be made by end of March 2019.

Board Secretary - End March 2019

Current Findings

Our review of the same four 2019/20 agreements detailed under previous finding 1 above identified similar inaccuracies and technical issues. It is evident from our testing that there remains a need for a further accuracy check of the Section 33 Agreements before they are signed. We found the following issues:

Substance Misuse (we did not review this agreement during the previous audit)

- includes developing an Annual Plan for 2089/19 (a typo) when the agreement is for 2019/20.

Reablement (this agreement was tested during the previous audit)

- includes developing an Annual Plan for 2089/19 (a typo), when the agreement is for 2019/20.
- Section 5.3.4 refers to the Annual Substance Misuse Plan which is from a different agreement.

Provision of Services to Carers (we did not review this agreement during the previous audit)

- it refers to developing an Annual Plan for 2018/19 when the agreement is for 2019/20.

Conclusion

This finding is considered **NOT IMPLEMENTED** and remains **OPEN** as a medium priority finding.

Updated Recommendation

There is a need for a further final accuracy check of the Section 33 Agreements before they are signed.

Priority level

Medium

Management Response

Recommendation Accepted. A Quality Check process will be established in advance of the signing of agreements.

**Responsible Officer/
Deadline**

Board Secretary
April 2021

Patterson, Liz
06/24/2020 11:19:17

Audit Assurance Ratings



Substantial assurance: Follow up - All recommendations implemented and operating as expected.



Reasonable assurance: Follow up - All high level recommendations implemented and progress on the medium and low level recommendations.



Limited assurance: Follow up - No high level recommendations implemented but progress on a majority of the medium and low recommendations.



No Assurance: Follow up - No action taken to implement recommendations.

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

* Unless a more appropriate timescale is identified/agreed at the assignment.

Patterson, Liz
06/24/2020 11:19:17

Confidentiality

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

The Health Board shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the Health Board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies procedures and regulatory requirements and guidance as appropriate.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

Responsibilities

Responsibilities of management and internal auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.

Patterson,Liz
06/24/2020 11:19:17

**Office details:**

POWYS Office
Audit and Assurance
Monnow Ward
Bronllys Hospital
Powys
LD3 0LS

MAMHILAD Office
Audit and Assurance
Cwmbran House (First Floor)
Mamhilad Park Estate
Pontypool, Gwent
NP4 0XS

Contact details

Helen Higgs (Head of Internal Audit) – 01495 300846
Osian Lloyd (Deputy Head of Internal Audit) – 01495 300843
Donna Morgan (Principal Auditor) – 01792 860597

Patterson, Liz
06/24/2020 11:19:17

AUDIT, RISK & ASSURANCE COMMITTEE		Date of Meeting: 25 June 2020
Subject :	AUDIT RECOMMENDATIONS TRACKING, MAY 2020	
Approved and Presented by:	Board Secretary	
Prepared by:	Head of Risk & Assurance	
Other Committees and meetings considered at:	n/a	

PURPOSE:

The purpose of this paper is to provide the Audit, Risk & Assurance Committee with an overview of the current position relating to the implementation of Audit Recommendations, arising from reviews undertaken by Internal Audit and External Audit (Audit Wales).

RECOMMENDATION(S):

The Audit, Risk & Assurance Committee is asked to discuss the current position, following the re-prioritisation of Audit Recommendations for implementation during the COVID-19 pandemic, as approved by the Committee at the last meeting.

Approval/Ratification/Decision	Discussion	Information
✓	✓	x

Patterson, Liz
06/24/2020 11:19:17

THE PAPER IS ALIGNED TO THE DELIVERY OF THE FOLLOWING STRATEGIC OBJECTIVE(S) AND HEALTH AND CARE STANDARD(S):

Strategic Objectives:	1. Focus on Wellbeing	x
	2. Provide Early Help and Support	x
	3. Tackle the Big Four	x
	4. Enable Joined up Care	x
	5. Develop Workforce Futures	x
	6. Promote Innovative Environments	✓
	7. Put Digital First	x
	8. Transforming in Partnership	✓
Health and Care Standards:	1. Staying Healthy	x
	2. Safe Care	x
	3. Effective Care	x
	4. Dignified Care	x
	5. Timely Care	x
	6. Individual Care	x
	7. Staff and Resources	x
	8. Governance, Leadership & Accountability	✓

INTRODUCTION:

Significant work was taken forward previously, to implement robust systems for recording and monitoring audit recommendations arising from Internal and External Audit Reviews. Progress was made in closing down a large number of previously outstanding audit recommendations.

COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020, and this subsequently led to NHS organisations, including Powys Teaching Health Board, needing to focus on preparations and plans for dealing with an expected surge in demand of patients requiring interventions. The nature and scale of the response depends on the course of the disease. The situation is changing constantly and will require an agile response.

Patterson, Liz
06/24/2020 11:19:17

Recognising the pressures on NHS organisations during the pandemic, Audit Wales informed the health board that whilst audit recommendations previously made will remain valid, it was fully understood that the ability of NHS bodies to implement these recommendations as originally planned would be compromised, as the response to the pandemic takes priority. However, audit recommendations which are related to important aspects of organisational governance and financial management should remain firmly within NHS bodies' line of sight as a means of ensuring business is conducted as effectively as possible in the current circumstances.

At its last meeting, the committee approved a re-prioritised approach for audit recommendation implementation, which enables services to balance their response to audit findings with the level of resources required to plan and respond to COVID-19. Outstanding audit recommendations have been re-prioritised on the following basis: -

Priority level 1 (May & June)	<ul style="list-style-type: none"> • High rated recommendations overdue and due within this period • External audit recommendations due within this period • Medium rated recommendations overdue (wherever possible)
Priority level 2 (July – September)	<ul style="list-style-type: none"> • High rated recommendations due within this period • External audit recommendations due within this period • Medium rated recommendations overdue • Medium rated recommendations due within this period (wherever possible)
Priority level 3 (October – March)	<ul style="list-style-type: none"> • High rated recommendations due within this period • External audit recommendations due within this period • Medium rated recommendations overdue and due within this period • Low rated recommendations overdue and due within this period

DETAILED BACKGROUND AND ASSESSMENT:

INTERNAL AUDIT

Executive Directors have been asked to provide updates against recommendations classified as Priority Level 1. Where Priority Level 1 recommendations remain outstanding, a substantive update has been requested, with a clear indication of when they will be implemented. Updates have also been provided against Priority Level 2 and Priority Level 3 recommendations, where work has been undertaken in some areas.

Patterson
06/24/2020 11:19:11 AM

Revised timescales are detailed in **Appendix 1**, and the Audit, Risk & Assurance Committee is asked to confirm that these are satisfactory, and to APPROVE the revised timescales.

Based on original agreed deadlines, the overall summary position reported to Committee at 31/05/2020 in respect of overdue internal audit recommendations classified as Priority Level 1 is: -

Overdue Internal Audit Recommendations						
	2017/18		2018/19		2019/20	TOTAL OUTSTANDING
	Number	Progress since last meeting	Number	Progress since last meeting	Number	
High	0	↓	1	↓	11	12
Medium	5	↓	2	↓	22	29
Low	4	→	0	→	8	12
TOTAL	9		3		41	53

Key:

- ↑ - Number Increased
- ↓ - Number Decreased
- - Number stayed the same

The breakdown by individual audit is outlined below:

Patterson, Liz
06/24/2020 11:19:17

2017/18 Internal Audits

Ref	Audit Title	Assurance Rating	Recommendations Made			Recommendations Implemented			Recommendations Overdue (agreed timescale)			Overdue COVID-19 Priority Rating			All recommendations implemented
			H	M	L	H	M	L	H	M	L	1	2	3	
171801	Commissioning - Embedding the Commissioning Assurance Framework	Reasonable	0	2	1	0	2	1							✓
171802	Clinical Audit Programme Follow-Up	Limited	1	2	2	1	2	0	0	0	2	0	0	2	✗
171803	Estates Assurance Follow Up	Reasonable	0	5	1	0	5	1							✓
171804	Safe Water Management (including Legionella)	Limited	1	6	0	1	6	0							✓
171806	Risk Management	Limited	2	1	0	2	1	0							✓
171807	Procurement of Consultant and Agency Staff	Limited	5	1	0	5	1	0							✓
171808	Engagement with Primary Care Providers	Limited	1	4	0	1	4	0							✓
171809	Public Health - Influenza Immunisations	Reasonable	1	2	0	1	2	0							✓
171810	Public Health - Smoking Cessation for Pregnant Women	Reasonable	0	3	1	0	3	1							✓
171811	Information Commissioner's Office Recommendations Report Follow-Up	Reasonable	4	4	4	4	3	4	0	1	0	1	0	0	✗
171812	Medicines Management – Patient Group Directions (PGDs)	Limited	7	1	0	7	1	0							✓
171813	Llandrindod Wells Redevelopment	Reasonable	0	11	1	0	11	1							✓
171814	Workforce Planning	Reasonable	1	1	0	1	1	0							✓
171815	Review of the Health and Care Strategy – Programme Management	Reasonable	1	3	1	1	3	1							✓
171816	Integrated Medium Term Plan – Monitoring and Reporting of Performance	Reasonable	0	1	3	0	1	3							✓
171817	Policies Management	Reasonable	0	4	2	0	0	1	0	4	1	0	0	5	✗
171818	Information Governance General Data Protection Regulation (GDPR)	Reasonable	0	3	3	0	3	3							✓
171819	Electronic Staff Record System	Reasonable	0	3	1	0	3	1							✓
171820	Banking & Cash Management	Reasonable	0	1	4	0	1	4							✓
171821	Budgetary Control and Financial Savings	Reasonable	1	2	2	1	2	2							✓
171822	Disaster Recovery Arrangements	Reasonable	0	2	3	0	2	3							✓
171823	Financial Planning	Reasonable	0	3	1	0	3	1							✓
171824	General Ledger	Substantial	0	0	1	0	0	1							✓
171825	IT Governance and Resilience Follow-Up	Reasonable	0	2	1	0	2	1							✓
171826	Localities Operational Management follow-up (Incorporating Patients' Property & Money follow-Up and Declarations of Interest)	Limited	2	7	1	2	7	1							✓
171827	Medicines Management – Prescribing of Branded Generic Drugs	Reasonable	1	2	1	1	2	0	0	0	1	0	0	1	✗
171828	Personal Appraisal Development Reviews (PADRs)	Reasonable	1	1	0	1	1	0							✓
171829	Records Management Follow-Up	Reasonable	1	4	2	1	4	2							✓
TOTAL			30	81	36	30	76	32	0	5	4	1	0	8	

Patterson, Liz
06/24/2020 11:19:17

2018/19 Internal Audits

Ref	Audit Title	Assurance Rating	Recommendations Made			Recommendations Implemented			Recommendations Overdue (agreed timescale)			Overdue COVID-19 Priority Rating			All recommendations implemented
			H	M	L	H	M	L	H	M	L	1	2	3	
181901	IMTP – Joint Planning Framework	Reasonable	0	1	1	0	1	1							✓
181902	Dental Services: Monitoring of the General Dental Services Contract	Limited	2	2	0	2	2	0							✓
181903	ICT Infrastructure	Reasonable	0	1	2	0	1	2							✓
181904	Podiatry Service	No Assurance	7	1	3	7	1	3							✓
181905	Recruitment and Retention	Reasonable	1	2	0	1	2	0							✓
181906	Environmental Sustainability Reporting	Reasonable	0	1	0	0	1	0							✓
181907	Commissioning – Primary Care (Advisory)	Not Rated	2	2	0	2	2	0							✓
181908	Asbestos Management	Reasonable	0	4	4	0	4	4							✓
181909	Occupational Therapy Service	Reasonable	0	6	0	0	5	0	0	1	0	0	0	1	✗
181910	Health and Safety	Limited	1	6	1	1	6	1							✓
181911	Section 33 - Governance Arrangements	Limited	2	1	1	2	1	1							✓
181912	Annual Quality Statement	Substantial	0	1	0	0	1	0							✓
181913	Departmental Review - Catering	Limited	3	3	1	3	3	1							✓
181914	Capital Systems	Reasonable	0	6	1	0	6	1							✓
181915	Temporary Staffing Unit	Reasonable	0	4	1	0	4	1							✓
181916	Cyber-Security Follow-up of Stratia Report	Reasonable	0	2	2	0	2	2							✓
181917	Putting Things Right – Lessons Learned (Midwifery)	Reasonable	0	1	3	0	1	3							✓
181918	Single Tender Waivers	Reasonable	0	3	0	0	3	0							✓
181919	Business Continuity Planning	Reasonable	1	2	2	1	2	2							✓
181920	Information Governance: General Data Protection Regulation (GDPR) - Compliance	Reasonable	0	1	2	0	1	2							✓
181921	Risk Management	Limited	2	1	0	2	1	0							✓
181922	Procurement of Consultant and Agency Staff Follow Up	Reasonable	0	3	1	0	2	1	0	1	0	1	0	0	✗
181923	Medicines Management (Patient Group Directions) Follow-Up Review	Limited	3	3	0	3	3	0							✓
181924	Estates Assurance Follow Up	Reasonable	0	6	4	0	6	4							✓
181925	Capital Assurance Follow Up	Reasonable	0	5	1	0	5	1							✓
181926	Welsh Risk Pool Claims Management	Substantial	0	0	1	0	0	1							✓
181927	Engagement with Primary Care Providers Follow-up	Limited	1	2	1	0	2	1	1	0	0	1	0	0	✗
TOTAL			25	70	32	24	68	32	1	2	0	2	0	1	

Patterson, Liz
06/24/2020 11:19:17

2019/20 Internal Audits

Ref	Audit Title	Assurance Rating	Recommendations Made			Recommendations Implemented			Recommendations Overdue (agreed timescale)			Overdue COVID-19 Priority Rating			Recommendations Not Yet Due			All recommendations implemented
			H	M	L	H	M	L	H	M	L	1	2	3	H	M	L	
192001	Deprivation of Liberty Safeguards	Limited	2	1	0	1	0	0	1	1	0	1	0	1	0	0	0	x
192002	Environmental Sustainability Reporting	Not Rated	0	2	1	0	1	0	0	1	1	0	2	0	0	0	0	x
192003	Assurance on Implementation of Audit Recommendations	Reasonable	1	1	0	1	1	0										✓
192004	Financial Planning and Budgetary Control - Commissioning	Reasonable	0	2	3	0	2	3										✓
192005	Disciplinary Processes – Case Management	Reasonable	0	2	3	0	2	3										✓
192006	Records Management	No Assurance	6	0	0	1	0	0	5	0	0	0	0	5	0	0	0	x
192007	Freedom of Information (FoI)	Limited	1	2	3	1	2	3										✓
192008	Staff Wellbeing (Stress Management)	Reasonable	0	3	0	0	0	0	0	3	0	2	1	0	0	0	0	x
192009	Safeguarding – Employment Arrangements and Allegations	Reasonable	0	4	2	0	3	0	0	1	2	1	0	2	0	0	0	x
192010	111 Service	Reasonable	2	3	0	0	0	0	2	3	0	5	0	0	0	0	0	x
192011	Catering Services Follow-up	Reasonable	0	3	2	0	2	1	0	1	1	0	2	3	0	0	0	x
192012	Hosted Functions – Governance Arrangements (Advisory)	Not Rated	2	3	1	0	3	1	2	0	0	2	0	0	0	0	0	x
192013	Podiatry Service Follow-up	Limited	1	5	4	0	1	1	0	2	2	0	2	2	1	2	1	x
192014	Care Homes Governance	Limited	1	2	3	0	0	0	0	2	2	2	0	2	1	0	1	x
192015	Primary Care Clusters	Reasonable	1	3	1	0	0	0	1	2	0	1	2	0	0	1	1	x
192016	Organisational Development Strategic Framework	Reasonable	0	2	0	0	0	0	0	2	0	1	1	0	0	0	0	x
192017	Dental Services: Monitoring of the GDS Contract Follow-up	Reasonable	0	0	2	0	0	2										✓
192018	IT Service Management	Reasonable	0	2	1	0	0	0	0	1	0	1	0	0	0	1	1	x
192019	Machynlleth Hospital Primary & Community Care Project	Reasonable	1	3	2	1	0	0	0	2	0	0	2	0	0	1	2	x
192020	Welsh Risk Pool Claims Management	Substantial	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	x
192023	Estates Assurance Follow Up	Reasonable	0	1	2	0	0	0	0	0	0	0	0	0	0	1	2	x
192025	Financial Safeguarding: Support Services Led Work	Reasonable	0	3	0	0	0	0	0	1	0	1	0	0	0	2	0	x
192026	Risk Management and Board Assurance	Limited	2	3	0	0	0	0	0	0	0	0	0	0	2	3	0	x
TOTAL			20	50	31	5	17	14	11	22	8	17	12	15	4	11	9	

Patterson/Liz
06/24/2020 11:19:17

Appendix 1 details the recommendations for implementation that have become overdue, with revised deadlines for implementation, subject to approval by the Audit, Risk & Assurance Committee. This is supported with further detailed information (a breakdown of the recommendations by their priority for implementation [as rated by Internal Audit], and also the time period for which they have become overdue, based upon agreed deadlines within the original final audit report).

External Audit Recommendations

Based on original agreed deadlines, the overall summary position reported to Committee at 31/01/2020 in respect of overdue external audit recommendations is:

Overdue External Audit Recommendations		
	Number	Progress since last meeting
2018/19	7	→
2019/20	1	
TOTAL	9	

Key:

- ↑ - Number Increased
- ↓ - Number Decreased
- - Number stayed the same

The breakdown by individual audit is outlined below:

Patterson, Liz
06/24/2020 11:19:17

2018/19 External Audits

Ref	Audit Title	Recommendations Made	Recommendations Implemented	Recommendations Overdue (agreed timescale)	Overdue COVID-19 Priority Rating			Recommendations Not Yet Due	All recommendations implemented
					1	2	3		
181951	Structured Assessment 2018	12	8	4	0	1	3	0	x
181952	Clinical coding follow-up review	4	1	3	1	2	0	0	x
181953	Audit of Financial Statements Report	4	4						✓
TOTAL		20	13	7	1	3	3	0	

2019/20 External Audits

Ref	Audit Title	Recommendations Made	Recommendations Implemented	Recommendations Overdue (agreed timescale)	Overdue COVID-19 Priority Rating			Recommendations Not Yet Due	All recommendations implemented
					1	2	3		
192051	Structured Assessment 2019	3	1	1	1	0	0	1	x
TOTAL		3	1	1	1	0	0	1	

Patterson, Liz
06/24/2020 11:19:17

Appendix 2 details the recommendations for implementation that have become overdue, with revised deadlines for implementation, subject to approval by the Audit, Risk & Assurance Committee. This is supported with further detailed information including the time period for which they have become overdue, based upon agreed deadlines within the original final audit report.

The Audit Recommendations Tracker

The full tracker has been separated for the Committee's ease of reference and is provided as the following appendices:

- **Appendix 3** - Internal Audit Not Yet Due Recommendations
- **Appendix 4** – External Audit Not Yet Due Recommendations
- **Appendix 5** - Internal Audit Closed Recommendations
- **Appendix 6** - External Audit Closed Recommendations

NEXT STEPS:

The Audit, Risk & Assurance Committee will be asked to approve the revised deadlines for the recommendations.

An audit trail will be maintained, to ensure that Executive Committee and Audit, Risk & Assurance Committee are made aware of the variance of implementation against both the original deadline and any approved revised deadlines.

Directors and teams will continue to be made aware of recommendations which are due for implementation within 2 months' time, to minimise the risk of further recommendations reaching overdue status, and the request to further extend existing agreed deadlines.

Patterson, Liz
06/24/2020 11:19:17

Appendix 1 – Internal Audit Recommendations with Revised Deadlines for Approval

Internal Audits undertaken in 2017/18					
Recommendations with Revised Deadlines for Approval					
Audit Title	Recommendation Overdue (H/M/L)	Original Agreed date for Implementation	Variance	Revised date for Implementation	Responsible Director
Policies Management	The Consultation Feedback Record should be completed each time a policy is created or reviewed and submitted to the Corporate Governance Department. The record should clearly document what engagement and consultation has taken place and how feedback received has been incorporated into the policy. The recommended consultation period of a minimum of 14 days should be applied to ensure that consultation with relevant stakeholder groups has been conducted thoroughly and that comments have been incorporated into the policy.	31 st May 2018	24 Months	31 st December 2020	BS
Policies Management	All policies should be forwarded to the Corporate Governance Department so that a quality review can be carried out and confirmation given of the appropriate approval route. All policies should be accompanied by the submission approval form confirming that spelling, grammar and content checks have been carried out.	31 st May 2018	24 Months	31 st December 2020	BS
Policies Management	In accordance with the procedure the submission and approval form should be completed for all documents, both reviewed / updated and new, and forwarded with the policy to the Corporate Governance Department.	31 st May 2018	24 Months	31 st December 2020	BS
Policies Management	Policies should be issued within 5 days of being approved in line with Policy and a record of the date that policies are placed on the intranet should be retained. The ability to upload polices onto the intranet should be restricted to members of the Corporate Governance Department.	30 th April 2018	25 Months	31 st December 2020	BS

Matters-Liz
06/24/2020 11:19:17

Internal Audits undertaken in 2017/18

Recommendations with Revised Deadlines for Approval

Audit Title	Recommendation Overdue (H/M/L)	Original Agreed date for Implementation	Variance	Revised date for Implementation	Responsible Director
	The Policy and Procedures Index should be published on the intranet at regular intervals and consideration given to widening the scope of this document to include policies which are due for review.				
Policies Management	Findings from this report should be considered and incorporated as appropriate before the policy is finalised. Where processes are no longer required or have been replaced these should be removed.	31 st May 2018	24 Months	31 st December 2020	BS
Medicines Management – Prescribing of Branded Generic Drugs	The Health Board should introduce a formal policy which clearly sets out the process of prescribing medicines. This should include the following: <ul style="list-style-type: none"> • roles and responsibilities • monitoring and reporting arrangements • processes for processing and approving changes to the formulary • circumstances where follow up action should be taken Once approved, the policy should be appropriately communicated to all relevant staff.	30 th April 2018	25 Months	30 th September 2020	DPCMH

Patterson, Liz
06/24/2020 11:19:17

Internal Audits undertaken in 2018/19**Recommendations with Revised Deadlines for Approval**

Audit Title	Recommendation Overdue (H/M/L)	Original Agreed date for Implementation	Variance	Revised date for Implementation	Responsible Director
Occupational Therapy Service	The Records Management Policy, Health Records Procedure and Safe Haven and Information Policies should be reviewed and updated as necessary so that they comply with General Data Protection Regulations (GDPR). A consistent approach to records management should be adopted in Occupational Therapy.	30 th April 2019	13 Months	31 st December	BS

Patterson, Liz
06/24/2020 11:19:17

Internal Audits undertaken in 2019/20

Recommendations with Revised Deadlines for Approval

Audit Title	Recommendation Overdue (H/M/L)	Original Agreed date for Implementation	Variance	Revised date for Implementation	Responsible Director
Deprivation of Liberty Safeguards	The health board should put in place a formal agreement (for example, a Service Level Agreement) with the LA for the services provided by the Powys DoLS Team. This should include: I. clear details of the service provided, including who is responsible/liable for each aspect of the process; II. a performance monitoring process, including input, performance and output key performance indicators; III. information governance considerations, such as data security, integrity, maintenance, transfer and ownership (i.e., who is the data controller); IV. the provision of DoLS management information, including required information and format; V. access to training opportunities; and VI. monitoring and audit of compliance with the Code.	31 st October 2019	7 Months	31 st July 2020	DoN
Environmental Sustainability Reporting	Timescales for the completion, review and approval of future Annual Reports should be established to ensure this process is completed ahead of Welsh Government submission deadlines. This should include identification of the individuals / group / committee from whom approval is required, and should take account of the timing of group / committee meetings.	30 th June 2019	11 Months	31 st August 2020	DPP

Patterson, Liz
06/24/2020 11:19:17

Records Management	The health board should strengthen its leadership arrangements and the coordination of its approach to enable effective records management. Individual roles and responsibilities should be reviewed, defined and documented accordingly, either within the most appropriate policy or a separate roles and responsibility document.	29 th February 2020	3 Months	31 st December 2020	BS
Records Management	In order to ensure correct and up to date policies and procedures are accessible to all staff, policies and procedures need to be reviewed and updated to reflect current legislation, All Wales guidance and current working practices. Once updated and approved, the policies and procedures should be communicated to staff. The health board should consider rolling out training / workshops to remind staff of the agreed procedures and practices to ensure consistent application.	29 th February 2020	3 Months	31 st December 2020	BS

Patterson, Liz
06/24/2020 11:19:17

<p>Records Management</p>	<p>The health board should ensure records are tracked adequately and that all staff are aware of these processes. Processes should be fully documented and consistent across the health board, to aid staff in their responsibilities.</p> <p>In line with recommendation 1, local procedures should be developed, but aligned to the policies regarding records management and tracking. Practices should be consistent from one site to another.</p> <p>The health board should strengthen the current processes for the transport of health records through the introduction of standard packaging and labelling requirements along with a standard signatory system for collection and delivery.</p> <p>The health board should investigate the access issues to Wye Valley NHS Trust's digital records, including the extent this applies to other NHS organisations, and revisit the information sharing protocol to ensure a better flow of patient information.</p> <p>The health board should ensure robust business continuity arrangements are in place to minimise the impact of system outages, WCCIS in particular, and work with the local authority to ensure the effective implementation of the integrated system, including the merging of multiple records and removal of duplicate records to create one single record.</p>	<p>31st March 2020</p>	<p>2 Months</p>	<p>31st December 2020</p>	<p>BS</p>
<p>Records Management</p> <p><i>Patterson, Liz 06/24/2020 11:19:17</i></p>	<p>The health board should identify all storage sites and areas for records and risk assess each site accordingly, for matters of security, protection, age, access and responsibility.</p> <p>Following on from above, the health board should ensure that the security of records is maintained and that the points raised in this report are addressed, where weaknesses are identified.</p>	<p>30th April 2020</p>	<p>1 Month</p>	<p>30th April 2022</p>	<p>BS</p>

Records Management	Whilst recognising that capital expenditure is required to address this risk, a plan should be compiled for identifying adequate facilities for the storage of records throughout the health board.	30 th April 2020	1 Month	30 th April 2022	BS
Catering Services Follow-up	In order to ensure the effective governance of the service, the health board should continue to hold the monthly Facilities Management Team meetings. The health board should also consider producing a standard agenda and method of recording for the local team meetings to ensure that updates provided to the Facilities Management Team are in a consistent format. The standard agenda items should be in line with the functions of the Facilities Management Team. We concur with the action proposed by management to review the structure of Facilities and Support Services, including the roles of the co-ordinators and supervisors to ensure there is sufficient capacity to undertake the requirements of the roles.	29 th February 2020	3 Months	31 st July 2020	DWOD&SS
Podiatry Service Follow-up	We appreciate the difficulties the Service has experienced in putting operational and professional leadership in place and concur with the actions that are being taken around the Professional Head and Team Leader roles. Management should ensure the remaining vacant roles are advertised as a matter of priority. If recruitment is unsuccessful, management should ensure alternative arrangements are put in place. PADR's should be completed to an appropriate standard, ensuring all sections are fully completed, individual training needs are identified and 90 day conversations are documented.	31 st March 2020	2 Months	31 st July 2020	DoTHS

Patterson Liz
06/24/2020 11:19:17

Podiatry Service Follow-up	As required by the health board's risk management framework, service-level risk registers should be put in place for each service within Therapies and feed up into the directorate risk register. All risk registers should be in line with the required templates. We concur with the intention to disseminate the risk management training throughout the directorate. This should be undertaken as soon as the new Professional Heads are in post (see previous finding 2). The directorate should ensure that the risk registers are being appropriately scrutinised at relevant forums, for example, service and directorate level meetings. Minutes of meetings should clearly detail this scrutiny.	31 st March 2020	2 Months	30 th June 2020	DoTHS
Podiatry Service Follow-up	Management should develop a Standard Operating Procedure to support caseload management. This should be included in the Podiatry Service Operational Policy. Management should ensure the ongoing caseload management, the triage process and booking process actions for Podiatry on the Therapies RTT action plan are progressed as a matter of priority.	30 th April 2020	1 Month	30 th September 2020	DoTHS
Podiatry Service Follow-up	The DNA policy for follow-up patients should be documented in the updated Podiatry Service Operational Policy and communicated to the Podiatrists. Follow-up appointment letters should be updated to state the DNA policy.	31 st March 2020	2 Months	30 th September 2020	DoTHS
Podiatry Service Follow-up	We concur with the intention to re-review the Operational Policy with regard to the realignment. Management should ensure this review be undertaken and the Policy approved as soon as possible.	30 th April 2020	1 Month	30 th September 2020	DoTHS

Patterson Liz
06/24/2020 11:19:17

Primary Care Clusters	We recommend that cluster 2020-21 priority action plans record target dates and performance measures by which milestones are to be delivered.	30 th April 2020	1 Month	31 st July 2020	DPCMH
Primary Care Clusters	We recommend that the health board devise and implement a comprehensive cluster governance framework to strengthen control of cluster operation going forward.	30 th April 2020	1 Month	31 st July 2020	DPCMH
Organisational Development Strategic Framework	We recommend that action plan entries are developed to carry a greater level of detail to facilitate the monitoring of achievement of priority delivery. This should include detailed actions, by whom they will be delivered, target timescales and where each priority status is to be reported and monitored.	31 st March 2020	2 Months	30 th September 2020	DWOD&SS
Organisational Development Strategic Framework	We recommend that the health board either seek to incorporate all of the OD Strategic Framework priority themes in the health board's existing performance monitoring framework or consider implementing a dedicated framework to manage the delivery of the OD Strategic Framework priority themes and related actions. Typical features of such a framework would be as follows: <ul style="list-style-type: none"> • task level actions; • action target dates and individual delivering the action; • action RAG status; and • regular reporting to management oversight group / committee / board. 	31 st May 2020	0 Months	30 th June 2020	DWOD&SS
Machynlleth Hospital Primary & Community Care Project	Prior to commencement of the next stage of the project, a Project Execution Plan should be prepared in accordance with the Capital Procedures and best practice. (D)	29 th February 2020	3 Months	31 st July 2020	DPP

Patterson, Liz
06/24/2020 11:19:17

Machynlleth Hospital Primary & Community Care Project	The THB should review the effectiveness of the Project Board prior to the conclusion of the revised FBC, to ensure the expectations are clearly outlined in respect of scrutiny and endorsement of the FBC (including the increased cost plan and programme). (O)	31 st July 2020	0 Months	31 st October 2020	DPP
Machynlleth Hospital Primary & Community Care Project	As the project is re-established, and the Project Board reviewed, members should be reminded of the importance of attendance (or sending an appropriate deputising officer) to ensure all discussions / decisions taken are suitably informed. (O)	30 th April 2020	1 Month	31 st July 2020	DPP
Machynlleth Hospital Primary & Community Care Project	Management should review the narrative reflecting the internal reporting streams and ensure the re-submitted FBC reflects the agreed, operational, structure. (O)	31 st July 2020	0 Months	31 st October 2020	DPP
Machynlleth Hospital Primary & Community Care Project	A lessons learnt exercise should be undertaken in consultation with appropriate parties and reported to Board. (O)	30 th September 2020	0 Months	31 st October 2020	DPP

Patterson, Liz
06/24/2020 11:19:17

Appendix 2 – External Audit Recommendations with Revised Deadlines for Approval

External Audits undertaken in 2018/19					
Recommendations with Revised Deadlines for Approval					
Audit Title	Recommendation Overdue	Original Agreed date for Implementation	Variance	Revised date for Implementation	Responsible Director
Structured Assessment 2018	Standing Orders state the requirement for a Healthcare Professionals' Forum but the Health Board does not have one. The Health Board should establish a Healthcare Professionals' Forum to advise the Board on local strategy and delivery.	31 st October 2019	3 Months	31 st March 2021	BS
Structured Assessment 2018	The Health Board's internet pages do not provide access to current policies such as the counter fraud policy. The Health Board should update its internet site to provide easy access to current policies and strategies.	31 st October 2019	3 Months	31 st March 2021	BS
Structured Assessment 2018	Report cover papers vary in the way in which they are completed which may limit the ability of Board members to focus on the most important areas. The Health Board should improve report cover papers to ensure that they highlight important aspects of reports rather than just describe the content or purpose of the report.	30 th June 2019	7 Months	31 st March 2021	BS
Structured Assessment 2018	The Health Board should review and update the Standing Financial Instructions given that the last update was in 2016.	30 th November 2019	2 Months	30 th September 2020	DFIIT

PTHB Ref. No.	Report Title	Assurance Rating	Director	Responsible Officer	Ref / Priority	Recommendation	Management Response	Agreed Deadline	Revised Deadline	Due	COVID-19 Priority Level	Status	Progress being made to implement recommendation			
													Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?
192008	Staff Wellbeing (Stress Management)	Reasonable	Director of Workforce & OD and Support Services	Assistant Director of OD/ Deputy Director of Workforce & OD	R1	The health board must approve, promote and publish the new Policy and Toolkit. Line Managers should be provided with adequate training in line with the requirements of the 'Stress Management and Wellbeing in the Workplace Policy' on how to identify, manage and where	The Stress Management Policy and Toolkit was approved on October 23rd 2019. It was agreed that the policy and toolkit will be reviewed in 9 months (July 2020) to ensure approaches are current and fit for purpose.	jul-20		Not yet due	2	Partially complete		Managers Programme has been placed on hold during COVID-19 operations so the Health and Safety Module has not been		Work to resume in Q2.
192013	Podiatry Service Follow-up	Limited	Director of Therapies and Health Sciences	Professional Head of Service/Service Leads	R4	Management should ensure that there is a rolling programme of GDPR training for the Podiatrists. We concur with the use of the new Team Leader role to undertake compliance monitoring against the records management and information governance policies. This monitoring should	Information Governance e-learning (every 2 years) includes GDPR will be part of the Mandatory Training for the service and monitored through ESR reports and reported through Team Meetings. Team Leaders along with Professional	okt-20		Not yet due	3	No progress	All staff have completed GDPR Training. Email reminder sent to all Therapy staff regarding the Records Policy and	Service delivery changed due to COVID-19	Managing day to day operations by Head of Therapies	okt-20
192013	Podiatry Service Follow-up	Limited	Director of Therapies and Health Sciences	Head of Therapies & Health Sciences	R6	We concur with the process being undertaken to reduce the clinic locations, including the discussions with the CHC. Management should ensure that the demand and capacity modelling be undertaken and patient assurances be detailed as a matter of priority.	Complete demand and capacity modelling which outlines New, Follow up referrals, clinic activity, case mix and workload capacity. Complete staff skills mix including new leadership role for the service Develop	sep-20		Not yet due	2	Partially complete	Head of Podiatry due to start 06.07.20 Engagement process undertaken, paper to go to Board in June 2020	Operational Policy to be reviewed inline with COVID-19	Managing day to day operations by Head of Therapies	sep-20
192013	Podiatry Service Follow-up	Limited	Director of Therapies and Health Sciences	Professional Head of Service	R7	We concur with the intention for the Service to undertake an annual caseload audit. Management should ensure that actions arising from the audit, including training needs, are clearly documented and monitored to ensure implementation.	Professional Head of Service will include the annual caseload audit within their work plan and ensure yearly audits are undertaken and all actions are documented and implemented as required.	sep-20		Not yet due	2	Partially complete	Head of Podiatry due to start 06.07.20 Caseload management undertaken during COVID-19. Review of Diabetic	Operational Policy to be reviewed inline with COVID-19	Managing day to day operations by Head of Therapies	sep-20
192014	Care Homes Governance	Limited	Director of Nursing	Director of Planning & Performance Director of Finance and	R2	2.1 The health board should agree a common contract and specification for CHC care home contracts not covered by the All Wales Framework Agreement. This is an action set out within the S33 agreement for delivery by PTHB & PCC. 2.2 The health board should review its Scheme of	2.1 A common contract and specification for CHC care home contracts not covered by the All Wales Framework Agreement to be developed, as set out within the S33 agreement for delivery by PTHB & PCC. 2.2 There is currently a national review	des-20		Not yet due	3	No progress				
192014	Care Homes Governance	Limited	Director of Nursing	Director of Nursing Senior Nurse Complex Care / Assistant	R5	5.1 The health board should consider the frequency it wishes the WAO Self-Assessment (as updated under the revised National Framework when issued) to be undertaken for both Adult and MH&LD CHC. The CHC SOP should be updated accordingly.	5.1 The health board will consider the frequency of the Self-Assessment and the SOP will be updated accordingly. 5.2 Results and associated action plans for the external sample and self-assessment to be reported to CCGS and Board.	sep-20		Not yet due	3	No progress				
192015	Primary Care Clusters	Reasonable	Director of Planning and Performance	Director of Planning and Performance	R3	We recommend that the health board devise and implement a cluster reporting model to routinely capture cluster priority status / other activity updates.	In line with reporting and monitoring of other "directorate" plans within the health boards' Integrated Medium Term Plan, the clusters will be required to report accordingly on progress on a quarterly basis. The approach taken will	jun-20		Not yet due	1	Partially complete	Whilst cluster IMTPs were finalised for 2020/21 there has been little progress against key actions in the first quarter due to focus on			
192015	Primary Care Clusters	Reasonable	Director of Primary Community Care and Mental Health	Assistant Director of Primary Care	R5	We recommend that clusters conduct a review of patient information resources and that up to date cluster newsletters and other documents covering cluster service developments and achievements are provided on cluster and health board web pages.	This will be considered by the clusters and factored into their work programme for 2020/21. Prioritisation of this may vary across the 3 clusters and thus the deadline set allows that local flexibility.	sep-20		Not yet due	3	No progress				
192018	IT Service Management	Reasonable	Director of Finance and IT	Head of Digital Services	R1	ICT should consider undertaking a formal ITIL maturity level assessment. They should assess their current level, and a target level formally agreed, where necessary with a plan to reach the level.	Accept recommendation – A full ITIL maturity level assessment will be conducted to review current status in order to assess and plan future target level and actions with timescales to reach set standards.	sep-20		Not yet due	2	No progress				
192018	IT Service Management	Reasonable	Director of Finance and IT	Head of Digital Services	R3	All subjective terms should be replaced with clearly defined number ranges.	Accept recommendation – A review of incident categorisation terminology to be considered and a framework to support decision making will be agreed and implemented.	jun-20		Not yet due	3	No progress				
192019	Machynlleth Hospital Primary & Community Care Project	Reasonable	Director of Planning and Performance	Assistant Director of Estates & Property	R2	The THB should review the effectiveness of the Project Board prior to the conclusion of the revised FBC, to ensure the expectations are clearly outlined in respect of scrutiny and endorsement of the FBC (including the increased cost plan and programme). (O)	Accepted. The Project Board briefing, review and sign off process will be documented in relation to the refresh of the Full Business Case; the document will include an updated programme and cost plan which will also be subject to review	jul-20	okt-20	Not yet due	3	Partially complete	Approval process reviewed in anticipation of refreshed FBC Approval	Delay in project activity due to Covid. Refreshed FBC now programmed for completion in October	Project activity currently stood down due to covid	okt-20

PTHB Ref. No.	Report Title	Assurance Rating	Director	Responsible Officer	Ref / Priority	Recommendation	Management Response	Agreed Deadline	Revised Deadline	Due	COVID-19 Priority Level	Status	Progress being made to implement recommendation			
													Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?
192019	Machynlleth Hospital Primary & Community Care Project	Reasonable	Director of Planning and Performance	Senior Capital Programme Manager	R4	Management should review the narrative reflecting the internal reporting streams and ensure the re-submitted FBC reflects the agreed, operational, structure. (O)	Accepted. The Full Business Case documentation along with the Project Execution Plan will define any Workstreams associated with the next phase of the project.	Jul-20	Oct-20	Not yet due	3	No progress	Refreshed FBC will be amended to define the structure	Submission delayed due to COVID-19.	FBC submission date revised due to covid - currently no risk	Oct-20
192019	Machynlleth Hospital Primary & Community Care Project	Reasonable	Director of Planning and Performance	Assistant Director of Estates & Property	R6	A lessons learnt exercise should be undertaken in consultation with appropriate parties and reported to Board. (O)	Accepted. As PTHB develops a major project pipeline, it is important that the organisation employs a lessons learned regime. A review will be undertaken of the project at Machynlleth from inception to the point of the FBC	Sep-20	Oct-20	Not yet due	3	Partially complete	Lessons learnt framework currently under development	Delayed due to COVID-19	FBC submission date revised due to covid - currently no risk	Oct-20
192020	Welsh Risk Pool Claims Management	Substantial	Director of Nursing and Midwifery	Assistant Director Quality & Safety	R1	Management should consider reviewing the reporting mechanisms on compensation claims to ensure that all claims are captured. For example, the format could be enhanced to distinguish between new claims, ongoing claims and closed claims from one period to the next.	The recommendation is accepted. Future claims reports will distinguish between new claims, ongoing claims and closed claims from one period to the next.	Oct-20		Not yet due	3	No progress				
192023	Estates Assurance Follow Up	Reasonable	Director of Planning and Performance	Asbestos Manager	AB2	The asbestos waste log and procedure for non-licensed waste, drafted following review of the Asbestos Management Plan (AMP) should be formally endorsed by the Asbestos Sub Group for inclusion in the AMP.		Jun-20		Not yet due	1	No progress				
192023	Estates Assurance Follow Up	Reasonable	Director of Planning and Performance	Assistant Director: Support Services & Facilities	FP2	The proposed training needs assessment (TNA) should be reviewed by the Fire Safety Group and implemented accordingly.		Jun-20		Not yet due	1	No progress				
192023	Estates Assurance Follow Up	Reasonable	Director of Planning and Performance	Assistant Director: Support Services & Facilities	FP3	Site fire drills should be performed on an, at least, annual basis in accordance with the Fire Code.		Jun-20		Not yet due	1	No progress				
192025	Financial Safeguarding: Support Services Led Work	Reasonable	Director of Workforce and Organisational Development.	Assistant Director: Support Services & Facilities	R2	The Support Services function should ensure that pre-planned maintenance areas are covered by formalised contacts arrangements, and that there are formal interim measures in place until these contracts are finalised.	Agreed. The Support Services department will ensure that all pre-planned maintenance areas are covered by formalised contractual arrangements, and that there are formal interim measures in place until these contracts are finalised.	Oct-20		Not yet due	3	No progress				
192025	Financial Safeguarding: Support Services Led Work	Reasonable	Director of Workforce and Organisational Development.	Assistant Director: Support Services & Facilities	R3	Management should ensure all competitive quotation and tender exercises utilise the standard declaration of non-collusion for return to the THB as part of the evaluation packs.	Agreed. Procurement of maintenance contracts where there is a value of over £5k is undertaken through NWSSP: Procurement. THB managers will ensure all competitive quotation and tender exercises undertaken on behalf of the THB	Oct-20		Not yet due	3	No progress				
192026	Risk Management and Board Assurance	Limited	Board Secretary	Head of Risk & Assurance	R1	a. Finalise the current version of the RMF and ensure placed on the health board's intranet in a location that is easy for all employees to locate. b. Finalise the RMF Toolkit and append to the RMF. c. Finalise the Risk Management training plan and rollout to individuals of the health board in line	Agreed.	Sep-20		Not yet due	2	Partially complete				
192026	Risk Management and Board Assurance	Limited	Board Secretary	Board Secretary/ Head of Risk & Assurance	R2	a. Improve the level of documented scrutiny in the Board and sub-board committee meeting minutes around rationale for making changes in risk scores for individual risks in the CRR, the achievement of deadlines for completion of mitigating actions. b. Ensure the on-going improvement of Committee	Agreed.	Dec-20		Not yet due	3	No progress				
192026	Risk Management and Board Assurance	Limited	Board Secretary	Head of Risk & Assurance	R3	Ensure that the Directorate Risk Register template, as documented in the RMF Toolkit (and appended to the Risk Management Framework) is adopted by all Directorates and fully populated for discussion at Risk and Assurance Group meetings going forward.	Agreed. This work is ongoing, with an original deadline of 31st March 2020 assigned. This deadline has been extended in light of current arrangements in response to COVID-19.	Dec-20		Not yet due	3	Partially complete	Directors have been written to, to remind them that there is an expectation that Directorates will need to manage their			

PTHB Ref. No.	Report Title	Assurance Rating	Director	Responsible Officer	Ref / Priority	Recommendation	Management Response	Agreed Deadline	Revised Deadline	Due	COVID-19 Priority Level	Status	Progress being made to implement recommendation				
													Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?	
192026	Risk Management and Board Assurance	Limited	Board Secretary	Board Secretary/ Head of Risk & Assurance	R4	a. Ensure that going forward, reviews of the Directorate Risk Registers at Risk and Assurance Group meetings are appropriate to the task required, i.e. to discuss risk scores and consider risks for recommendation to the Executive Committee to be escalated to the Corporate Risk	Agreed	des-20		Not yet due	3	Partially complete	Directors have been written to, to remind them that there is an expectation that Directorates will need to manage their				
192026	Risk Management and Board Assurance	Limited	Board Secretary	Board Secretary/ Head of Risk & Assurance	R5	a. The Board should explore ways to strengthen the Board Assurance Framework as a live and robust assurance tool for its corporate objectives by: <ul style="list-style-type: none"> • relevant Committees and groups regularly review controls and assurances to assess their effectiveness and identify any gaps; and, 	Agreed	mar-21		Not yet due	3	No progress					

Patterson, Liz
06/24/2020 11:19:17

PTHB Ref. No.	Report Title	Director	Ref.	Recommendation	Management Response	Agreed Deadline	Due	COVID-19 Priority Level	Status	Progress being made to implement recommendation			
										Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?
192051	Structured Assessment 2019	Director of Workforce & OD and Support Services	R3	The All Wales Attendance at Work Policy was recently implemented with the delivery plan developed in partnership with Trade Unions. The Health Board should evaluate and report on how the change in approach is working in practice for staff and managers.	A review will be undertaken in partnership with Trade Unions to assess the impact of the All Wales Policy in its implementation.	sep-20	Not yet due	2	No progress	Union representative has been identified to work on PULSE survey.	COVID-19 work took priority.	WOD and Trade Unions held regular meetings during COVID-19 to discuss workforce issues.	The work will re-assume in Q2.

Patterson, Liz
06/24/2020 11:19:17

PTHB Ref. No.	Report Title	Assurance Rating	Director	Responsible Officer	Ref / Priority	Recommendation	Management Response	Agreed Deadline	Revised Deadline	Revised Deadline Approved by Audit Committee	Due	COVID-19 Priority Level	Status	If closed and not complete, please provide justification	Progress being made to implement recommendation				If action is complete, can evidence be provided upon request?
															Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?	
171802	Clinical Audit Programme Follow-Up	Limited	Medical Director		R2	Clinical Audit Plans should be compiled and approved by the management teams within each directorate. These should then be discussed and where appropriate challenged by the relevant forums, including the Local Quality Groups, Clinical Effectiveness Group and OMG to ensure that there	At the time of the initial IA report, the PTHB Medical Director (at the time) had provided further assurance in relation to the position of the dental clinical audit programme. It is arguably the case that the current	sep-18	feb-20	mar-20	Complete	1	Complete		The Clinical Audit plan is compiled and approved by the senior management team of each service directorate. Clinical	None	This is a revised audit plan and so evidence is being presented as the plan is activated.		Yes
171804	Safe Water Management (including Legionella)	Limited	Director of Planning & Performance		R2	Finalise the appointment process of the Deputy Responsible Person and incorporate within the escalation process.	A Deputy Responsible Person has been nominated within the Estates Team and has received formal training; the PTHB Board Level Director has written to the Authorising Engineer (Water) to nominate and seek technical endorsement for the	apr-18	feb-20	mar-20	Complete	1	Complete		Deputy Responsible Person appointed, received training, and has received endorsement from Authorising Engineer	None	Responsible Person in post. Deputy RP fully trained.	jan-20	Yes
181921	Risk Management	Limited	Board Secretary		R2	We recommend the risk assurance framework include as appendices the risk templates that are to be used by corporate, sub-committee and directorates and that management oversight activity be improved (finding 1) to ensure these are adopted and fully populated.	This recommendation is accepted. The Annual Governance Programme, agreed by Board, confirms that work will be undertaken to strengthen the organisation's risk register reporting system to ensure it is comprehensive and	sep-19	mar-20	mar-20	Closed	1	Closed	Superseded by Audit Report 192026					
181921	Risk Management	Limited	Board Secretary		R3	We recommend that the Health Board devise and publish suitable training materials that bring together the existing documented elements of the end-to-end risk management model.	This recommendation is accepted. The Annual Governance Programme, agreed by Board, confirms that work will be undertaken to develop a Risk Management Toolkit to support staff in the identification, recording and	mai-20			Closed	1	Closed	Superseded by Audit Report 192026					
192004	Financial Planning and Budgetary Control - Commissioning	Reasonable	Director of Finance, Information and IT	Business Partner Planning and Reporting	R1	FCP (Financial Control Procedure) 021 Budgetary Control is a generic, health board wide document and does not provide specific detail regarding the commissioning budgetary processes. Whilst the commissioning processes may be compliant with the broad Financial Control Procedure,	That health board management consider the creation of commissioning budgetary process notes that cover both Finance and Planning and Performance involvement in the financial planning and budgetary control of Commissioning in	des-19	mar-20	mar-20	Complete	1	Complete		FCP on Commissioning has been reviewed along side FCP on Budgetary Control. Both documents were presented to Execs in			01.03.2020	
192004	Financial Planning and Budgetary Control - Commissioning	Reasonable	Director of Finance, Information and IT	Head of Financial Services	R2	The Health board maintains a suite of Financial Control Procedures that are accessible to all staff via the intranet. Whilst a sample of staff engaged in financial planning and budgetary control were found to be aware of those procedures relevant to financial planning and budgetary control of	That health board management review FCP 021 Budgetary Control and FCP 026 Commissioning Financial Procedures, update the procedures to reflect current practices, as required, and then revalidate the procedures and place updated	des-19			Complete	3	Complete		FCP on Commissioning has been reviewed along side FCP on Budgetary Control. Both documents were presented to Execs in				
192006	Records Management	No Assurance	Board Secretary		R6	Where the decision is taken to not refer an incident to the ICO, this should be documented to demonstrate that an assessment has been undertaken and to evidence the rationale for not notifying. Advice on notifications should be sought where appropriate.	The Audit, Risk & Assurance Committee has approved an Improvement Plan to ensure compliance with legislative and regulatory requirements in respect of records management. This internal audit recommendation will be achieved by the	nov-20			Complete	3	Complete		All IG incidents are SIRI scored and this form is now attached to each datix incident to evidence that an assessment has been	None identified	n/a		Yes
192007	Freedom of Information (Foi)	Limited	Board Secretary		R4	The organisation should ensure that the published disclosure log is updated to include the correct information as soon as practicable.	A list of responses is published on the Disclosure Log. The work to upgrade the national internet software has been delayed and is currently being piloted nationally. The IG Team will refresh the disclosure log following national rollout.	sep-20			Complete	3	Complete		Disclosure log is now live and is updated with responses sent out up April 2020	None identified	n/a		Yes
192009	Safeguarding – Employment Arrangements and Allegations	Reasonable	Director of Nursing	Director of Nursing	R3	The health board should remind staff of the requirement to complete a Datix incident form and the allegations checklist for each allegation / concern raised in line with Policy. We concur with the action being undertaken by management to strengthen arrangements to	A retrospective audit has already been completed and findings are due to be presented at the November Safeguarding Group.	jan-20			Complete	1	Complete		14.02.20: This action aligns to an action arising from the HIW: KW report action plan. The audit has been completed and				
192009	Safeguarding – Employment Arrangements and Allegations	Reasonable	Director of Nursing	Director of Nursing	R4	In order to ensure there is appropriate engagement and participation from all parties that have a role in the safeguarding of vulnerable children, young people or adults, the health board should continue to monitor the appropriateness of invitations to Professional Strategy meetings and	We will continue to challenge and escalate through the appropriate governance structure e.g. Powys Local Operational Group with escalation to Regional Safeguarding Board as required.	jan-20			Complete	1	Complete		14.04.20: This is already in place. Minutes from PLOG meetings evidence the discussions and were provided to the				
192009	Safeguarding – Employment Arrangements and Allegations	Reasonable	Director of Nursing	Director of Workforce & Organisation Development and Support Services /	R5	The health board should ensure that compliance rates for safeguarding statutory and mandatory training is at an acceptable level for all relevant modules across all directorates so that the target compliance rates can be achieved and maintained. The health board should create a central record of	ESR review and cleansing process for Statutory and Mandatory Training for Safeguarding is completed and we are awaiting approval in relation to the implementation of the new framework. Monthly monitoring reports will be	jan-20			Closed	1	Closed		Action has been completed in respect of WOD and ESR has been updated. 03.06.20 quarterly training compliance will be				Yes
192011	Catering Services Follow-up	Reasonable	Director of Workforce & OD and Support Services	Assistant Director Facilities & Support Services	R1	Updated Recommendation Priority level • In accordance with the Rostering policy, all rosters should be authorised and published at least 4 weeks in advance. • Mechanisms should be put in place to reduce the number of amendments being made to roster,	The recommendations are accepted, further work will be undertaken with all Supervisors and Managers to ensure that all aspects of the Roster Policy, Overtime Policy and TOIL are adhered to. Managers will be reminded that no overtime is to be	apr-20			Complete	1	Complete		All measures are in place and can be evidenced in e-rostering	None	Complete	Complete	Yes

PTHB Ref. No.	Report Title	Assurance Rating	Director	Responsible Officer	Ref / Priority	Recommendation	Management Response	Agreed Deadline	Revised Deadline	Revised Deadline Approved by Audit Committee	Due	COVID-19 Priority Level	Status	If closed and not complete, please provide justification	Progress being made to implement recommendation				If action is complete, can evidence be provided upon request?
															Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?	
192011	Catering Services Follow-up	Reasonable	Director of Workforce & OD and Support Services	Assistant Director Facilities & Support Services	R3	We concur with the action proposed by management to finalise the mechanism developed to standardise charging and portion sizes before it is rolled out across all sites across the health board. We concur with the action proposed by management to ensure all discrepancies on till	Agreed The department welcomes the recommendation in support of actions developed and implemented by the Facilities & Support Services management team.	feb-20			Complete	3	Complete		Roll out of revised staff menu underway with validated pricing structure.	Complete	Complete	Complete	Yes
192013	Podiatry Service Follow-up	Limited	Director of Therapies and Health Sciences	Head of Therapies & Health Sciences and Service Manager	R8	Management should ensure that action is taken to address the level of Podiatry follow-up patients that are not being seen by their target date.	The Health Board has a documented follow up improvement plan which includes Podiatry Services. The service will provide weekly review for Podiatry RTT to review the active position, actions being taken and projections. This work	apr-20			Complete	3	Complete		Podiatry RTT reviewed weekly and reported to the Community Services Group	Service delivery changed due to COVID-21			
192017	Dental Services: Monitoring of the GDS Contract Follow-up	Reasonable	Director of Primary Community Care and Mental Health	Assistant Director of Primary Care	R1	The health board should continue to review its GDS contracts on a regular basis and ensure that any amendments are agreed and signed off by both parties in a timely manner.	Contract amendments will be presented as a standard agenda item for discussion and agreement at the monthly GDS meetings.	apr-20			Complete	3	Complete		Completed. Process in place. Standing agenda item at GDS meetings.				yes
192017	Dental Services: Monitoring of the GDS Contract Follow-up	Reasonable	Director of Primary Community Care and Mental Health	Assistant Director of Primary Care	R2	<ul style="list-style-type: none"> We concur with management action to hold end of year and mid-year review meetings in a more timely manner. The health board should review all variances between the CAF reports and the reports generated from Compass to ensure figures are 	Scheduling of end of year and mid-year review meetings will continue to be monitored at the monthly GDS meetings. CAF/Compass consistency reporting will be checked by the finance team when populating the CAF and confirmed at	apr-20			Complete	3	Complete		Completed. Process in place. Standing agenda item at GDS meetings.				yes
192019	Machynlleth Hospital Primary & Community Care Project	Reasonable	Director of Planning and Performance	Assistant Director of Estates & Property	R5	<ul style="list-style-type: none"> a) Contract documentation should be appropriately retained by the THB (O) b) Noting timeliness of contract documentation is a recurring audit recommendation at the THB, management should develop an acceptable procedure to facilitate the signing of agreements / 	Accepted. It is acknowledged that contract documentation requires to be retained and be accessible for project activity and this will be held centrally by the PTHB Head of Capital. The timeliness of signing of contract	jul-20			Complete	2	Complete		Hard copies of contract documentation is all now completed and held centrally.	Some delays in signing documentation due to COVID-19, availability, etc	Implemented	Implemented	Yes

Patterson, Liz
06/24/2020 11:19:17

PTHB Ref. No.	Report Title	Director	Ref.	Recommendation	Management Response	Agreed Deadline	Due	COVID-19 Priority Level	Status	Progress being made to implement recommendation				If action is complete, can evidence be provided upon request?
										Progress of work underway	Barriers to implementation including any interdependencies	How is the risk identified being mitigated pending implementation?	When will implementation be achieved?	
181953	Audit of Financial Statements Report	Director of Finance, Information and IT	R2	The incorrect methodology has been used to calculate Remuneration Relationship. The recommendation around new starter salaries in the prior year has been addressed. However, due to a flaw in the report that the Health Board is required to use for this calculation a number of employees still remain	The THB accepts the recommendation and notes that this requires review on an all Wales basis to ensure consistency. The THB will raise the audit finding with Welsh Government to request a review of the methodology used to address the recommendation raised for future years.	mai-20	Complete	1	Complete	Subject to audit verification for 2019/20 Accounts.				
181953	Audit of Financial Statements Report	Director of Finance, Information and IT	R4	As part of our testing we require evidence to support the Related Party disclosures in the accounts. This includes declarations of interest and knowledge accumulated from other sources. We recommend that a central database is maintained to record these declarations for all those individuals	The finance department will work in conjunction with the Corporate Governance team to address this recommendation for next year's Annual Accounts Submission	mai-20	Complete	1	Complete	Used the declaration of interests submitted and enhanced for further evidence such as employment with other bodies which is				
192051	Structured Assessment 2019	Board Secretary / Director of Finance, Information and IT /	R1	There are some issues with the functioning of the Performance and Resources Committee. The Committee does not always receive reports on finance and performance for scrutiny before the Board. Finance papers have also been issued after the main set of papers reducing the time available for preparation. Although the Committee's work plan indicates that it will	1a: <ul style="list-style-type: none"> The schedule of meetings for 2020/21 will be reviewed to ensure timely reporting of finance information. The frequency of performance reporting will be reviewed to ensure that the Board and Performance 	apr-20	Complete	1	Complete	Dates reviewed with Board Sec and Finance				

Patterson.Liz
06/24/2020 11:19:17

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

To: Chief Executives, NHS bodies
Cc: Chairs
Audit Committee Chairs
Board Secretaries

Reference: PA288/DT/hcj

Date issued: 11 June 2020

Dear all

Update on the AGW's programme of NHS Performance Audit work

I trust this letter finds you all well as the service continues to navigate its way through the next phases of the COVID-19 outbreak. It truly has been an unprecedented challenge for the NHS and its partners, and I'd just like to echo the sentiments expressed by the Auditor General in his letter of 30 April to public sector Chief Executives (attached again here in case you missed first time around), thanking public servants for the phenomenal work they are doing for the people of Wales. More specifically, myself and colleagues at Audit Wales are really grateful to NHS bodies for the way they've maintained engagement with us throughout the crisis. It has helped us stay connected to developments and also to appreciate the tremendous amount of work that has been undertaken in such a short space of time to respond to the challenges presented by COVID-19.

In his letter, the Auditor General provided some information on how we were adapting our work in response to COVID-19 and I'd like to use this opportunity to provide a further specific update on our programme of NHS performance audit work. As you know we took the early decision to suspend on-site performance audit work at all NHS bodies and to progress our work remotely as far as we can. That continues to be the situation and as part of our own business continuity planning, we've been looking afresh at our current programme of work to assess how it gets taken forward in the context of COVID-19. The Annex attached to this letter provides an update on our current plans for each of the main strands of work in our programme.

Patterson, L
06/24/2020 11:19:17

Page 1 of 7 - Update on the AGW's programme of NHS Performance Audit work - please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

In addition to re-shaping the existing elements of our work programme as set out in the Annex, we are keen to ensure that we focus our attention on issues that are specific to the current situation. We're currently reviewing the information in the Welsh Government's supplementary budget and accompanying explanatory memorandum as we consider those areas that merit some specific work. At a more local level, our 2020 structured assessment work will allow us to understand how NHS bodies are maintaining their corporate and financial governance arrangements in the context of COVID-19, as well as the progress being made on recovery planning. Further information on our 2020 structured assessment work is provided in the attached project specification, which has recently been shared with Board Secretaries.

As referenced in the Auditor General's letter, we have also started work on a "COVID-19 learning project" that will seek to identify and share examples of new ways of working that have been introduced as a result of the pandemic, and wider learning points that can help with the plans to continue to control the virus and rebuild a stronger and better NHS. We are aware that there is already quite a lot of activity in this area within the NHS, so we are working closely with the NHS Confederation and Welsh Government to ensure that what we do in this space complements and adds value to existing activities.

The information I've set out in this letter represents the current position and our latest thinking but we'll continue to adopt an agile approach and where necessary adjust the content and focus of our work to ensure we are deploying our resources to areas where outputs from ourselves will add most value in the current environment. We'll continue to keep you informed of any further developments to our programme through our local engagement channels and communications such as this.

Whilst this update primarily concerns our performance audit work, I thought it would also be useful to provide a brief update on our accounts work. Our teams have continued to liaise with Directors of Finance and the wider Finance teams as we are drawing our work to a close. The Auditor General is planning to sign off the opinions on the financial statements of NHS bodies on the 2nd July 2020.

I trust this update is helpful and my thanks once again for your positive on-going engagement with our audit teams, and for all the hard work that is being done by yourselves and your organisations in response to the current situation. If you had any queries about the any aspect of this update, then please don't hesitate to contact me.

Your sincerely



David Thomas
Audit Director

ANNEX: NHS PERFORMANCE AUDIT WORK PROGRAMME UPDATE

A: Work included in local audit plans

Review	Update
Structured Assessment 2020	<p>Our annual structured assessments are one of main ways in which the AGW discharges his statutory requirement to examine the arrangements NHS bodies have in place to secure efficiency, effectiveness and economy in the use of their resources. In the context of COVID-19, we have designed an approach which allows us to undertake structured assessment work remotely and with minimal impact on NHS bodies in terms of time and resource to support the work. Our lines of enquiry will be based on the same broad areas as previous years' work but our audit questions in this year's work will have a COVID-19 context, taking note of Welsh Government guidance and frameworks issued in response to the pandemic, and including a focus on recovery planning. We are aware that the internal audit service has been asked to undertake some early work on aspects of governance related to COVID-19. We've had a constructive dialogue with internal audit colleagues and we are devising approaches at each NHS body to ensure our respective programmes of work are co-ordinated and mutually informed.</p>

Patterson.Liz
06/24/2020 11:19:17

Review	Update
<p>Reviews of quality governance arrangements at NHS bodies</p>	<p>Following the Joint Review of quality governance arrangements at Cwm Taf Morgannwg UHB, we had been developing a programme of work to examine these arrangements at all relevant NHS bodies. The cessation of on-site fieldwork as a result of COVID-19 has meant that we've had to put this work on hold. In the interim will use this year's structured assessment to get an overview of quality governance arrangements at NHS bodies and how they have been maintained during the pandemic. Subject to how the COVID-19 situation pans out, we hope to be in a situation where we can resume some form of on-site work later in the year. However, if that is not possible, we will look to design an alternative approach to capturing information we require, collaborating with Healthcare Inspectorate Wales, and other stakeholders as necessary in the design of that work.</p>
<p>Follow up work on orthopaedic services (and the national AGW follow up study on elective NHS waiting times)</p>	<p>At the point the pandemic hit we were preparing local and national reports to summarise the progress made in response to the recommendations we made in 2015. However, in the context of the Minister's decision to suspend routine elective NHS work to create capacity to deal with the expected surge in COVID-19, it seemed inappropriate to issue these reports in the format which they had been drafted. We are therefore looking to reshape these outputs so that they inform the recovery planning discussions that are starting to take place locally and nationally, and to help identify where there are opportunities to do things differently as the service looks to tackle the significant elective backlog challenges.</p>

Patterson, Liz
06/24/2020 11:19:17

Review	Update
<p>Governance review of Welsh Health Specialised Services Committee</p>	<p>We had made good progress with this review up to March of this year, but we do still need to gather in views on the current arrangements for specialised services commissioning from leaders in NHS bodies. We hope to be able to do this remotely over the coming month, potentially through the use of survey software, although we will take soundings from some key contacts in the service to test our thinking and inform our approach before we progress this. Subject to being able to collect this additional information, we would envisage having a draft output to share for comment by the end of the summer.</p>
<p>Whole system review of unscheduled care</p>	<p>We have split this work into two phases. The first phase has involved collection of data across the unscheduled care pathway with the aim of creating an interactive database that can be shared with external stakeholders and used to inform the focus of audit work in the second phase. Our ability to undertake more focused audit work in the second phase will largely be shaped by the restrictions associated with COVID-19 and stakeholders' ability to engage with the audit work. In the short term, i.e. through to the end of July, we will focus on preparing the database and discussing the most productive ways of sharing this information with external stakeholders. We have continued to take this work forward in close collaboration with Healthcare Inspectorate Wales</p>

Patterson, Liz
06/24/2020 11:19:17

Review	Update
<p>Locally specific performance audit reviews</p>	<p>In several NHS bodies, our work programme had included reviews that were specific to local circumstances in those organisations. These reviews were at various stages of completion at the point the COVID-19 restrictions were introduced. Where we can, we have continued to progress these pieces of work remotely and our performance audit leads at each site will continue to liaise with Board Secretaries to keep them up to speed with individual reviews and check on the NHS body's ability to support the remainder of the work required, including the ability to provide comments on the factual accuracy of products at the draft report stage.</p>

Patterson, Liz
06/24/2020 11:19:17

B: Other AGW NHS Performance Audit Work

Review	Update
Counter Fraud Services	The AGW has undertaken a public sector wide review of counter fraud services and is due to publish his findings on 14 July. That national report will be supported by summaries of our local findings at individual NHS bodies. We'll shortly be issuing those local reports for final factual accuracy checks ahead of them being ready to be shared with Audit Committees at their autumn meetings alongside the national output
Clinical Coding	We are currently preparing a short publication that aims to share some key messages from our recent local follow up work on clinical coding. We plan on publishing this work towards the end of July and think it will be a timely aid to discussion on the importance of clinical coding in ensuring good information flows to support decision making in response to COVID-19.
Welsh Community Care Information System (WCCIS)	We will shortly be commencing the clearance process through the WCCIS Leadership Board and the Welsh Government and, where relevant, with individual NHS bodies. This will be with a view to report publication in early autumn.
Follow up: Local public health team collaborative working	Comments on the factual accuracy of our draft report have been received and reviewed. A finalised output is in preparation with a view to publication later this summer.
Other cross sector work	Scoping work is currently underway on several pieces of work which are not NHS-specific but which are likely to involve some evidence gathering from NHS bodies. These topics include digital resilience in the public sector, collaborative working across emergency services and work on the General Equality Duty.

Patterson, Liz
06/24/2020 11:19:17

Reference: 1888A2020-21

Date issued: 08 June 2020

Structured Assessment 2020 - Project Brief

Background

- 1 The Auditor General has a statutory requirement to satisfy himself that NHS bodies have proper arrangements in place to secure economy, efficiency and effectiveness in the use of their resources as set out in Section 61 of the Public Audit Wales Act 2004. To help in the discharge of this responsibility, the Auditor General introduced the concept of a Structured Assessment in 2010, as an evolution of the work that auditors previously undertook to enable the Auditor General to draw a 'Value for Money Conclusion' for each NHS body. This briefing sets out the approach that will be adopted for Structured Assessment work in 2020.
- 2 Of course, this year's Structured Assessment work takes place at a time when NHS bodies are responding to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. On 13 March 2020, the Minister for Health, Social Services and Sport issued a framework of actions to help prepare the system for the expected surge in Covid-19 cases. The framework included the cessation of non-urgent planned activity and the relaxation of targets and monitoring arrangements across the health and care system. Emergency funding arrangements were also introduced to facilitate the wide range of actions needed to respond urgently to the COVID-19 pandemic.
- 3 On 6 May 2020, a Quarter one Operating Framework for the NHS was published setting out key considerations for the planning of the next phase of the pandemic, for maintaining delivery of essential services, and a movement towards recovery and gradual reinstatement of some services.
- 4 This year's Structured Assessment work has therefore been designed in the context of the on-going response to the pandemic. A suitably pragmatic approach has been designed which helps the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continue to respond to the next phase of the COVID-19 pandemic.

Why are we doing this work

- 5 The COVID-19 pandemic required NHS bodies to quickly adapt their arrangements in respect of governance and decision making to ensure timely action was taken to respond to the predicted surge in emergency COVID-19 demand and ensure the safety of staff and patients. In making these changes, Welsh Government expects

NHS bodies to maintain a focus on their arrangements for good governance and ensuring value for money. It is important that NHS boards, the public and key stakeholders are assured that governance arrangements remain effective.

Audit approach

- 6 As in previous years, our work is focused on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. Auditors will pay attention to progress made to address previous recommendations where these relate to important aspects of organisational governance and financial management, to ensure business is conducted as effectively as possible in the current circumstances. The work will be structured under the following themes:
- Leadership and governance;
 - Financial management; and
 - Operational planning.
- 7 The review will seek to address the following question: **Are the organisation's arrangements supporting good governance and the efficient, effective and economical use of resources?** Exhibit 1 sets out the key lines of enquiry we will consider.

Exhibit 1: key lines of enquiry

Are the organisation's arrangements supporting good governance and the efficient, effective and economical use of resources?

1. Is the organisation well led and well governed?

- Is the Board and its sub-committees working effectively?
- Is board assurance underpinned by an effective system of internal control?

In answering the questions in the context of COVID-19 we will consider, for example, the smooth continuation of governance arrangements in line with Welsh Government guidance, appropriate governance around decision making, and well documented processes for departures from standard operating practices.

Are financial resources well managed?

- Is the organisation achieving key financial objectives?
- Are required financial controls in place?
- Are arrangements for financial monitoring and reporting satisfactory?

In answering the questions in the context of COVID-19 we will consider, for example, the continuation of financial governance arrangements in line with Welsh Government guidance, including maintaining financial controls and monitoring and reporting COVID related expenditure.

3. Is there an effective approach to planning?

- a. Has the organisation developed a realistic short to medium term operational plan?
- b. Does the plan identify the resources needed to deliver it?
- c. Is there effective board level scrutiny, assurance and decision making in relation to the plan?

In answering the questions in the context of COVID-19, we will consider the progress made in developing an operational plan to support the continued response to the pandemic balanced against the provision of other essential services in accordance with Welsh Government's operating framework for quarter 1 (2020/21).

- 8 Auditors will work remotely to carry out this year's Structured Assessment work given our on-site work remains suspended in accordance with government advice on social distancing, and our desire to ensure our work does not impede NHS bodies' continuing response to the pandemic. Our work will be based on a review of relevant documentation, virtual observations at board and committee meetings and a structured discussion with the Board Secretary.
- 9 It is not our intention to conduct the normal range of formal interviews this year, although it may be necessary to speak to some members of staff other than the Board Secretary to ensure we fully understand the current arrangements in place within the NHS body. We will continue to keep our delivery arrangements under review to ensure that our audit work does not have a detrimental impact on the organisation.
- 10 We are aware that several NHS bodies have asked Internal Audit to carry out rapid governance reviews as part of their internal audit plans. We are liaising with the NHS Wales Audit and Assurance Service to coordinate our work and information collected by our auditors and the NHS Wales Audit and Assurance Service respectively may be shared to avoid any duplication in evidence gathering where this is feasible. This may include personal data, such as opinion information, and our privacy notice is available below at Appendix 1. Please note that this does not affect our statutory rights of access to information. Where possible and subject to our own testing, we may place reliance on the work of others, including Internal Audit.

Patterson
06/24/2020 11:19:17
Audit

- 11 We will work with the Board Secretary to agree the precise timing and focus of any structured discussion, and any information required to support our work that is not in the public domain.
- 12 Where we process personal data, this is in accordance with data protection legislation, including the Data Protection Act 2018 and the General Data Protection Regulation. Further information is set out in our fair processing notice attached at [Appendix 1](#). We ask that you share this project brief with Board members to ensure they understand the purpose and scope of our review and how information may be used and shared.

Timing of the work

- 13 The indicative timescales for the key stages of the work are shown in [Exhibit 2](#).

Exhibit 2: timing of the work

Key stage	Timing
Set up	June 2020
Evidence gathering	June to July 2020
Draft report	End of August 2020
Final report	End of September 2020

Reporting our findings

- 14 We will agree a mechanism for informal feedback with the Board Secretary as the work progresses, particularly where any concerns emerge. We will prepare a short report for individual NHS bodies setting out local findings and any recommendations arising from the work. In line with Audit Wales arrangements for public reporting, we will publish the report on our website once it has been formally considered by the relevant Board committee.

Patterson, Liz
06/24/2020 11:19:17

Appendix 1 – Fair Processing Notice

This privacy notice tells you about how the Wales Audit Office processes personal data provided by you in connection with our Structured Assessment of NHS Trusts and Health Boards in Wales.

Who we are: The Auditor General for Wales examines how public bodies manage and spend public money, and the Wales Audit Office (WAO) provides staff and resources to enable him to carry out his work.

Data Protection Officer (DPO): Our DPO is Martin Peters, who can be contacted by telephone on 029 20320500 or by email at: infoofficer@audit.wales.

The relevant laws (legal basis): We process personal data in accordance with the Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR). Our lawful basis for processing is the statutory powers and duties under the Public Audit (Wales) Act 2004, the Government of Wales Act 1998 and Well-being of Future Generations (Wales) Act 2015.

Purpose of processing: We are collecting opinions and information to help us carry out our Structured Assessment of health bodies. Some of this information may be about identifiable individuals, which would make it personal information, even though the purpose of our work is not in itself to collect information about identifiable individuals. The information collected will be used for this work and may also be used in our wider statutory audit work.

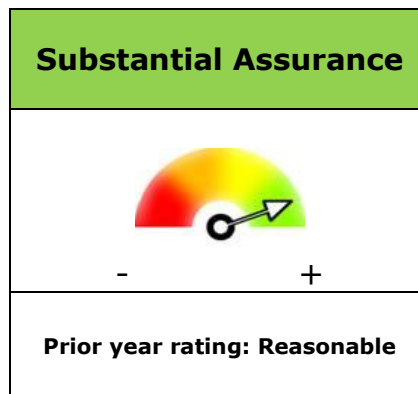
Who will see the data? The Auditor General and the WAO audit team will have access to the information you provide. We may share some information with senior management at the audited bodies involved, and our published report may include some information. We may share some data with the NHS Wales Audit and Assurance Service for the purpose of its internal audit and such information will be processed in accordance with the NHS Wales Audit and Assurance Service privacy policies.

How long we keep the data? We will keep the information collected, including your personal data, for a period of 6 years following publication of our report, or 25 years if published within a report, and we will hold your data securely in accordance with our Information Security Policy.

Your rights: You have rights to ask for a copy of the current personal information held about you or to object to data processing that causes unwarranted and substantial damage and distress. Contact the Information Officer, Wales Audit Office, 24 Cathedral Road, Cardiff, CF11 9LJ or email infoofficer@audit.wales.

The Information Commissioners Office: If you require further information in relation to your rights under data protection law or are dissatisfied with how we are handling your personal data you may contact the Information Commissioner at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF, or email casework@ico.gsi.gov.uk or telephone 01625 545745.

Capital Assurance Follow Up
Final Internal Audit Report
2019/20
Powys Teaching Health Board
NHS Wales Shared Services Partnership
Audit and Assurance Services



Patterson, Liz
06/24/2020 11:19:17



CONTENTS		Page
1.	Introduction and Background	4
2.	Scope and Objectives	4
3.	Associated Risks	4
<u>Opinion and key findings</u>		
4.	Overall Assurance Opinion	4
5.	Summary of Audit Findings	5
6.	Summary of Recommendations	5
Appendix A	Audit Findings	
Appendix B	Updated Management Action Plan	
Appendix C	Llandrindod Wells: summary of compensation events reviewed	
Appendix D	Assurance & Risk Ratings	

Review reference:	SSU_PTHB_1920_02
Report status:	Final report
Fieldwork commencement:	11 February 2020
Fieldwork completion:	23 March 2020
Draft report issued:	26 March 2020
Management response received:	15 May 2020
Final report issued:	18 May 2020
Auditor:	NWSSP: Audit & Assurance - Specialist Services Unit
Executive sign off	Hayley Thomas, Director of Planning & Performance
Distribution	Wayne Tannahill, Assistant Director of Estates & Property Louise Morris, Head of Capital Sarah Pritchard, Head of Financial Services Helen Kendrick, Quality & Safety Advisor Rani Mallison, Board Secretary Audit Committee
Committee	



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Internal Auditors.

ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Powys Teaching Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

Patterson,Liz
06/24/2020 11:19:17

1. Introduction and Background

An audit was undertaken to determine the status of previously agreed recommendations arising from the following capital assurance audits:

- Capital Assurance: Follow Up [issued April 2019]
- Llandrindod Wells Redevelopment Project: Follow Up [issued April 2019]
- Capital Systems [issued March 2019]

2. Scope and Objectives

This review encompassed an evaluation of the actions taken by Powys Teaching Health Board (the THB) to address previously agreed recommendations identified by audit for management actions from capital assurance reports.

This process was progressed through obtaining evidence in support of each recommendation. Results of the review were fed back to management to enable any errors or omissions to be corrected prior to the final issue of the report. The revised management action plan is attached in **Appendix B**.

3. Associated Risks

The potential risks considered in the review were as follows:

- The organisation fails to address known concerns exposing itself to unnecessary risk:
- Management control frameworks continue to exhibit weaknesses; and
- Management do not have processes in place to review and action agreed audit recommendations (and consequential risk mitigation).

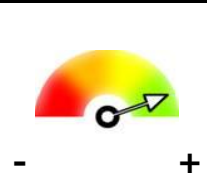
OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given to actions taken by management to address the previously agreed audit recommendations is **Substantial Assurance**.

Patterson, Liz
06/24/2020 11:19:17

RATING	INDICATOR	DEFINITION
Substantial assurance		The Board can take substantial assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with low impact on residual risk exposure.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

5. Summary of Audit Findings

The status of agreed management action can be summarised as follows:

Audit Report	Closed	Partially implemented	Outstanding	Total
Capital Assurance: Follow Up	2	-	-	2
Llandrindod Wells Redevelopment Project: Follow Up	3	1	-	4
Capital Systems	7	-	-	7
Total	12	1	-	13

Therefore of the 13 recommendations that were agreed by management, 12 recommendations were implemented (92%) with one recommendation partially implemented (8%).

The full audit findings are detailed in **Appendix A**.

6. Summary of Recommendations

A summary of the recommendations which remain to be addressed is outlined below by priority:

	H	M	L	Total
Llandrindod Wells Redevelopment Project: Follow Up	-	1	-	1
Total	-	1	-	1

The key issue for management is:

- Evidence to be retained to provide assurance that compensation events are approved in accordance with the THB's scheme of delegation. Such as a schedule maintained by the Capital team to reconcile with the change control tracker prepared by the Cost Advisor.

The updated recommendation is detailed in **Appendix B** together with the management action plan and implementation timetable.

Patterson, Liz
06/24/2020 11:19:17

Capital Assurance: Follow Up (April 2019)				
Ref	Recommendation :@ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
Medium				
1	The updated Capital Procedures should be ratified by the C&EIG and issued to staff as appropriate.	Closed The Capital Procedures have been finalised and ratified appropriately.	N/A	N/A
Low				
2	The scheme of delegation should be updated for approvals relevant to the Senior Capital Programme Manager.	Closed The Board Secretary advised that the disclosure of the limit from £25k upwards is consistent across all non-pay expenditure. Considered reasonable that no change is proposed.	N/A	N/A

Patterson,Liz
06/24/2020 11:19:17

Llandrindod Wells Redevelopment Project: Follow Up (April 2019)				
Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
Medium				
1	Monthly assurance should be obtained to ensure the Welsh Government dashboard reports are reconciled to reflect amendments reported on risk contingency.	<p>Closed.</p> <p>The risk register reviewed [November 2019] provided details of 14 open risks with an assigned value of £34.6k.</p> <p>The Welsh Government dashboard submitted at the same time period noted risk contingency as £55k – a variance of £20.4k to the risk register. However, the data in the dashboard report related to September 2019 and was supported by a Project Manager report and a Cost Advisor report of the same. These reports included a risk contingency of £0k.</p> <p>Whilst variations in the reported risk contingency sums continued to be observed, these arose due to time differences in the supporting documentation. All, however, were illustrating that the risk contingency was forecast to be used in full.</p>	N/A	N/A
2	a) Management should provide assurance that the NEC terms of	Closed.	N/A	N/A

Patterson, Liz
06/24/2020 11:19:17

Llandrindod Wells Redevelopment Project: Follow Up (April 2019)				
Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
	<p>contract have been approved and accepted for the role of Project Manager.</p> <p>b) Management should provide assurance that the consolidation of the Cost Advisor and Project Manager role has been evaluated as a reasonable way forward for the Llandrindod Wells Redevelopment Project.</p>	<p>a) A review of the contract documentation confirmed the scope of services were defined; setting out the obligations of the Project Manager as described within the NEC3 Engineering and Construction contract.</p> <p>b) Board acceptance to this approach was noted.</p>		
3	<p>Compensation events should be approved in accordance with the THB's scheme of delegation.</p>	<p>Partially implemented</p> <p>A sample of eight compensation events were reviewed to confirm approval in accordance with the THB's scheme of delegation. Refer to Appendix C for details of changes reviewed:</p> <ul style="list-style-type: none"> Evidence of appropriate approval was noted for one change; Evidence of communication regarding the need for the change, but no evidence of appropriate approval of the value of the change was noted for two changes; and 	<p>Assistant Director of Estates & Property</p> <p>On-going</p>	Medium

Patterson-Liz
06/24/2020 11:19:17

Llandrindod Wells Redevelopment Project: Follow Up (April 2019)				
Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
		<ul style="list-style-type: none"> No evidence of appropriate THB approval for five changes, for which management advised the Project Manager used their ability under the contract to instruct. <p>Review of the Project Manager Contract [Appendix A: Schedule of Services to be performed by the Project Manager: Section 1.9] states "The Project Manager will require written authority from the Project Director in relation to <u>any</u> instruction to Designers / Contractors involving a commitment to additional cost".</p> <p>Review of the Project Initiation Document further states that the Project Manager provides all information and the Employer takes a decision on how to proceed with the change.</p> <p>The above guidance was not consistently evidenced.</p> <p>For future changes / projects, it is recommended that a schedule is maintained by the Capital team of the changes received from the Project</p>		

Patterson.Liz
06/24/2020 11:19:17

Llandrindod Wells Redevelopment Project: Follow Up (April 2019)				
Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
		Manager. This can be used as a reconciliation tool when receiving the change control tracker; with references to the date of agreement / officer authorising and link to the email communication [retained on a shared drive].		
4	The derogation process should be formally documented to ensure changes are evaluated and approved appropriately.	Closed. The Capital Control Group had approved the derogation procedure.	N/A	N/A

Patterson, Liz
06/24/2020 11:19:17

Capital Systems (March 2019)				
Ref	Recommendation @ March 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
Medium				
1	<p>Bidding Process</p> <p>The procedure for bidding for non-medical equipment should be formally defined.</p>	<p>Closed.</p> <p>The procedure for bidding for non-medical equipment had not been updated. The same PRF form was used for both projects and non-medical equipment for consideration at the Capital Control Group (CCG).</p> <p>However, from the review of three bids presented to the CCG during the course of the financial year there have been no issues noted in respect of the accuracy and adequacy of the submitted bid for funding.</p>	N/A	N/A
2	<p>Provision of financial information</p> <p>All revenue and capital cost implications should be provided at bid submissions and the submitted forms will be reviewed for consistency and appropriateness.</p>	<p>Closed</p> <p>A revised EDOF form has been developed. The form now stipulates that all financial implications should be addressed upon submission i.e. source of funding and associated maintenance requirements, where applicable.</p>	N/A	N/A

Patterson, Liz
06/24/2020 11:19:17

Capital Systems (March 2019)				
Ref	Recommendation @ March 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
3	Prioritisation evaluation forms The data collated to assist the prioritisation process should be formally documented for transparency of decision making.	Closed The review of a sample of EDOF's that had been approved during 2019/20 confirmed documentation of a clear rationale through the prioritisation process.	N/A	N/A
4	Communication with procurement [EDOF forms] The notifications for successful medical equipment bids should be reviewed for clarity of the procurement process to ensue. Notifications to proceed should only be provided following approval at CCG.	Closed The review of the notification emails issued to the EDOF requestor confirmed clear communication of the chain of events leading to the procurement process.	N/A	N/A
5	Budgeting for projects Robust detailed design estimates should be required when presenting bids for consideration by the Capital Control Group.	Closed The review of CCG minutes noted there were only two projects [seven reported in the March 2019 report; value £288k] where variations to design estimates had been requested:	N/A	N/A

Patterson-Liz
06/24/2020 11:19:17

Capital Systems (March 2019)				
Ref	Recommendation @ March 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
		<p>1. £28.8k: additional costs following external advice following an oil leak incident at Ystradgynlais Hospital; and</p> <p>2. £14k [maximum]: to cover the increased tender costs received for the lighting ventilation cabinet in Claerwen Ward, Llandrindod Wells Hospital. It was noted that due to insufficient resources, this project has since been postponed until a later date.</p> <p>Variations requested were significantly lower in number and value than in previous years.</p>		
6	<p>Budgeting for projects</p> <p>Project Managers should consider splitting projects/bids into tranches to best manage discretionary funding available (ensuring appropriate compliance with approval and letting requirements).</p>	<p>Closed</p> <p>The review of the CCG minutes noted that there had been no projects / bids requested to be split to manage the funding available.</p>	N/A	N/A

Patterson-Liz
06/24/2020 11:19:17

Capital Systems (March 2019)				
Ref	Recommendation @ March 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
Low				
7	<p>Analysis of cost changes for equipment</p> <p>The equipment tracker will be extended to demonstrate variances between the costs quoted and the costs obtained; and a suitable explanation provided to assist CCG in future decision making.</p>	<p>Closed</p> <p>The tracker had been updated accordingly.</p>	N/A	N/A

Patterson, Liz
06/24/2020 11:19:17

Llandrindod Wells Redevelopment Project			
Ref	Priority	Recommendation	Responsibility & Timescale
3	Medium	<p>Compensation events should be approved in accordance with the THB's scheme of delegation.</p> <p>For future changes / projects, a schedule should be maintained by the Capital team of the changes received from the PM. This should be used as a reconciliation tool when receiving the change control tracker; with references to the date of agreement / officer authorising and link to the email communication [retained on a shared drive].</p>	<p>Assistant Director of Estates & Property</p> <p>On-going</p>

Patterson, Liz
06/24/2020 11:19:17

Ref	PMI	CE	Detail	Date	Value of change	Evidence reviewed
1	132		Outpatients: remove asbestos to service risers	30/05/2019	£37,148	No evidence of approval by the Project Director for this value of change. Management advised that the work was deemed essential to the completion of the project. The THB was informed of the requirement but the Project Manager used their ability under the contract to instruct the change.
2	139		Outpatients: Audiology upgrade	14/06/2019	£12,459	As above, no evidence of approval by the Project Director for the value of change. Management advised that the work was deemed as essential to ensure the Audiology facilities remained functional. The THB was informed of the requirement but the Project Manager used their ability under the contract to instruct the change.
3	154	173	Dental: dental boarding out	22/08/2019	£8,607	As Ref 1.
	159	177	Dental: omission of dental hatch	26/09/2019	(£4,130)	Evidence of approval by the Project Director of this omission from the programme.

Patterson JK
06/24/2020 11:19:17

Ref	PMI	CE	Detail	Date	Value of change	Evidence reviewed
5	129	148	Birthing phase 2: floor replacement & support works	30/05/2019	£5,237	Minutes from client progress meeting [May 2019] were reviewed acknowledging the floor in one of the rooms was not suitable. However, there was no evidence of approval by the Project Director / Project Manager for this value of change [noting that neither were in attendance at the May meeting reviewed].
6	162	152	Birthing phase 2: maternity heating & additional fees for areas outside of scope	02/10/2019	£13,347	As Ref 1
7	150		Waiting: Rationalised waiting design	11/07/2019	(£14,500)	Email correspondence [June 2019] between the Project Director and the Contractor was reviewed, which provided approval to proceed with opportunities to reduce the programme for Waiting and Dental scope changes. This change was encapsulated within this approval but no specific Project Director approval evidenced for this value of change.
8	128		Reception: 2 week 3 day delay agreed	22/05/2019	£17,439	As Ref 1

Patterson-Liz
06/24/2020 14:19:17

Assurance & Risk Ratings



Substantial assurance - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.



Reasonable assurance - 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. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.



Limited assurance - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.



No Assurance - The Board has **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management Action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

* Unless a more appropriate timescale is identified/agreed at the assignment.

Estates Assurance Follow Up

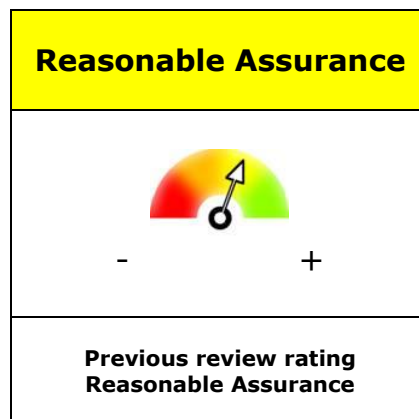
Final Internal Audit Report

2019/20

Powys Teaching Health Board

NHS Wales Shared Services Partnership

Audit and Assurance Services



Patterson, Liz
06/24/2020 11:19:17



CONTENTS		Page
1.	Introduction and Background	4
2.	Scope and Objectives	4
3.	Associated Risks	4
<u>Opinion and key findings</u>		
4.	Overall Assurance Opinion	4
5.	Summary of Audit Findings	5
6.	Summary of Recommendations	6
Appendix A	Audit Findings	
Appendix B	Updated Management Action Plan	
Appendix C	Assurance & Risk Ratings	

Review reference:	SSU_PTHB_1920_02
Report status:	Final report
Fieldwork commencement:	11 February 2020
Fieldwork completion:	23 March 2020
Draft report issued:	26 March 2020
Management responses received:	29 May 2020
Final report issued:	16 June 2020
Auditor/s:	NWSSP: Audit & Assurance - Specialist Services Unit
Executive sign off	Hayley Thomas, Director of Planning & Performance
Distribution	Wayne Tannahill, Assistant Director of Estates & Property Steve Watkins, Estates Officer Engineering Specialist Steven Bromley, Environment & Sustainability Manager Cefin Francis, Estates Officer: Building [Asbestos Manager] Kathryn Cobley, Services Improvement Manager [Welsh Language & Equality] Julie Rowles, Director of Workforce & Organisational Development

Patterson, Liz
06/24/2020 11:19:17

Andrew Cresswell, Assistant Director:
Support Services & Facilities
Rani Mallison, Board Secretary

Committee

Audit Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Internal Auditors.

ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Powys Teaching Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. Introduction and Background

The audit was undertaken to determine the current status of previously agreed recommendations arising from the following estates assurance audits:

- Asbestos Management [issued October 2018]
- Water Management [issued April 2018]
- Fire Precautions [issued April 2017]
- Waste Management [issued October 2011]
- Health and Safety [issued July 2011]

The status of the above was last reported in the 2018/19 Estates Assurance Follow Up report [issued April 2019].

It is noted that with effect from 1 April 2020, it was anticipated that Executive responsibility for Fire Precautions / Fire Safety would change. It would be re-assigned from the Director of Planning & Performance to the Director of Workforce & Organisational Development. However, due to COVID-19, this has been postponed until September 2020.

2. Scope and Objectives

This review encompassed an evaluation of the actions taken by the teaching Health Board (tHB) to address previously agreed recommendations identified by audit for management actions arising from estates assurance reports.

This process was progressed through obtaining evidence in support of each recommendation. Results of the review were fed back to management to enable any errors or omissions to be corrected prior to the final issue of the report. The revised management action plan is attached in **Appendix B**.

3. Associated Risks

The potential risks considered in the review were as follows:

- The organisation fails to address known concerns exposing itself to unnecessary risk:
- Management control frameworks continue to exhibit weaknesses; and
- Management do not have processes in place to review and action agreed audit recommendations (and consequential risk mitigation).


OPINION AND KEY FINDINGS

Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An

overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given to actions taken by management to address the previously agreed audit recommendations is **Reasonable Assurance**.

RATING	INDICATOR	DEFINITION
Reasonable assurance		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. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

5. Summary of Audit Findings

The status of agreed management action can be summarised as follows:

Audit Report	Closed	Partially implemented	Outstanding	Total
Asbestos Management	2	1	-	3
Water Management	2	-	-	2
Fire Precautions	1	1	1	3
Waste Management	1	-	-	1
Health & Safety	1	-	-	1
Total	7	2	1	10

Of the ten recommendations that were agreed by management, seven recommendations were implemented (70%) with two recommendations partially implemented (20%) and one outstanding (10%).

The full audit findings are detailed in **Appendix A**.

Patterson, Liz
06/24/2020 11:19:17

6. Summary of Recommendations

A summary of the recommendations remaining is outlined below by priority:

	H	M	L	Total
Asbestos Management	-	-	1	1
Fire Precautions	-	1*	1	2
Total	-	1	2	3

noting the lack of evidence to demonstrate compliance with the Fire Code for performance of fire drills, the priority has been increased from **low to **medium**.*

Of the recommendations remaining, the key issues for management are:

- Asbestos Management– endorsement of the asbestos waste log and procedure for non-licensed waste for inclusion in the Asbestos Management Plan;
- Fire Precautions – review of the training needs assessment by the Fire Safety Group for implementation; and
- Fire Precautions – performance of site fire drills in accordance with the Fire Code.

The updated recommendations are detailed in **Appendix B** together with the management action plan and implementation timetable.

Note: Management agreement has been provided to all of the recommendations arising at this report. Noting the unprecedented times the UHB is facing, an initial timeframe of six months has been set for the management actions. All recommendations will be reviewed at this date.

Patterson, Liz
06/24/2020 11:19:17

Asbestos Management – Reasonable Assurance (October 2018)				
Prior Ref	Recommendation @ April 2019	Action/Status @ March2020	Updated responsibility and timescale	Current year priority rating
Medium				
1	The Asbestos register (database) should be updated during and following conclusion of the refurbishment surveys currently being undertaken.	Closed The Asbestos database was reviewed and the main dashboard indicated full compliance with the exception of one site. In this instance, a survey had yet to be undertaken as the THB had yet to take possession of the site.	N/A	N/A
Low				
2	A detailed review of the Asbestos Management Plan should be completed.	Partially implemented An asbestos waste log and procedure for non-licensed waste had been drafted at the date of this review. These procedures were shared with the Asbestos Sub Group for discussion on 18 February 2020. It is anticipated they will be formally endorsed for inclusion in the Asbestos Management Plan at the next meeting [noting that the Sub-Group has currently been stood down due to COVID-19].	Asbestos Manager September 2020	Low
3	The updated Asbestos Policy should be formally ratified.	Closed The Asbestos Policy has been formally ratified by the THB.	N/A	N/A

Patterson-Liz
06/24/2020 11:19:17

Water Management – Limited Assurance (April 2018)				
Prior Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
Medium				
1	A full audit trail should be maintained of the review of the central log books; and common noted issues should be included as agenda items for discussion by the Water Safety Group ensuring consistency in approach across the THB.	Closed There was an audit trail of the work that has been undertaken to date to review and update the log books. Llandrindod Wells Hospital has been used as the pilot for the update of the log book with a view for the remaining to be issued upon completion of site risk assessments [anticipated Summer 2020].	N/A	N/A
2	The role of the Deputy Responsible Officer should be addressed, subject to training and appointment.	Closed There has been a successful appointment to the role of Deputy Responsible Person (Water Safety).	N/A	N/A

Patterson, Liz
06/24/2020 11:19:17

Fire Precautions – Reasonable Assurance (April 2017)				
Prior Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
Medium				
1	The fire safety management folders should be finalised for Newtown Hospital and Bronllys Hospital.	<p>Closed</p> <p>The fire safety management folders were provided by management for the two sites, however:</p> <ul style="list-style-type: none"> • Newtown – review date of April 2018 (two years overdue); and • Bronllys – no evidence of the effective date. <p>It was noted that the content of the manuals will be subject to a full assessment as part of the Fire Safety audit which is scheduled for the 2020/21 Internal Audit plan.</p>	N/A	N/A
2	The proposed fire training needs assessment (TNA) should be reviewed by the Fire Safety Group and implemented accordingly.	<p>Partially implemented</p> <p>Whilst there was evidence of training having been discussed at the Fire Safety Group, and a training needs assessment developed, there was no evidence that it had been implemented accordingly.</p> <p>Management confirmed that the TNA will be reviewed and taken to the next Fire Safety Group meeting for approval on 10 September 2020.</p>	Assistant Director: Estates & Property September 2020	Low

Patterson-Liz
06/24/2020 11:19:17

Fire Precautions – Reasonable Assurance (April 2017)				
Prior Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
		<p>The review will incorporate learning from COVID-19 in respect of delivery of training.</p> <p>It is noted that a full review of Fire Safety will be undertaken as part of the 2020/21 IA plan where the management of training will be assessed.</p>		
Low				
3	Site fire drills should be performed on an, at least, annual basis.	<p>Outstanding</p> <p>There was no evidence to confirm that site fire drills were being performed in an appropriate timely manner. Management advised this weakness was also raised through Fire Service inspections that had recently been undertaken [noting that the frequency of such had increased post Grenfell].</p> <p>Management confirmed that the Fire Safety Advisors will work closely with the Operational Managers on sites to support a programme of fire drills across the THB estate. The fire drill status will be documented and reported to the Fire Safety Group meeting on 10 September 2020.</p> <p>Noting the recommendation has remained outstanding since 2018, and the associated risk,</p>	Assistant Director: Estates & Property September 2020	Medium

Patterson-Liz
06/24/2020 11:19:17

Fire Precautions – Reasonable Assurance (April 2017)				
Prior Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
		<p>the priority rating has been increased accordingly.</p> <p>It is noted that a full review of Fire Safety will be undertaken as part of the 2020/21 IA plan where the management of fire drills will be assessed.</p>		

Patterson.Liz
06/24/2020 11:19:17

Waste Management – Reasonable Assurance (October 2011)				
Prior Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
Low				
1	Action should be taken to address the remaining outstanding recommendations; and to demonstrate processes are embedded and working effectively in readiness for the Stage 2 audit (scheduled May 2019).	<p>Closed.</p> <p>The THB received the ISO14001: 2015 certification in July 2019; which is valid for three years.</p> <p>The supporting report issued upon certification noted that the recommendations from the previous visit had been addressed appropriately by the THB. There were some areas noted with minor non-conformity but these did not have an impact on success of certification.</p>	N/A	N/A

Patterson, Liz
06/24/2020 11:19:17

Health and Safety – Reasonable Assurance (July 2011)				
Prior Ref	Recommendation @ April 2019	Action/Status @ March 2020	Updated responsibility and timescale	Current year priority rating
Medium				
1	Formalisation of the role / group management of physical building and environment aspects of DDA compliance should be undertaken now that the link to the Equalities Manager has been made.	<p>Closed</p> <p>Further to the issue of the original recommendation, management advised that the responsible officer for this area is the Service Improvement Manager (Welsh Language and Equality) rather than the Assistant Director of Estates & Property.</p> <p>Actions have been taken by the THB to address the physical building and environmental aspects of DDA compliance as well as the wider management of equality and diversity across the THB.</p>	N/A	N/A

Patterson.Liz
06/24/2020 11:19:17

Asbestos Management			
Ref	Priority	Recommendation	Responsibility & Timescale
2	Low	The asbestos waste log and procedure for non-licensed waste, drafted following review of the Asbestos Management Plan (AMP) should be formally endorsed by the Asbestos Sub Group for inclusion in the AMP.	Asbestos Manager September 2020

Fire Precautions			
Ref	Priority	Recommendation	Responsibility & Timescale
2	Low	The proposed training needs assessment (TNA) should be reviewed by the Fire Safety Group and implemented accordingly.	Assistant Director: Estates & Property September 2020
3	Medium	Site fire drills should be performed on an, at least, annual basis in accordance with the Fire Code.	Assistant Director: Estates & Property September 2020

Patterson-Liz
06/24/2020 11:19:17

Assurance & Risk Ratings



Substantial assurance - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.



Reasonable assurance - 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. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.



Limited assurance - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.



No Assurance - The Board has **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management Action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

*Unless a more appropriate timescale is identified/agreed at the assignment.

Patterson
06/24/2020 11:19:17

Financial Safeguarding: Estates Team Led Work

Final Internal Audit Report

2019/20

Powys Teaching Health Board

NHS Wales Shared Services Partnership

Audit and Assurance Services

Reasonable Assurance



Patterson, Liz
06/24/2020 11:19:17



CONTENTS

	Page
1. Introduction and Background	4
2. Scope and Objectives	4
3. Associated Risks	5
<u>Opinion and key findings</u>	
4. Overall Assurance Opinion	6
5. Assurance Summary	7
6. Summary of Audit Findings	9
7. Summary of Recommendations	16

Appendix A	Management Action Plan
Appendix B	Pre-planned maintenance [Estates]: summary of testing
Appendix C	Reactive maintenance [Estates]: summary of testing
Appendix D	Audit Assurance Ratings

Review reference:	SSU_PTHB_1920_03
Report status:	Final Report
Fieldwork commencement:	15 October 2019
Fieldwork completion:	11 February 2020
Draft report issued:	27 February 2020
Draft report meeting scheduled:	11 March 2020
Management response received:	28 May 2020
Final report issued:	2 June 2020

Auditor/s: NWSSP: Audit & Assurance – Specialist Services Unit

Executive sign off Hayley Thomas, Director of Planning & Performance

Distribution Wayne Tannahill, Assistant Director of Estates & Property

Pete Hopgood, Executive Director of Finance, Information and IT Services

Steve Watkins, Estates Officer
Engineering Specialist

Rani Mallison, Board Secretary

Committee

Audit Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Internal Auditors.

ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Powys Teaching Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

Patterson, Liz
06/24/2020 11:19:17

1. Introduction and Background

Fraud within the NHS Capital, Estates and Facilities functions has been more prevalent in recent years, with two recent examples being:

- a well-publicised incident within NHS Wales where three Estates officers were jailed in November 2018 after being found guilty of defrauding the NHS of £822,000; and
- another in Gloucestershire Hospitals NHS Foundation Trust where a senior Estates official was similarly sentenced abusing his position and defrauding the NHS of £870,490.

Therefore, in accordance with the agreed 2019/20 internal audit plan, the financial safeguarding review sought to affirm that there are effective controls and systems operating to deter and safeguard against potential fraud within Powys Teaching Health Board's ('the THB') Estates and Support Services functions.

This report focuses on projects / contracts led by the Estates team and should be read in conjunction with the separate report produced on the Support Services team.

2. Scope and Objectives

The audit was actioned under the operational internal audit plan agreed by the THB. The review was undertaken to determine the adequacy of, and operational compliance with, the systems and procedures of the THB, taking account of relevant NHS and other supporting regulatory and procedural requirements, as appropriate.

The scope of the audit was limited to procurement exercises associated with pre-planned and reactive maintenance programmes. The audit did not cover major capital projects, discretionary capital projects or the purchase of medical devices.

Accordingly, the scope and remit of the audit included the following:

- **Declarations of interest** – assurance that:
 - Appropriate guidance and procedures exist for the declarations of interest and compliance was demonstrated in respect of the same;
 - Appropriate arrangements were in place to enable concerns and breaches to be raised; and
 - Appropriate training was afforded to all staff.

Quotation / Tender / Local Order processes –assurance that:

Patterson, Liz
06/24/2020 11:19:17

- An appropriate governance framework was in place in respect of the procurement, tender, contract letting, local order processes (both manual and automated); and
- Compliance was demonstrated against the established internal control framework (and best practice) for selection and appointment.
- **Segregation of duties/delegated authority** – assurance that:
 - Appropriate guidance and procedures existed for the segregation of duties in the management and selection of quotes/tenders/local orders; and compliance was demonstrated in respect of the same; and
 - All approvals were appropriately sought and decision makers were appropriately authorised and adequately informed.
- **Verification of contractor/supplier arrangements** – assurance that:
 - Verification was undertaken prior to the appointment of contractors/suppliers including financial vetting, positions held by key directors; and
 - Assurance that information is produced on the award of contracts, fair rotation of contractors, analysis of key suppliers etc. - allowing analysis of tender/quotation returns and to identify any patterns of unusual behaviour.
- **Monitoring and reporting** – reporting and accountability lines were well defined, understood and applied.
- **Verification of works completed** – assurance that works were completed in accordance with the award criteria.
- **Stock control** – assurance that appropriate stock control systems were in place [including re-ordering, issue and return] to manage the materials utilised in delivery of pre-planned and reactive maintenance.
- **Other** – consideration of any other issues relevant to the general objectives above, which may arise during the review.

3. Associated Risks

The potential risks considered in the review were as follows:

- Breach of mandatory regulations;
- Non-compliance with established internal controls impacting on the achievement of project objectives;

Patterson.Liz
06/24/2020 11:19:17

- Tender arrangements not compliant with local/national requirements and value for money not be demonstrated;
- Tender processes were not sufficiently robust to minimise / mitigate collusion and/or fraud;
- Personal interests, or interests that they owe to another body, influenced or affected the individual's decision-making.
- Poor risk identification and management, resulting in the THB being un-informed in relation to cost, time and quality performance.
- Failure to prioritise high risk areas in the estate.

OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

We evidenced a reasonable control framework in place via the THB's Standing Financial Instructions (SFI's) and Capital Procedures, where applicable. Robust segregation of duties, and application of delegated limits, were noted in the approval of work arrangements / contract entered into by the THB.

However, the audit identified the following control weaknesses:


- Whilst recognising the mitigating actions the THB put in place, there is a need to have formal contracts in place for all maintenance areas, which have followed the appropriate procurement route; and
- The void of expertise needs to be addressed to assist in the development of quotation / tender specifications for the maintenance areas.

In addition, certain enhancements have been recommended in respect of:

- Review of cumulative value of work awarded to contractors and associated financial vetting requirements;
- Procurement activity reporting;
- Evaluation of contractor performance; and
- Implementation of a stores secure area procedure.

Patterson, Liz
06/24/2020 14:19:17





Against the context of the matters detailed above, the overall level of assurance has been assessed as **reasonable**.

RATING	INDICATOR	DEFINITION
Reasonable Assurance		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. More significant matters require management attention with low to moderate impact on residual risk exposure until resolved.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
1	Declarations of interest				✓
2	Quotation / Tender processes			✓	
3	Segregation of duties / delegated authority				✓
4	Verification of contractor arrangements			✓	
5	Monitoring & Reporting				✓
6	Verification of works completed			✓	
7	Stock control			✓	

* The above ratings are not necessarily given equal weighting when generating the audit opinion.

Patterson, Liz
06/24/2020 11:19:17

Design of Systems/Controls

The findings from the audit have highlighted **four** issues that are classified as weaknesses in the system control/design.

Operation of System/Controls

The findings from the audit have highlighted **two** issues that are classified as weaknesses in the operation of the designed system/control.

6. Summary of Audit Findings

The key findings are reported within the Management Action Plan (**Appendix A**).

To focus the audit testing on external contractual appointments made by the THB since April 2019, schedules were requested from the Estates departments to determine the number of contracts in place and total value. See below:

Area	Number	Approved allocation / value
Pre-planned maintenance	14 ¹	Circa £70,000
Reactive maintenance ²	Not defined	Circa £676,140

6.1 Declarations of interest



We sought assurance that appropriate guidance and procedures were available for declarations of interest, and compliance was demonstrated in respect of the same. We also sought assurance that appropriate arrangements were in place to enable concerns and breaches to be raised; and assurance that appropriate training is afforded to relevant staff.

A governance framework was in place for declarations of interest, namely the Standards of Behaviour Policy, which was available for all members of THB staff via the intranet.

Section 4.3 of the policy states *“arrangements are in place to prompt all employees ... to complete a declaration of interests form on initial employment with the health board, and at periodic intervals thereafter”*

¹ There are a total of 26 pre-planned areas identified in the listing; noting that for some, contracts are in the process of being procured and/or interim measures are in place and consideration being given to procure the service through a contract. The number disclosed relates to the contractors on the listing who have a contracted value assigned.

² An aggregate listing of payments for all minor works was provided by Finance; data was filtered by subjective codes which were relevant to Estates work.

Section 4.7 of the policy states *“if an employee is requested to participate in the procurement process they will be asked to reaffirm their interests and to confirm that there are no other relevant interests that should be declared”*

To confirm compliance, our review was limited to those named officers involved in the appointment process of the external contractors sampled during this audit.

Adherence to the policy for both general and the procurement related exercises was noted for Estates personnel. **Substantial assurance** has therefore been determined in this area.

Quotation / Tender/ Local Order Processes



We sought assurance that an appropriate governance framework was in place in respect of the procurement, tender, contract letting and local order processes (both manual and automated); and that compliance was demonstrated against an established internal control framework (and best practice) for selection and appointment.

Governance framework

Standing Financial Instructions and Standing Orders were readily available to provide guidance in respect of procurement processes. Additional guidance was also provided in the Capital Procedures which is accessible for all Estates staff.

Compliance with procedures

Details of the projects / contracts reviewed are set out within the report as follows:

- Appendix C: Pre-Planned Maintenance [Estates] (16 contracts)
- Appendix D: Reactive Maintenance [Estates] (6 contracts)

The procurement routes followed or, where applicable, proposed by the THB for appointment of the 22 contracts / jobs were as follows:

- Bravo platform: 11
- Framework: 4
- Multi Quote platform: 1
- Not competitively tendered (below 5k): 3
- Other ³: 3

³ Included in the 'other' classification are: renewal of existing arrangement; direct approach to one contractor for a value greater than the £5k threshold; and procurement following emergency incident.

It was acknowledged that for **all** procurement exercises above the £5k threshold, the THB instructs the services of NWSSP: Procurement to lead on their behalf.

Compliance with procedures was confirmed in the management of the number of contractors selected to tender / quotation and the evaluation process (prior to appointment). However, deviation from governance framework was noted:

- Only four of the 16 estates maintenance areas reviewed (25%) had live contracts (**recommendation 1**);
- For those areas where no live contract was in place, it was acknowledged that they were at varying stages of the procurement process including evaluation stage, tender submission stage and specification drafting stage – an area of expertise which management acknowledge is deficient at the THB (**recommendation 2**).

It was, however, noted that in the absence of a formal contract, appropriate mitigating actions had been taken to ensure the pre-planned areas were not left unattended; and the relevant procurement route observed had been authorised in accordance with delegated authority.

Whilst being cognisant of the lack of formal tender / quotation exercises that have been undertaken to manage the pre-planned maintenance areas, it is recognised that the THB has implemented reasonable controls to mitigate the risk of fraudulent activity. Therefore **reasonable assurance** has been determined.

Segregation of Duties / Delegated Authority



We sought assurance that appropriate guidance and procedures were available for segregation of duties in the management and selection of quote/tenders/local orders and that compliance was demonstrated in respect of the same. We also sought assurance that approvals were appropriately sought and decisions were appropriately authorised and adequately informed.

For the pre-planned maintenance areas where formal contractual arrangements were in place, segregation was evident through the involvement of NWSSP: Procurement Services therefore reducing the reliance on the Estates department to manage a procurement exercise in its entirety. This was applicable for both tenders and quotations [use of the Multi-Quote platform].

For those procurement exercises which fell within the discretionary threshold, segregation of duties remained apparent.

Application of the delegated limits for approval of work arrangements / contracts was evident in all instances.

Accordingly, **substantial assurance** has been determined in respect of this area.

Verification of Contractor Arrangements



We sought assurance that appropriate verification was undertaken prior to the appointment of contractors / suppliers, including adequate financial vetting and verification of positions held by key directors. We also sought assurance that information was produced on the award of contractors, analysis of key suppliers etc. – allowing analysis of tender/quotation returns and to identify any patterns of unusual behaviour.

Financial vetting

Section 5 of Schedule 1 to the Standing Financial Instructions states *'it is the responsibility of the Director of Finance, Planning & Performance to establish that all firms on the tender list are financially sound and professionally competent through a pre-qualification / financial vetting process undertaken by a suitably qualified and experienced procurement officer'*

Of the 22 appointment processes reviewed:

- Three appointments were made from a Framework, for which vetting had been undertaken upon initial appointment;
- One appointment had evidence of financial vetting, as provided in the evaluation pack prepared by NWSSP: Procurement Services;
- At the date of fieldwork ten appointments had yet to reach the financial vetting stage of the procurement process (all pre-planned maintenance);
- There was no evidence for two of the pre-planned maintenance appointments; and
- There was no evidence for six of the reactive maintenance appointments (four of which were below the discretionary level).

Of the above appointments, 20⁴ were below the implied £25k limit therefore would not be subject to a financial vetting exercise. However, the THB should not lose sight of the potential strategic importance of these lower value appointments, their cumulative value and integrity of the award process (**recommendation 3**).

Reporting on award of contractors

Schedule 1 (Section 7.25) to the Standing Financial Instructions states *overall monitoring of the contracts awarded shall be the responsibility of*

⁴ It is noted that many of the appointment values provided were, in the absence of formal contracts, annual figures. It is the aim of the THB to introduce multi-year contracts for a number of maintenance areas, therefore the value of the contract will be higher and lend itself to the tender process.

the Director of Finance, who shall present a report annually to the Board detailing the number and value of all contracts placed during the previous financial year in excess of the tender limit'.

The above implies that this is required only for tendering exercises entered into which are above the £25k threshold.

An annual procurement activity report is prepared for the THB by NWSSP: Procurement, setting out the various procurement categories and identifying any procedural compliance issues. At the date of fieldwork, the report for the financial year 2018/19 had yet to be received (**recommendation 4**). Management advised that assurances had been received from NWSSP: Procurement that the report would be issued in January 2020.

It is recognised that procedures / processes are in place for financial vetting and procurement activity reporting, albeit not applicable / not prepared at the date of fieldwork. Noting this, **reasonable assurance** has been determined.

Monitoring & Reporting



We sought assurance that reporting and accountability lines were well defined, understood and applied.

The Estates Compliance Group received monthly highlight reports, prepared by the Estates Officer (Engineering Specialist). Whilst not providing specific updates regarding procurement exercises, focus on the resource planning requirements to map pre-planned maintenance times and reactive maintenance information was evident.

The Estates Compliance Group fed into the Capital and Estates Improvement Group, which reported to the Performance & Resources Committee.

Procurement exercises were subject to discussion at the monthly meetings held with NWSSP: Procurement. In attendance at the meetings were representatives from both Estates and Support Services [refer also to the *Verification of Contractor Arrangements* section].

Recognising the reporting and accountability lines, **substantial assurance** has been determined.

Verification of works completed



We sought assurance that works were completed in accordance with award criteria.

Pattersn
06/24/2021 11:19:17

Where external contractors had been used to undertake pre-planned maintenance and reactive work, confirmation of physical and actual completion was actioned through authorisation of the invoice; prior to counter approval by the relevant Senior Officer for payment.

Whilst acknowledging arrangements for pre-planned maintenance are deemed ongoing for the contract duration, regular performance reviews should be embedded and evidenced as such **(recommendation 5)**.

Whilst cognisant of minimal certificates of practical completion, the payment of the contractors invoice is taken as recognition of completion of work. As such, the level of assurance has been determined as **reasonable**.

Stock Control



We sought assurance that appropriate stock control systems were in place [including re-ordering, issue and return] to manage the materials utilised in the delivery of maintenance work.

Through discussions with management, it was acknowledged that areas of reactive maintenance can be addressed through either external appointment or use of in-house tradesmen. Therefore, we reviewed the arrangements in place to ensure appropriate records were maintained of the materials utilised in the delivery.

A review was undertaken of the processes followed at the storeroom located at Bronllys Hospital and Newtown [Mochdre Industrial Estate].

Typical procedure is the use of a 'just-in-time' approach whereby materials are only ordered and received as they are needed; therefore reducing the reliance on a stores / stock function within the THB. Management advised that a decision had been taken by the THB to reduce the overall level of stock held in a formal capacity, with regular recurring items being maintained by the relevant tradesmen or onsite.

There were no formal documented stock management procedures in place; reflecting the infrequent activity in the storerooms and the low value of stock (circa £8k, across both sites reviewed). It was noted that ordered resources (used for reactive work: Bronllys) would use the site storeroom as temporary storage until collection for use. However, this area was observed to be not secure and a risk for potential misappropriation **(recommendation 6)**.

Noting the level of activity involved in the operational management of a storeroom and the value of stock maintained, **reasonable assurance** has been determined in this area.

Patterson, Liz
06/24/2020 11:19:17

7. Summary of Recommendations

The audit findings, recommendations are detailed in **Appendix A** together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Recommendations raised	-	5	1	6
Actioned since fieldwork	-	1	-	1
Recommendations to address	-	4	1	5

Note: Management agreement has been provided to all of the recommendations arising at this report. Noting the unprecedented times the UHB is facing, an initial timeframe of six months has been set for the management actions. All recommendations will be reviewed at this date.

Patterson,Liz
06/24/2020 11:19:17

Finding 1: Tender / Quotation Processes – Maintenance Contract Setup	Risk
<p><u>Pre-planned maintenance</u></p> <p>Only four of the sixteen sampled Estates maintenance areas were covered by a live contract at the time of the audit. These were either through the use of multi-year contracts through a tendering process managed by NWSSP: Procurement or external framework providers such as Eastern Shires Purchasing Organisation (ESPO).</p> <p>We were advised by management that a lack of physical resources available to the THB meant that they could not formalise tender/contract specifications etc., for all required areas. It was acknowledged that the Estates department were in the process of recruiting additional resource to manage these pre-planned maintenance contract issues. However, this process was still at a very early stage.</p> <p>For the maintenance areas where no formal contract arrangements were in place, the THB had sought to manage through rolling/extending existing supplier arrangements and using one-off orders.</p> <p><u>Reactive maintenance</u></p> <p>Four of the six reactive maintenance sampled items were below £5k in value, and therefore, as per the Standing Financial Instructions, contractors were appointed at the discretion of management rather than a formal procurement exercise.</p> <p>For the remaining two items, both were above the discretionary level:</p> <ul style="list-style-type: none"> • Appointment required to address an emergency situation. This was undertaken in full consultation with Procurement, noting that formal 	<p>Maintenance areas are overlooked by the THB.</p> <p>THB unable to carry out work to full capacity.</p> <p>Risk to staff, patient and public safety.</p>

<p>tender/quotation processes were not adhered to. Procurement recorded this issue as a minor breach, and the Capital and Estates Compliance group were advised accordingly;</p> <ul style="list-style-type: none"> Appointment made as an interim arrangement via the pre-planned maintenance area. 	
<p>Recommendations 1 & 2</p>	<p>Priority level</p>
<p>1. The Estates department should ensure that pre-planned maintenance areas are covered by formalised contacts arrangements, and that there are formal interim measures in place until these contracts are finalised. (O)</p>	<p>Medium</p>
<p>2. The resource requirements to address the maintenance tender/contract expertise within the Estates function should be finalised. (O)</p>	<p>Medium</p>
<p>Management Response</p>	<p>Responsible Officer/ Deadline</p>
<p>1. Accepted; the Estates department has multiple maintenance contracts which are required to undertake specialist works. Work is underway, with the support of NWSSP Procurement Services, to make appointments on a 3-5 year basis for key maintenance provider services with the programme of activity to be outlined by October 2020.</p>	<p>Assistant Director: Estates & Property October 2020</p>
<p>2. Accepted; additional Estates management resource has been identified and agreed in the structure with the post being actively advertised; interviews scheduled for May 2020, with the appointment subject to the suitability of candidates.</p>	<p>Assistant Director: Estates & Property October 2020</p>

Patterson-Liz
06/24/2020 11:18:17

Finding 2: Cumulative value of work awarded	Risk
<p>Whilst the value of the works sampled were mostly below the tender/quotation threshold, there were instances where the THB had appointed a single contractor, through a number of orders (below £5k), as part of an interim arrangement until a formal maintenance contract was established e.g. at period 7 of the 2019/20 financial year, one contractor had been awarded £21k worth of work.</p> <p>This approach places the THB and employees at undue risk of:</p> <ul style="list-style-type: none"> • Non-compliance with SFI requirements [<i>"Any attempt to avoid these limits may expose the LHB to risk of legal challenge and result in disciplinary action against an individual[s]."</i> (Schedule 1, Section 4.1, page 64)] • Lack of openness and transparency in award processes; • Integrity of the procurement processes being challenged by suppliers, contractors, staff or general public; • Non demonstration of the efficiency of the procurement processes i.e. cost effectiveness and value for money; and • The accumulated amount of work allocated towards a single contractor requiring increased controls e.g. financial vetting. 	<p>THB's financial interests are not adequately protected.</p> <p>Financial risk in the event of contractor failure.</p>
Recommendation 3	Priority level
<p>a) Management should review all maintenance expenditure for the financial year and determine whether formal quotation/tendering exercises should have been</p>	Medium

Patters...
 06/24/2023 11:19:17

<p>undertaken based on the cumulative value of works awarded to individual contractors. The same should be reported to the Estates Compliance Group.</p> <p>b) Management should have a standing agenda item at the procurement meetings detailing contractor/supplier orders placed e.g. cumulative number and value of all orders placed during the period/ financial year. The same would ensure openness, accountability, challenge and compliance with SFIs.</p> <p>c) Based on the outcome of (a) and (b), management should determine anticipated activity and service contract requirements for 2020/21 and future periods. (D)</p>	
Management Response	Responsible Officer/ Deadline
<p>Accepted. A quarterly review of cumulative expenditure will be undertaken during the course of scheduled Procurement meetings. This will allow sufficient time to react and respond in a positive manner and undertake more market testing of contractors, if required.</p>	<p>Assistant Director: Estates & Property Executive Director of Finance October 2020</p>

Patterson, Liz
06/24/2020 11:19:17

Finding 3: Procurement Activity Reporting	Risk
<p>In order to monitor and report period procurement activity, it was noted that NWSSP Procurement prepared financial year procurement activity reports, which detailed an overview of general procurement activity, details of all quotations and tender exercises throughout the financial year and any single quotation/tender waiver actions.</p> <p>At the date of the audit (January 2020) the activity report for 2018/19 had only just been issued in 'draft' by NWSSP Procurement.</p> <p>Whilst the monthly procurement meetings held between the THB and NWSSP Procurement are acknowledged, the activity report provides an effective summary of the procurement exercises entered into. The output of the report also helps define future decision making processes.</p>	<p>THB not being made aware of any issues in the Procurement process.</p> <p>Risk of THB not following correct procedures.</p>
Recommendation 4	Priority level
<p>Management, in consultation with NWSSP: Procurement, should define an appropriate and reasonable timeframe (following the end of a financial year) for the receipt of the Procurement Activity Report. (D)</p>	<p>Low</p>
Management Response	Responsible Officer/ Deadline
<p>Accepted. NWSSP Procurement has confirmed the activity report for 2019/20 will be produced by the end of July 2020 due to operational pressures arising from COVID-19. For future years, the activity report will be prepared for the end of Quarter 1.</p>	<p>Assistant Director: Estates & Property October 2020</p>

Patterson, L.
 06/24/2020 11:19:17

Finding 4: Performance reviews	Risk
<p>As the THB progressively moves towards longer-term contract arrangements, performance reviews should be undertaken; allowing any corrective action required to be addressed in a timely manner. It is acknowledged that the reviews may be subject to a defined threshold according to the work arrangement / contract period.</p>	<p>The THB is uninformed in relation to cost, time and quality performance.</p>
Recommendation 5	Priority level
<p>The THB should develop key performance indicators against which external contractors will be evaluated; and the outcome reported to an appropriate forum. (D)</p>	<p>Medium</p>
Management Response	Responsible Officer/ Deadline
<p>Accepted. The THB will actively engage in developing KPIs for the contracts that have currently been entered into, and will continue to develop the measures going forward as further contract arrangements are agreed.</p> <p>Performance reports on the contractors will form part of the highlight reports prepared by the respective operational sub-groups if poor performance is detected and a risk arises; a summary of which will report to the Estates Compliance Group for further action to be taken if appropriate.</p>	<p>Assistant Director: Estates & Property October 2020</p>

Patterson-Liz
06/24/2020 11:19:17

Finding 5: Stock Procedures	Risk
<p>The THB's SFIs (Section 16.2.3) specify that <i>"The Director of Finance shall set out procedures and systems to regulate the stores including records for receipt of goods, issues and returns to stores and losses"</i>.</p> <p>There were no documented procedures in place for the management of Estates stores. Management advised this was reflective of the infrequent activity in the storerooms and the low value of stock (circa £8k).</p> <p>Whilst it is acknowledged that the value of stock currently held by the THB is not material (circa £8k), an element of procedures and systems should be in place to comply with the SFIs.</p> <p>Furthermore, through discussions with key staff, it was identified that the Bronllys stores, upon receiving purchased resources, the delivered items would be held in the stores area in an open, unsecured area. We were informed by the THB that they were in the process of setting up a secure area for where resource deliveries can be stored.</p>	<p>Potential reduced control over stores management.</p> <p>Inconsistent procedures across Estates stores.</p> <p>Risk of potential stock misappropriation.</p> <p>Non-compliance with SFIs.</p>
Recommendation 6	Priority level
<p>The THB should implement the secure area procedure within stores, to ensure all procurement deliveries are safely and securely stored until use. (D)</p>	Medium
Management Response	Responsible Officer/ Deadline
<p>Actioned since fieldwork</p>	N/A

Pre-Planned Maintenance [Estates]: summary of testing

Contract	Value per PPM listing	Duration of agreement	Procurement route	Number of contractors invited to tender	Financial vetting ⁵	Segregation of duties	Authorised appropriately	Declarations of Interest ⁶	Comments / Matters arising
PAT Testing & Microwave Testing	£6,179	1 year	ESPO Framework	24	✓	✓	✓	✓	Financial vetting undertaken as part of the Framework. Selection made from the options of contractors on the Framework on the basis of the lowest cost. Aim is for a 3-year agreement in the future.
Fire extinguisher maintenance	£6,562	1 year	ESPO Framework	7	✓	✓	✓	✓	Financial vetting undertaken as part of the Framework. Aim is for a 3-year agreement in the future.
Medical Gases quarterly maintenance	£3,385	1 year	Current arrangement on quotation	Specification for formal contract currently being developed in consultation with Procurement					Work being undertaken to develop specification for a 3+1+1 agreement. Contractor selected being used in the interim period.
Engineering Inspections	£6,405	-	CCS Framework RM3731 (Lot 1)	26	x	✓	-	✓	No financial vetting as was a renewal of contract. At date of fieldwork, procurement exercise had not been finalised.

⁵ As implied by the Standing Financial Instructions, financial vetting relates to those contracts tendered competitively therefore > £25k

⁶ Confirmation of declarations of interest relate to those officers approving the agreement / contract. The forms completed are general rather than specific to each agreement / contract reviewed.

Pre-Planned Maintenance [Estates]: summary of testing

Contract	Value per PPM listing	Duration of agreement	Procurement route	Number of contractors invited to tender	Financial vetting ⁵	Segregation of duties	Authorised appropriately	Declarations of Interest ⁶	Comments / Matters arising
Personal Attack Alarms on AMI, Bronllys	£3,498	1 year	Rolling historical agreement	-	x	✓	✓	✓	Historical agreement – financial vetting undertaken at time of original agreement only.
Lift Servicing	£3,316	-	Framework	4	✓	✓	✓	✓	All Wales Framework – led by NWSSP Procurement
Annual test & inspection of lightning protection systems	£5,400	3+1+1	Tender	Open (5 returns)	✓	✓	✓	✓	Award of contract took place shortly after audit fieldwork had concluded.
Gas & Oil Boiler Annual Servicing	TBC	Propose 3+1+1	Tender	No procurement exercise undertaken at date of audit				Individual orders (reactive repairs only) being placed whilst formalise the procurement process	
Fire Alarm Maintenance	£10k - £15k [estimated]	Propose 3+1+1	Tender	No procurement exercise undertaken at date of audit				Individual orders (reactive repairs only) being placed whilst formalise the procurement process	
Critical Theatre ventilation for Llandrindod & Brecon	£3,129	Propose 3+1+1	Tender	No procurement exercise undertaken at date of audit				Individual orders being placed whilst formalise the procurement process	
Legionella sampling, disinfections & tank cleaning	£50k	Propose 3+1+1	Tender	No procurement exercise undertaken at date of audit				Rolling forward previously agreed arrangements with named contractor.	
Fire Alarm Monitoring	£2,304	Propose 3+1+1	Tender	No procurement exercise undertaken at date of audit				Individual orders being placed whilst formalise the procurement process	
Gritting to all sites	£20,400	Propose 3+1+1	Tender	No procurement exercise undertaken at date of audit				Individual orders being placed whilst formalise the procurement process	

Contract	Value per PPM listing	Duration of agreement	Procurement route	Number of contractors invited to tender	Financial vetting ⁵	Segregation of duties	Authorised appropriately	Declarations of Interest ⁶	Comments / Matters arising
Maintenance of Air Conditioning Units	£6,426	Propose 3+1+1	Tender	No procurement exercise undertaken at date of audit					Individual orders being placed whilst formalise the procurement process
Automatic Door Maintenance	£2,035	Propose 3+1+1	Tender	No procurement exercise undertaken at date of audit					Individual orders being placed whilst formalise the procurement process
Electrical Fixed wire testing	Unknown	Propose 3+1+1	Tender	No procurement exercise undertaken at date of audit					Individual orders being placed whilst formalise the procurement process

Patterson, Liz
 06/24/2020 11:19:17

Reactive Maintenance [Estates]: summary of testing

Contract	Value per PPM listing	Procurement route	Financial vetting ⁷	Segregation of duties	Authorised appropriately	Declarations of Interest ⁸	Comments / Matters arising
Supply & fit suspension ropes & anchors]	£4,147	Direct approach to contractor	n/a	✓	✓	✓	Noted that a number of possible contractors were approached but due to the age of the lift, were limited as to those who would be able to undertake the work.
Replace Automatic Door Operator	£3,840	Multi-Quote	-	-	-	-	Unable to confirm as source documentation unavailable for review due to responsible officer no longer in post.
Oil spill from site storage tank	£6,605	Emergency	n/a	✓	✓	✓	Single tender waiver completed retrospective to the work [done in full consultation with Procurement]. Expectation is that all STW's are communicated at Audit Committee. No evidence of such, but evidence of endorsement of the work at CE&IG.
Welshpool Hospital (pseudomonas samples)	£5,905	Direct approach to contractor	x	✓	✓	✓	Historic agreement with the contractor. Previously agreed terms are being used until a new tender can be specified and let for water management.
AP Cover 01/10/18 to 31/03/19	£1,884	Direct approach to contractor	n/a	✓	✓	✓	-
Checking of assets 01/11/18 to 31/05/19	£4,522	Direct approach to contractor	n/a	✓	✓	✓	-

⁷ As implied by the Standing Financial Instructions, financial vetting relates to those contracts tendered competitively therefore > £25k

⁸ Confirmation of declarations of interest relate to those officers approving the agreement / contract. The forms completed are general rather than specific to each agreement / contract reviewed.

Audit Assurance Ratings



Substantial assurance - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.



Reasonable assurance - 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. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.



Limited assurance - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.



No Assurance - The Board has **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

* Unless a more appropriate timescale is identified/agreed at the assignment

Patterson, Liz
06/24/2020 11:19:17

Financial Safeguarding: Support Services Led Work

Final Internal Audit Report

2019/20

Powys Teaching Health Board

NHS Wales Shared Services Partnership

Audit and Assurance Services

Reasonable Assurance



Patterson, Liz
06/24/2020 11:19:17



CONTENTS		Page
1.	Introduction and Background	4
2.	Scope and Objectives	4
3.	Associated Risks	5
<u>Opinion and key findings</u>		
4.	Overall Assurance Opinion	6
5.	Assurance Summary	7
6.	Summary of Audit Findings	9
7.	Summary of Recommendations	16
Appendix A	Management Action Plan	
Appendix B	Service agreements / contracts: summary of testing	
Appendix C	Assurance opinion and action plan risk rating	

Review reference:	SSU_PTHB_1920_03
Report status:	Final
Fieldwork commencement:	15 October 2019
Fieldwork completion:	11 February 2020
Draft report issued:	27 February 2020
Draft report meeting:	9 March 2020
Management response received:	14 May 2020
Final report issued:	19 May 2020

Auditor/s:	NWSSP: Audit & Assurance – Specialist Services Unit
Executive sign off	Julie Rowles, Director of Workforce & Organisational Development
Distribution	Andrew Cresswell, Assistant Director, Facilities & Support Services Rani Mallison, Board Secretary
Committee	Audit Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Internal Auditors.

ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Powys Teaching Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

Patterson, Liz
06/24/2020 11:19:17

1. Introduction and Background

Fraud within the NHS Capital, Estates and Facilities functions has been more prevalent in recent years, with two recent examples being:

- a well-publicised incident within NHS Wales where three Estates officers were jailed in November 2018 after being found guilty of defrauding the NHS of £822,000; and
- another in Gloucestershire Hospitals NHS Foundation Trust where a senior Estates official was similarly sentenced abusing his position and defrauding the NHS of £870,490.

Therefore, in accordance with the agreed 2019/20 internal audit plan, the financial safeguarding review sought to affirm that there are effective controls and systems operating to deter and safeguard against potential fraud within Powys Teaching Health Board's ('the THB') Estates and Support Services functions.

This review focuses on projects / contracts led by the Support Services team and should be read in conjunction with the separate report produced on the Estates team.

2. Scope and Objectives

The audit was actioned under the operational internal audit plan agreed by the THB. The review was undertaken to determine the adequacy of, and operational compliance with, the systems and procedures of the THB, taking account of relevant NHS and other supporting regulatory and procedural requirements, as appropriate.

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. The audit did not cover general support services such as catering.

Accordingly, the scope and remit of the audit included the following:

- **Declarations of interest** – assurance that:
 - Appropriate guidance and procedures exist for the declarations of interest and compliance was demonstrated in respect of the same;
 - Appropriate arrangements were in place to enable concerns and breaches to be raised; and
 - Appropriate training was afforded to all staff.

Quotation / Tender / Local Order processes –assurance that:

Patterson, Liz
06/24/2020 11:19:17

- An appropriate governance framework was in place in respect of the procurement, tender, contract letting, local order processes (both manual and automated); and
- Compliance was demonstrated against the established internal control framework (and best practice) for selection and appointment.
- **Segregation of duties/delegated authority** – assurance that:
 - Appropriate guidance and procedures existed for the segregation of duties in the management and selection of quotes/tenders/local orders; and compliance was demonstrated in respect of the same; and
 - All approvals were appropriately sought and decision makers were appropriately authorised and adequately informed.
- **Verification of contractor/supplier arrangements** – assurance that:
 - Verification was undertaken prior to the appointment of contractors/suppliers including financial vetting, positions held by key directors; and
 - Assurance that information is produced on the award of contracts, fair rotation of contractors, analysis of key suppliers etc. - allowing analysis of tender/quotation returns and to identify any patterns of unusual behaviour.
- **Monitoring and reporting** – reporting and accountability lines were well defined, understood and applied.
- **Verification of works completed** – assurance that works were completed in accordance with the award criteria.
- **Stock control** – assurance that appropriate stock control systems were in place [including re-ordering, issue and return] to manage the materials utilised in delivery of pre-planned and reactive maintenance.
- **Other** – consideration of any other issues relevant to the general objectives above, which may arise during the review.

3. Associated Risks

The potential risks considered in the review were as follows:

- Breach of mandatory regulations;
- Non-compliance with established internal controls impacting on the achievement of project objectives;

Patterson.Liz
06/24/2020 11:19:17

- Tender arrangements not compliant with local/national requirements and value for money not be demonstrated;
- Tender processes were not sufficiently robust to minimise / mitigate collusion and/or fraud;
- Personal interests, or interests that they owe to another body, influenced or affected the individual's decision-making.
- Poor risk identification and management, resulting in the THB being un-informed in relation to cost, time and quality performance.
- Failure to prioritise high risk areas in the estate.

OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.


We evidenced a reasonable control framework in place via the THB's Standing Financial Instructions (SFI's). Robust segregation of duties, and application of delegated limits, were noted in the approval of work arrangements / contract entered into by the THB.

However, the audit identified the following control weaknesses:

- The arrangements for completion of declarations of interest need improving;
- Whilst recognising the mitigating actions the THB put in place, there is a need to have formal contracts in place for all service delivery areas, which have followed the appropriate procurement route; and
- The requirement for completion of a declaration of non-collusion needs to be addressed at tendered contracts.

Against the context of the matters detailed above, the overall level of assurance has been assessed as **reasonable**.





Patterson, Liz
06/24/2020 11:19:17

RATING	INDICATOR	DEFINITION
Reasonable Assurance		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. More significant matters require management attention with low to moderate impact on residual risk exposure until resolved.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
1	Declarations of interest			✓	
2	Quotation / Tender processes			✓	
3	Segregation of duties / delegated authority				✓
4	Verification of contractor arrangements				✓
5	Monitoring & Reporting				✓
6	Verification of works completed				✓
7	Stock control	Not applicable			

* The above ratings are not necessarily given equal weighting when generating the audit opinion.

Patterson, Liz
06/24/2020 11:19:17

Design of Systems/Controls

The findings from the audit have highlighted **no** issues that are classified as weaknesses in the system control/design.

Operation of System/Controls

The findings from the audit have highlighted **three** issues that are classified as weaknesses in the operation of the designed system/control.

6. Summary of Audit Findings

The key findings are reported within the Management Action Plan (**Appendix A**).

To focus the audit testing on external contractual appointments made by the THB since April 2019, a schedule was requested from Support Services to determine the number and total value of 'routine' service agreements/contracts in place to manage the health & safety, statutory and regulatory requirements within this THB function.

Details of seven contracts¹ were provided with a value of circa £200k

6.1 Declarations of interest



We sought assurance that appropriate guidance and procedures were available for declarations of interest, and compliance was demonstrated in respect of the same. We also sought assurance that appropriate arrangements were in place to enable concerns and breaches to be raised; and assurance that appropriate training is afforded to relevant staff.

A governance framework was in place for declarations of interest, namely the Standards of Behaviour Policy, which was available for all members of THB staff via the intranet.

Section 4.3 of the policy states "*arrangements are in place to prompt all employees ... to complete a declaration of interests form on initial employment with the health board, and at periodic intervals thereafter*"

Section 4.7 of the policy states "*if an employee is requested to participate in the procurement process they will be asked to reaffirm their interests and to confirm that there are no other relevant interests that should be declared*"

To confirm compliance, our review was limited to those named officers involved in the appointment process of the external contractors sampled during this audit.

Whilst there was evidence of completion of declarations for Support Services staff at respective procurement stages, there was no evidence of

¹ Included in this total is one contract covering five areas [waste] and one contract covering four areas [bulk skip items]

the expected annual returns by all members of the Support Services team
(recommendation 1)

Noting the evidence of compliance during the respective procurement processes, **reasonable assurance** has been determined in this area.



6.2 Quotation / Tender/ Local Order Processes

We sought assurance that an appropriate governance framework was in place in respect of the procurement, tender, contract letting and local order processes (both manual and automated); and that compliance was demonstrated against an established internal control framework (and best practice) for selection and appointment.

Governance framework

Standing Financial Instructions and Standing Orders were readily available to provide guidance in respect of procurement processes.

Compliance with procedures

Details of the agreements / contracts reviewed are set out within Appendix B to this report.

The procurement routes followed by the THB for appointment of the seven agreements / contracts were as follows:

- Bravo platform: 4
- Framework: 2
- Single Tender: 1

It was acknowledged that for **all** procurement exercises above the £5k threshold, the THB instructs the services of NWSSP: Procurement to lead on their behalf.

Compliance with procedures was confirmed in the management of the number of contractors selected to tender / quotation and the evaluation process (prior to appointment). However, deviation from governance framework was noted:

- Four of the seven Facilities maintenance areas (57%) had live contracts **(recommendation 2)**;
- For those areas where no live contract was in place, it was acknowledged that they were at varying stages of the procurement process including tender submission stage and specification drafting stage, tender submission stage and completion of formal award [as at date of audit].

It was, however, noted that in the absence of a formal contract, appropriate mitigating actions had been taken to ensure the service areas were not left unattended; and the relevant procurement route

Patterson, Liz
06/24/2020 11:19:11

observed had been authorised in accordance with delegated authority.

- As cited in the Standing Financial Instructions competitive exercises are required for work above £5k. There is an expectation that tender / quotation documents should contain standard statements governing rules regarding bribery and corruption i.e. declaration of non-collusion. However, for the sampled competitive exercises, there was no evidence of a signed certificate of non-collusion from the relevant contractor (**recommendation 3**)

Whilst being cognisant of the lack of formal tender / quotation exercises that have been undertaken to manage the 'routine' service delivery areas, it is recognised that the THB has implemented reasonable controls to mitigate the risk of fraudulent activity. Therefore **reasonable assurance** has been determined.

6.3 Segregation of Duties / Delegated Authority



We sought assurance that appropriate guidance and procedures were available for segregation of duties in the management and selection of quote/tenders/local orders and that compliance was demonstrated in respect of the same. We also sought assurance that approvals were appropriately sought and decisions were appropriately authorised and adequately informed.

For the 'routine' service delivery areas where formal contractual arrangements were in place, segregation was evident through the involvement of NWSSP: Procurement Services therefore reducing the reliance on the Support Services function to manage a procurement exercise in its entirety.

Application of the delegated limits for approval of work arrangements / contracts was evident in all instances.

Accordingly, **substantial assurance** has been determined in respect of this area.

6.4 Verification of Contractor Arrangements



We sought assurance that appropriate verification was undertaken prior to the appointment of contractors / suppliers, including adequate financial vetting and verification of positions held by key directors. We also sought assurance that information was produced on the award of contractors, analysis of key suppliers etc. – allowing analysis of tender/quotation returns and to identify any patterns of unusual behaviour.

Financial vetting

Section 5 of Schedule 1 to the Standing Financial Instructions states *'it is the responsibility of the Director of Finance, Planning & Performance to*

establish that all firms on the tender list are financially sound and professionally competent through a pre-qualification / financial vetting process undertaken by a suitably qualified and experienced procurement officer'

Of the seven appointment processes reviewed:

- Two appointments were made from a Framework, for which vetting had been undertaken upon initial appointment;
- Two appointments had evidence of financial vetting, as provided in the evaluation pack prepared by NWSSP: Procurement Services; and
- At the date of fieldwork two appointments had yet to reach the financial vetting stage of the procurement process.

Reporting on award of contractors

Schedule 1 (Section 7.25) to the Standing Financial Instructions states '*overall monitoring of the contracts awarded shall be the responsibility of the Director of Finance, who shall present a report annually to the Board detailing the number and value of all contracts placed during the previous financial year in excess of the tender limit*'.

The above implies that this is required only for tendering exercises entered into which are above the £25k threshold.

The detail of the Support Services contractual arrangements were reported to the Executive Team; which reported into the Performance & Resources Committee.

It is recognised that procedures / processes are in place for financial vetting and procurement activity reporting. Noting this, **substantial assurance** has been determined.

6.5 Monitoring & Reporting



We sought assurance that reporting and accountability lines were well defined, understood and applied.

As referenced in 6.4, Support Services reporting was to the Executive Team which reported to the Performance & Resources Committee.

Procurement exercises were subject to discussion at the monthly meetings held with NWSSP: Procurement. At the date of the audit, in attendance at the meetings were representatives from both Support Services and Estates. However, management advised this will be reviewed in the new financial year.

Recognising the reporting and accountability lines, **substantial assurance** has been determined.



Verification of works completed

We sought assurance that works were completed in accordance with award criteria.

Where external contractors had been used to deliver 'routine' service delivery, management advised that regular meetings were held with the contractors to manage performance. Furthermore, due to the nature of the service i.e. waste, if the contracted service is not undertaken it is quite apparent. Invoices will only be paid with assurances that the work has been undertaken.

Being cognisant of physical nature applied to confirm performance of the service agreement, the payment of the contractors invoice is taken as recognition of completion of work. As such, the level of assurance has been determined as **substantial**.

Stock Control

Not applicable

We sought assurance that appropriate stock control systems were in place [including re-ordering, issue and return] to manage the materials utilised in the delivery of maintenance work.

It was evident from the sample of Support Services agreements / contracts reviewed that the THB stores were not accessed to deliver the service. Accordingly, no opinion is given on this objective at this report.

7. Summary of Recommendations

The audit findings, recommendations are detailed in **Appendix A** together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Recommendations raised	-	3	-	3

Patterson, Liz
06/24/2020 11:19:17

Finding 1: Declarations of interest	Risk
<p>The THB Standards of Behaviour policy states <i>"The Board Secretary has delegated responsibility for ensuring arrangements are in place to prompt all employees and Independent Members to complete a Declarations of Interest Form on initial employment with the health board, and at periodic intervals thereafter"</i> (page 11)</p> <p>Declarations of interest are completed by staff to ensure that they have made the THB aware of any potential conflicts which could influence or impair their way of working.</p> <p>Audit testing confirmed that Support Services members of staff only filed declarations of interest forms on procurement activities as a part of NWSSP: Procurement's management of procurement exercises.</p>	<p>Non-compliance with policies and procedures. Support Services staff have conflict of interest. Risk of fraud.</p>
Recommendation 1	Priority level
<p>Support Services staff should complete declaration of interest form in accordance with the Standards of Behaviour policy. (O)</p>	Medium
Management Response	Responsible Officer/ Deadline
<p>Agreed. Senior Managers (Band 7 and above) within the Support Services department will complete and submit declarations of interest at frequencies and in a format agreed by the Board Secretary.</p>	<p>Assistant Director: Facilities & Support Services May 2020</p>

Patterson.Liz
06/24/2020 11:19:17

Finding 2: Tender / Quotation Processes –Contract Setup	Risk
<p>Three of the seven (43%) sampled Support Services areas were covered by a live contract at the time of the audit. These were either through the use of multi-year contracts through a tendering process managed by NWSSP: Procurement, external framework providers or by a single tender waiver.</p> <p>We were advised by management that actions were being taken to address the shortfall in the formal tender arrangements. However, this process was at an early stage to address all areas defined as needing a contract.</p> <p>For those areas where no formal contract arrangements were in place, the THB had sought to manage through rolling/extending existing supplier arrangements and using one-off orders.</p>	<p>Maintenance areas are overlooked by the THB.</p> <p>THB unable to carry out work to full capacity.</p> <p>Risk to staff, patient and public safety.</p>
Recommendation 2	Priority level
<p>The Support Services function should ensure that pre-planned maintenance areas are covered by formalised contacts arrangements, and that there are formal interim measures in place until these contracts are finalised. (O)</p>	Medium
Management Response	Responsible Officer/ Deadline
<p>Agreed. The Support Services department will ensure that all pre-planned maintenance areas are covered by formalised contractual arrangements, and that there are formal interim measures in place until these contracts are finalised.</p>	<p>Assistant Director: Facilities & Support Services October 2020</p>

Patterson, Liz
06/24/2020 11:19:17

Finding 3: Declaration of non-collusion	Risk
<p>Schedule 1 (Procurement of Works, Goods & Services) of the THB Standing Financial Instructions (SFIs) states:</p> <p><i>1.3 The main legal and governing principles guiding public procurement are:</i></p> <ul style="list-style-type: none"> <i>Integrity: there should be no corruption or collusion with suppliers or others.</i> <p>As part of a selective tendering process, tenderers should be required to complete a declaration on non-collusion. This is to assist in mitigating the risk of corruption in the tender process by requiring specific relevant declaration.</p> <p>The SFIs state that competitive procurement exercises are required for:</p> <ul style="list-style-type: none"> those within the £5k-£25k threshold (quotations); and those in excess of the £25k threshold (tenders). <p>Declarations on non-collusion were not evidenced at any of the sampled Support Services maintenance areas (three of which were above the £25k tender threshold).</p>	<p>Collusion of parties in preparation of tender / quotation.</p> <p>Non-compliance with policies and procedures.</p>
Recommendation 3	Priority level
<p>Management should ensure all competitive quotation and tender exercises utilise the standard declaration of non-collusion for return to the THB as part of the evaluation packs. (O)</p>	<p>Medium</p>

Patterson, Liz
06/24/2020 11:19:17

Management Response	Responsible Officer/ Deadline
Agreed. Procurement of maintenance contracts where there is a value of over £5k is undertaken through NWSSP: Procurement. THB managers will ensure all competitive quotation and tender exercises undertaken on behalf of the THB utilise the standard declaration of non-collusion within the tender packs.	Assistant Director: Facilities & Support Services October 2020

Patterson, Liz
06/24/2020 11:19:17

Service Agreements / Contracts: summary of testing

Contract	Value per PPM listing	Duration of agreement	Procurement route	Number of contractors invited to tender	Financial vetting ²	Segregation of duties	Authorised appropriately	Declarations of Interest ³	Comments / Matters arising
Clinical Waste for all sites	£55k - £60k per annum	5-year contract [wef 01/04/2017]	Tender	4	✓	✓	✓	✓	All Wales Contract – managed by NWSSP Procurement
Confidential Waste for all sites	£30k per annum	Not defined – process ongoing	Tender	Not defined – process ongoing				✓	BCUHB led procurement exercise
Waste collection for all sites	£70k - £75k per annum	Annual	Single tender	n/a	✓	✓	✓	✓	STW completed to address the fact that no formal agreement was in place despite having used the same provider to undertake the work in previous years. More formal contract arrangements are required.
Waste collection (bulk skip)	£10k per annum	Expectation is will be 3+1+1 agreement	Tender	7	Not defined – process ongoing			✓	One-off orders being placed whilst the procurement exercise is ongoing.
High level kitchen duct cleans	£8k per annum	Rolling contract	Framework	n/a	✓	✓	✓	✓	Framework agreement – managed by NWSSP Procurement. Current work being undertaken as part of a rolling contract. No evidence of VFM being assured.

² As implied by the Standing Financial Instructions, financial vetting relates to those contracts tendered competitively therefore > £25k

³ Confirmation of declarations of interest relate to those officers approving the agreement / contract. The forms completed are general rather than specific to each agreement / contract reviewed.

Contract	Value per PPM listing	Duration of agreement	Procurement route	Number of contractors invited to tender	Financial vetting ²	Segregation of duties	Authorised appropriately	Declarations of Interest ³	Comments / Matters arising
Water Dispenser Maintenance	£8k per annum	3 years	Tender	4	✓	✓	✓	✓	At date of the audit, awaiting commencement of the formal contract.
Window Cleaning	£10k per annum	-	Framework	7	✓	✓	✓	✓	ESPO Framework - led by NWSSP Procurement. Requested for 7 suppliers from the Framework to provide costing for the work required. Only one response was received.

Patterson, Liz
06/24/2020 11:19:17

Audit Assurance Ratings



Substantial assurance - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.



Reasonable assurance - 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. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.



Limited assurance - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.



No Assurance - The Board has **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

* Unless a more appropriate timescale is identified/agreed at the assignment

Patricia Jones
06/24/2020 11:19:17

Welsh Language Standards Implementation

Internal Audit Report

2019/20

Powys Teaching Health Board

**NHS Wales Shared Services Partnership
Audit and Assurance Services**

Patterson, Liz
06/24/2020 11:19:17



CONTENTS

	Page
1. Introduction and Background	4
2. Scope and Objectives	4
3. Associated Risks	5
<u>Opinion and key findings</u>	
4. Overall Assurance Opinion	5
5. Assurance Summary	6
6. Summary of Audit Findings	7
7. Detailed Audit Findings	8
8. Summary of Recommendations	12

Appendix A	Management Action Plan
Appendix B	Assurance opinion and action plan risk rating
Appendix C	Responsibility Statement

Review reference:	PTHB-1920-04
Report status:	Final
Fieldwork commencement:	18 February 2020
Fieldwork completion:	9 April 2020
Draft report clearance meeting:	Not held due to Covid19 pressures
Draft report issued:	15 April 2020
Management response received:	18 June 2020
Final report issued:	18 June 2020
Auditors:	Helen Higgs, Head of Internal Audit Osian Lloyd, Deputy Head of Internal Audit Rhian Gard, Principal Auditor
Executive sign off:	Claire Madsen, Executive Director of Therapies & Health Science
Distribution:	Kathryn Cobley, Service Manager Welsh Language & Equality
Committee:	Audit, Risk and Assurance Committee Experience, Quality and Safety Committee

Patterson,Liz
06/24/2020 11:19:17



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer.

They are prepared for the sole use of Powys Teaching Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

Patterson
06/24/2019 11:19:17

1. Introduction and Background

On 20th of March 2018, Assembly Members voted in favour of the Welsh Language Standards [No7.] Regulations 2018. The two key principles that underpin the Regulations are:

- in Wales, the Welsh Language should be treated no less favorably than the English Language; and
- persons in Wales should be able to live their lives through the medium of Welsh language if they choose to do so.

The financial penalty for non-compliance with the Standards could be a civil penalty of up to £5,000 per breach.

In July 2018, the Welsh Language Commissioner (the 'Commissioner') issued a draft compliance notice to all Welsh health organisations. After a twelve-week consultation period, responses on the reasonableness and proportionality of implementing each standard were submitted to the Commissioner by all Welsh health organisations. Final compliance notices were issued in November 2018.

Powys Teaching Health Board's (the 'health board') final Compliance notice required compliance with 124 standards (116 standards plus eight additional reliant standards); out of which 98 standards required compliance within 6 months, 22 standards required compliance within one year and four within two years. The health board formally challenged 22 of the standards due for compliance; 16 standards were challenged in May 2019 and a further six standards were challenged more recently. The Commissioner has accepted a variance to three standards as valid but has not agreed the other challenges and has given the health board until the end of April to appeal the remaining five standards from the most recent challenge.

The health board has approached the Regulations in two phases, with phase one being the impact assessment, response to the draft compliance notice and development of implementation action plans. Phase two represents the implementation of those action plans.

2. Scope and Objectives

The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place over the implementation of phase one of the Regulations and how lessons were learnt to inform the second phase due later in 2019/20.

In order to provide assurance, we considered the systems and controls in place over:

- how the health board has assessed the impact of the Regulations on the organisation;
- the process for creating implementation actions to achieve compliance with the Regulations;
- the process for determining the resource requirements to deliver these actions; and
- how staff are being made aware of the requirements of the Regulations.

Limitations of scope

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. We did not assess compliance with the Regulations. The audit focused on phase one of the health board's approach and did not consider phase two (i.e., the implementation of the action plans).

3. Associated Risks

The main risk considered in the review was the potential for financial penalties and reputational damage because the health board is unable to comply with the Regulations within the timescales agreed with the Welsh Language Commissioner.


OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with Welsh Language Standards Implementation is **limited** assurance.

Patterson, Liz
06/24/2020 11:19:17

RATING	INDICATOR	DEFINITION
Limited Assurance		The Board can take limited assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

					
1	Impact Assessment		✓		
2	Action Plans		✓		
3	Resource Requirements		✓		
4	Staff Awareness			✓	

* The above ratings are not necessarily given equal weighting when generating the audit opinion.

Design of System / Control

The findings from the review have highlighted two issues that are classified as weakness in the system control/design for Welsh Language Standards Implementation.

Operation of System/Controls

The findings from the review have highlighted one issue that is classified as weakness in the operation of the designed system/control for Welsh Language Standards Implementation.

6. Summary of Audit Findings

The draft compliance notice for the Welsh Language Standards was issued by the Welsh Language Commissioner to all NHS Organisations in July 2018. The final notice was issued in November 2018. There is limited evidence to demonstrate that an assessment of the Regulations had been undertaken within the health board until the completion of the Baseline Assessment in January 2019. When comparing progress with other NHS organisations it is noted that the health board was behind its peers, as some had reviewed and assessed the impact of the draft compliance notice during the summer of 2018 in preparation for the final compliance notice.

The results from the baseline assessment highlighted the position across the health board as 'inadequate'. The Board update paper also found there had been '*no formal approach for the development of the Welsh Language and the Welsh Language Scheme for Powys had not been updated since 2010*'. As a result, the implementation of the Welsh Language Standards was included on the health board's corporate risk register.

Following the appointment of the Service Improvement Manager of Welsh and Equality in April 2019 there has been increased activity and progress towards the assessment and implementation of the Standards. The Service Improvement Manager introduced the directorate action plans and established the Welsh Language Service Leads Group in July 2019. Leads from each directorate are invited to facilitate implementation and monitoring of the Standards, discuss and monitor concerns / investigations and develop initiatives to improve the bilingual service provision. Attendance levels at the meetings have been good on the whole, however there is a link between those Service Leads not attending regularly and the quality and completeness of their directorate action plans. There is also evidence to demonstrate updates being provided to Board, the Executive Committee and Experience, Quality and Safety (EQS) Committee.

Despite the Service Improvement manager holding one to one meetings with Service Leads, the majority of directorate action plans are still under development. These need to be finalised in time to feed into the health board's overall compliance assessment which will be included in the end-of-year progress report due to be presented to Board in May 2020, along with the Welsh Language Commissioner's Annual Monitoring Report.

It is apparent that the health board again appears to be behind in comparison to other NHS organisations where, from completion of similar reviews, we noted another health board had ensured an action plan was in place to complement the impact assessment and had considered the associated resource requirements. As the overarching action plan within the health board has yet to be completed, we are unsure of its format, how it

will be used to co-ordinate implementation and whether it will detail the resource requirements to comply with the Standards.

A range of resources have been made available within the health board to ensure staff are familiar with the requirements of the Standards and awareness sessions are in the early stages of roll out. Whilst this is in line with other NHS organisations, we have identified examples elsewhere of where a Welsh Language Policy and communication strategy have been developed, alongside more frequent communication being issued from an earlier stage to support staff through the implementation.

Although progress is now being made, it is evident that the health board has a significant amount of work to do to ensure compliance with the Standards. In terms of the implementation process, we would have expected phase one (including the impact assessment, response to the draft compliance notice and the development of action plans) to have been completed, noting the implementation date of May 2019. However, our review has identified that this is still in progress. We would expect the health board to now be progressing phase two (implementation date November 2019 and November 2020), and working to implement the agreed action plans. However we note that this is still in its early stages.

7. Detailed Audit findings

In this section, we summarise the findings from our audit fieldwork. The detailed findings are reported in the Management Action Plan (Appendix A).

Objective 1: how the health board has assessed the impact of the Regulations in the organisation;

The draft compliance notice for the Welsh Language Standards was issued by the Welsh Language Commissioner to all NHS Organisations in July 2018. The final notice was issued in November 2018. There is limited evidence to demonstrate that an assessment of the Regulations had been undertaken within the health board until the completion of the Baseline Assessment in January 2019. When comparing progress with other NHS organisations, it is noted that the health board was behind its peers, as some had reviewed and assessed the impact of the draft compliance notice during the summer of 2018 in preparation for the final compliance notice. The assessment completed was at an overall health board and directorate level. It is unclear how the assessment process was completed as no evidence was retained to demonstrate the approach taken by the previous Welsh Language Officer, who is no longer in post.

The results of the baseline assessment highlighted the position across the health board as 'inadequate' and the implementation of the Welsh Language Standards was included on the Corporate Risk Register. As stated in the Welsh Language update paper presented to Board in March 2019: 'the

baseline assessment also highlighted there was *no formal approach of the Welsh Language and the Welsh Language scheme had not been updated since 2010*. The paper also noted that *'there had been sporadic internal reporting of compliance with the Welsh Language Scheme and 'More Than Just Words' with very little Board oversight of Welsh Language in recent years*'. Also, the assessment did not detail the challenges the health board would encounter or the resource requirements to implement and comply with the Standards.

The key next steps highlighted in the Board paper included a full analysis of the baseline assessment, a RAG rated report against each of the 121 Standards and to establish the Welsh Language Steering Group.

We identified a **High** priority issue. See finding 1 in Appendix A.

Objective 2: the process for creating implementation actions to achieve compliance with the Regulations; and

Objective 3: the process for determining the resource requirements to deliver these action plans

Following the assessment, the appointment of the Service Improvement Manager in April 2019 has helped to drive progress on what was an area lacking attention prior to the baseline assessment. The role of Service Improvement Manager has a dual purpose, with responsibility for Equality in addition to the Welsh Language Standards. The role is supported by a part time fixed term Welsh speaking communications colleague who assists with social media queries and interaction. Whilst it is a small team, it is in line with some NHS Wales organisations, although we do note that resources and support is varied.

The appointment of the Service Improvement Manager of Welsh and Equality has resulted in increased activity and progress towards the assessment and implementation of the Standards. The Service Improvement Manager introduced directorate action plans and established the Welsh Language Service Leads Group in July 2019. Leads from each directorate are invited to facilitate implementation and monitoring the Standards, discuss and monitor concerns and investigations and develop initiatives to improve the bilingual service provision. Attendance levels at the meetings has been good on the whole, however there is a link between those Service Leads not attending regularly and the quality and completeness of their directorate action plans. So far, the completed action plans are highlighting some of the key themes being reported to Board, Executive Committee and EQS Committee such as Welsh Language Resources including translation and interpretation services.

There is no overarching health board action or resource management plan at present to help co-ordinate the implementation of the Welsh Language

Standards. Regular updates on key themes such as Welsh Language Resources including translation and interpretation services, Welsh Language training and awareness, financial resources, compliance within the health board, breaches and formal challenges have been provided to Board, the Executive Committee and the EQS Committee. Despite the Service Improvement manager holding one to one meetings with Service Leads, the majority of directorate action plans are still under development. These need to be finalised in time to feed into the health board's overall compliance assessment which will be included in the end-of-year progress report due to be presented to Board in May 2020, along with the Welsh Language Commissioner's Annual Monitoring Report.

Whilst encouraging progress has been made since the Service Improvement Manager's appointment the health board appears to be behind other NHS organisations. From completion of similar reviews, we noted one organisation had ensured an action plan was in place to complement the impact assessment and had considered the associated resource requirements. Whilst another organisation had a draft resource management plan in place to give a high level overview of resource implications at phase one of the implementation process. As the overarching action plan within the health board has yet to be completed, we are unsure of its format, how it will be used to co-ordinate implementation and whether it will detail the resource requirements to comply with the Standards.

Even though the exact level of resource has yet to be determined this should be done once the overall assessment from the action plans are completed and collated. Whilst there is an absence of a resource management plan, the updates presented to the Executive Committee and EQS Committee have demonstrated consideration of resource requirements. The health board is aware of the areas where the Regulations will have the highest impact, mainly translation and interpretation services where a draft budget proposal has been prepared but not yet finalised and agreed.

The health board has formally challenged in total 22 of the standards due for compliance; 16 standards (4; 5; 7; 21; 22; 22A; 22CH; 24; 25; 29; 30; 32; 34; 36; 37 and 44) were challenged in May 2019 and a further six standards (10; 19; 50; 78; 106A and 107A) were challenged more recently. The Commissioner has accepted a variance to three standards (19, 29 and 32) as valid but has not agreed the other challenges and has given the health board until the end of April to appeal the remaining five standards from the most recent challenge. The health board accepted the Commissioner's decision on each standard challenged in May 2019. The six standards challenged recently relate to:

Policy and interpretation and translation services;

- telephone services - where health board staff must deal with patients in Welsh as much as possible, to a point where it is necessary to transfer to a Welsh speaker, if that is their wish (Standard 10);
- when phoning patients for the first time, the health board must ask and record if they wish to have further conversations in Welsh (Standard 19)
- any reception service made available in English must also be available in Welsh (Standard 50).
- publish a policy on providing Primary Care service and, in doing so, make decisions in relation to opportunities for patients to use the Welsh language and treating Welsh no less favourably than English (Standard 78).

Recruitment services (we were informed the following standards are being challenged at an All Wales level);

- making sure where Welsh language skills are essential, desirable or need to be learnt, this must be specified when being advertised. The post must also be advertised in Welsh (Standard 106A); and
- publishing all recruitment information including job descriptions, application forms and interview process information in Welsh (Standard 107A).

We identified a **High** priority issue. See finding 2 in Appendix A.

Objective 4: how staff are being made aware of the requirements of the Regulations

There are a range of resources available within the health board to ensure there is staff awareness of the requirements of the Regulations. For instance, the Welsh Language page on the health board's intranet site has been updated to include Welsh language resources and templates. Also a managers' resource pack has been developed to aid discussions with staff during team meetings to provide guidance on complying with the Standards.

Whilst general communications with staff on the impact of the Regulations commenced in July 2019, Service Leads were involved in the baseline assessment process (see objective 1 above), and therefore they would have been aware of the requirements of the Regulations from an earlier stage. Feedback from Service Leads highlighted there has been discussion on the Standards during team meetings and that the Service Improvement Manager has attended some of these meetings since January 2020 to discuss the requirements and raise awareness. Whilst this in line with other NHS organisations, we have identified examples elsewhere where a Welsh Language Policy and communication strategy have been developed and more frequent communications issued and from an earlier stage in order to cascade key information to support staff through implementation.

There has also been the offer of staff awareness sessions since July 2019, although in contrast, other NHS organisations ran these from a year earlier. The presentation is focused towards the 'active offer' of the Welsh Language; it covers the importance of the Standards, the challenges, resources available and good practice to make sure the health board is better equipped. To date the health board's awareness sessions have only taken place in three directorate areas with a further session scheduled to take place in another. Two of these areas have updated and finalised their directorate action plans. As no registers have been kept for these sessions there is no record of the staff attendance.

We have identified a **Medium** priority issue. See finding 3 in Appendix A.

8. Summary of Recommendations

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	2	1	-	3

Patterson, Liz
06/24/2020 11:19:17

Finding 1 Impact Assessment (Design)	Risk
<p>The draft compliance notice for the Welsh Language Standards was issued by the Welsh Language Commissioner to all NHS organisations in July 2018. The final notice was issued in November 2018. There is limited evidence to demonstrate that an assessment of the Regulations had been undertaken within the health board until the completion of the Baseline Assessment in January 2019. When comparing progress with other NHS organisations it is noted that the health board was behind its peers, as some had reviewed and assessed the impact of the draft compliance notice during summer 2018 in preparation for the final compliance notice. The assessment completed was at an overall health board and directorate level. However, it is unclear how the assessment process was completed as no evidence was retained to demonstrate the approach taken by the previous Welsh Language Officer, who is no longer in post.</p> <p>The results of the baseline assessment highlighted the position across the health board as 'inadequate' and the implementation of the Welsh Language Standards was included on the Corporate Risk Register. As stated in the Welsh Language update presented to Board in March 2019, <i>'the baseline assessment also highlighted there was no formal approach of the Welsh Language and the Welsh Language scheme had not been updated since 2010'</i>. Alongside this, <i>there had been 'sporadic internal reporting of compliance with the Welsh Language Scheme and 'More Than Just Words' with very little Board oversight of Welsh Language in recent years.'</i> Also, the assessment did not detail the challenges the health board would encounter or the resource requirements to implement the Standards.</p> <p>The key steps highlighted in the Board papers was a full analysis of the baseline assessment, along with RAG rated report against each of the 121 Standards and to establish the Welsh Language Steering Group.</p>	<p>Failure to make timely progress with implementing the Regulations.</p> <p>Failure to comply with the Regulations.</p> <p>Potential financial penalties and/or reputational damage.</p>

Patterson
06/24/2023 11:19:17

Recommendation 1	Priority level
<p>The health board should ensure it reviews future changes in legislation and assess their implications in a timely manner, with supporting evidence retained.</p>	<p>High</p>
Management Response 1	Responsible Officer/ Deadline
<p>Since the appointment of the Service Improvement Manager for Welsh Language, changes have already been made to the way in which the health board reviews information relating to the legislation surrounding the Welsh Language Standards. Following a review of the RAG rated assessment which was presented to the Board in March 2019, a further review of the Standards has taken place and the Executive Committee and the Board have discussed proposals to achieve compliance with the more challenging standards. The health board has established a more efficient relationship with the Welsh Language Commissioner’s Office and has liaised with Health Boards across Wales to develop a coordinated approach to achieving compliance. The health board has taken part in two formal appeals processes which were discussed and approved by both the Executive Committee and the Board. The health board has also established a Welsh Language Service Leads Steering Group whose role is also to review the legislation and to monitor the implementation process across the health board.</p> <p>Going forward, the health board accepts the findings of the Audit Report and will continue to review future changes in legislation and any associated implications for the health board. It has been agreed that the Executive Lead will raise any issues at a senior level and update reports will continue to be presented to the Board for information and to gain approval, where appropriate, for decisions which may have implications for the health board.</p>	<p>Executive Director for Therapies and Health Sciences (Executive Lead for Welsh Language)</p> <p>Service Improvement Manager for Welsh Language</p> <p>March 2021</p>

Patient Support
 06/24/2023 11:19:17

Finding 2 Action plans and resource requirements (Operation)	Risk
<p>There is no overarching health board action or resource management plan at present to help co-ordinate the implementation of the Welsh Language Standards. Regular updates on key themes such as Welsh Language Resources including translation and interpretation services, Welsh Language training and awareness, financial resources, compliance within the health board, breaches and formal challenges have been provided to Board, the Executive Committee and the EQS Committee. Despite the Service Improvement manager holding one to one meetings with Service Leads, the majority of directorate action plans are still under development. These need to be finalised in time to feed into the health board's overall compliance assessment which will be included in the end-of-year progress report due to be presented to Board in May 2020, along with the Welsh Language Commissioner's Annual Monitoring Report.</p> <p>Whilst encouraging progress has been made since the Service Improvement Manager's appointment the health board appears to be behind other NHS organisations. From completion of similar reviews, we noted one organisation had ensured an action plan was in place to complement the impact assessment and had considered the associated resource requirements. Whilst another organisation had a draft resource management plan in place to give a high level overview of resource implications at phase one of the implementation process. As the overarching action plan within the health board has yet to be completed, we are unsure of its format, how it will be used to co-ordinate implementation and whether it will detail the resource requirements to comply with the Standards.</p> <p>Even though the exact level of resource has yet to be determined this should be done once the overall assessment from the action plans are completed and collated. Whilst there is an absence of a resource management plan, the updates presented to the Executive Committee and EQS Committee have demonstrated consideration of resource requirements. The health board is aware of the areas where the Regulations will have the highest impact, mainly translation and interpretation services where a draft budget proposal has been prepared but not yet finalised and agreed.</p>	<p>Inability to implement, or comply with, the Regulations.</p> <p>Failure to appropriately identify resource implications of implementing the Regulations.</p> <p>Potential financial penalties and/or reputational damage.</p>

Recommendation 2	Priority level
<p>All directorate action plans should be completed as a matter of priority to inform the health board's overarching action plan and compliance assessment.</p> <p>The health board should complete the process of determining the resource implications of implementing the Regulations. This will require the active involvement of all directorates. Resource implications should be filtered through into workforce and financial planning and included as necessary in directorate plans.</p> <p>Significant compliance issues and resource implications should be escalated through the governance structure to the Board.</p>	<p>High</p>
Management Response 2	Responsible Officer/ Deadline
<p>The health board has already begun to implement the recommendations of this Audit Report and a paper outlining the potential resource implications for some of the more challenging Standards was presented to the Executive Committee and the Board for approval in May 2020.</p> <p>An end of year assessment has begun to take place within the health board as part of the annual reporting procedures in line with the requirements of the Standards. The Directorate Action Plans developed are now in the process of being updated to reflect the progress undertaken throughout the year. The information collated will be fed into an overarching RAG rated compliance report which will be presented to the Board for information. This compliance report will highlight any areas of non-compliance and those areas requiring additional resources in order to achieve full compliance.</p> <p>The health board has reviewed the findings of this Audit Report and agrees that an overarching Welsh language action plan is needed which should also include resource management. The Service Improvement Manager for Welsh Language is in the process of</p>	<p>Executive Director for Therapies and Health Sciences (Executive Lead for Welsh Language)</p> <p>Service Improvement Manager for Welsh Language</p> <p>Welsh Language Service Leads</p> <p>September 2020</p>

developing an action plan which will help the health board to monitor progress and realise its Welsh language objectives.

Patterson, Liz
06/24/2020 11:19:17

Finding 3 Staff Awareness (Design)	Risk
<p>There are a range of resource available within the health board to ensure there is staff awareness of the requirements of the Regulations. For instance, the Welsh Language page on the health board’s intranet site has been updated to include Welsh language resources and templates. Also a managers’ resource pack has been developed to aid discussions with staff during team meetings to provide guidance on complying with the Standards.</p> <p>Whilst general communications with staff on the impact of the Regulations commenced in July 2019 Service Leads were involved in the baseline assessment process, therefore they would have been aware of the requirements of the Regulations from an earlier stage. Feedback from Service Leads highlighted there has been discussion on the Standards during team meetings and that the Service Improvement Manager has attended some of these meetings since January 2020 to discuss the requirements and raise awareness. Whilst this in line with other NHS organisations, we have identified examples elsewhere where a Welsh Language Policy and communication strategy have been developed and more frequent communications issued and from an earlier stage in order to cascade key information to support staff through implementation.</p> <p>There has also been the offer of staff awareness sessions since July 2019, although in contrast other NHS organisations ran these from a year earlier. The presentation is focused towards the ‘active offer’ of the Welsh Language; it covers the importance of the Standards, the challenges, resources available and good practice to make sure the health board is better equipped. To date the health board’s awareness sessions have only taken place in three directorate areas with a further session scheduled to take place in another. Two of these areas have updated and finalised their directorate action plans. As no registers have been kept for these sessions there is no record of the staff attendance.</p>	<p>Staff are unaware of the requirements of the Regulations and in turn the impact it will have on the health board and their roles.</p> <p>Inability to implement, or comply with, the Regulations.</p> <p>Potential financial penalties and/or reputational damage.</p>

Patterson, Liz
06/24/2020 11:19:17

Recommendation 3	Priority level
<p>The health board should continue raising awareness of the Standards, including through:</p> <ul style="list-style-type: none"> • the roll of out awareness sessions, keeping records of attendance; • increasing the frequency and content of internal communications; and • the Standards included as a standing agenda item at Directorate and service level meetings to ensure progress against action plans is monitored. <p>Consideration should be given to developing a communications strategy to ensure staff are familiar with the Standards, understand its impact on their roles and the support and resources available to them to comply.</p>	<p>Medium</p>
Management Response 3	Responsible Officer/ Deadline
<p>The health board will continue to offer Welsh Language Awareness sessions to staff across all directorates and will record attendance going forward. The health board will explore options for adding this training to ESR in order to record staff training. Opportunities to deliver this training session virtually will be explored in order to reach as many staff as possible across the health board.</p> <p>In addition, the health board will look to increase opportunities to raise awareness of the Standards to all staff across the organisations via a range of communication methods. The health board will continue to liaise with the Assistant Director of Communications to develop and promote a new Communications Guide for staff across the health board which includes guidance on complying with the requirements of the Welsh Language Standards and will offer examples of best practice. A communication strategy will form part of the overarching Welsh language action plan as outlined in the response to recommendation 2 above.</p>	<p>Executive Director for Therapies and Health Sciences (Executive Lead for Welsh Language)</p> <p>Service Improvement Manager for Welsh Language</p> <p>March 2021</p>

<p>The health board will review its current meeting structures across each Directorate in order to determine the best place to include the Welsh Language Standards as standard agenda item.</p>	
--	--

Patterson, Liz
06/24/2020 11:19:17

Audit Assurance Ratings



Substantial Assurance - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.



Reasonable Assurance - 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. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.



Limited Assurance - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.



No Assurance - The Board has **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved.

Prioritisation of Recommendations

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

* Unless a more appropriate timescale is identified/agreed at the assignment.

Confidentiality

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

The health board shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the health board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies procedures and regulatory requirements and guidance as appropriate.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

Responsibilities

Responsibilities of management and internal auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.

Patterson, Liz
06/24/2020 11:19:17



Office details:

POWYS Office
Audit and Assurance
Monnow Ward
Bronllys Hospital
Powys
LD3 0LS

MAMHILAD Office
Audit and Assurance
Cwmbran House (First Floor)
Mamhilad Park Estate
Pontypool, Gwent
NP4 0XS

Contact details

Heleen Higgs (Head of Internal Audit) – 01495 300846
Osian Lloyd (Deputy Head of Internal Audit) – 01495 300843
Rhian Gard (Principal Auditor) – 01495 300840