

## POWYS TEACHING HEALTH BOARD

### SUMMARY OF THE AUDIT, RISK & ASSURANCE COMMITTEE MEETING HELD ON THURSDAY 25 JUNE 2020

Committee Meetings of Powys Teaching Health Board are meetings held in public under the Public Bodies (Admission to Meetings) Act 1960. However, the COVID-19 Public Health emergency and the associated instruction to Stay At Home has meant that Board resolved to hold the Audit, Risk & Assurance Committee on 18 May 2020 virtually and in private with a summary of the proceedings made available within a week of the meeting.

#### **Present:**

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

#### **In Attendance:**

Pete Hopgood	Director of Finance, Information and IT
Gail Turner-Radcliffe	External Audit (Grant Thornton)
Barrie Morris	External Audit (Grant Thornton)
Sarah Pritchard	Head of Financial Services
Felicity Quance	Internal Audit
Osian Lloyd	Deputy Head of Internal Audit
Helen Higgs	Head of Internal Audit
Rani Mallison	Board Secretary
Elaine Matthews	External Audit (Audit Wales)
Emily Howell	External Audit (Audit Wales)
Rebecca Collier	Healthcare Inspectorate Wales
Jade Brockett	External Audit (Grant Thornton)

#### **Committee Support**

Caroline Evans	Head of Risk and Assurance
----------------	----------------------------

#### **Apologies for absence:**

Carol Shillabeer	Chief Executive
------------------	-----------------

## **PTHB ANNUAL ACCOUNTS, 2019-20, INCLUDING:**

### **a) Audit of Financial Statements (ISA 260)**

### **b) Letter of Representation**

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

The health board 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;
- Cash contained within cash limit;
- Capital financial balance.

The health board 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 for both revenue and capital resource limits. This is the fourth year to demonstrate this 3 year duty.

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

- The health board 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.

The AGW has certified that the financial statements for the year ended 31 March 2020 have been audited 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).

The AGW has confirmed that 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.

The Committee APPROVED the Annual Accounts, 2019-20, and recommended them to the Board for final approval on 29 June 2020.

## **PTHB ANNUAL ACCOUNTABILITY REPORT, 2019-20**

Guidance provided by WG states that the Accountability Report 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.

The Committee APPROVED the Annual Accountability Report, 2019-20, and recommended the report to the Board for final approval on 29 June 2020.

## **APPLICATION OF SINGLE TENDER WAIVERS (STWs)**

STW requests made between 1 May 2020 and 31 May 2020 and signed by the Chief Executive were as follows: -

1. Engineering Inspections (Continuation of Service [£6,500]);
2. Winter Gritting Services (Continuation of Service – Framework suppliers not able to undertake [£22,800]).

The Committee RATIFIED the approval of the two STWs.

## **INTERNAL AUDIT:**

### **a) Revised Internal Audit Plan 2020/21**

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.

The internal audit plan was originally agreed at the Audit, Risk & Assurance 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. A proposed, revised Internal Audit Plan for 2020/21 is presented, with revised timings, proposed additions/deferrals, and some proposed adjustments to indicative scopes.

The Committee RECEIVED and NOTED the revised plan.

### **b) Review of Section 33 Arrangements – Reasonable Assurance**

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 is party to a number of Section 33 arrangements with Powys County Council, and it is the County Council that is the 'host partner' for all of these arrangements.

The purpose of the 2020/21 follow up review was to assess whether the health board has implemented the Internal Audit recommendations made following the review of Section 33 Governance Arrangements in 2018/19.

The review identified two medium and one low priority findings.

The Committee RECEIVED and NOTED the report.

### **AUDIT RECOMMENDATIONS TRACKING**

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
- Priority Level 2
- Priority Level 3

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.

The current status of outstanding Internal Audit recommendations classified as Priority Level 1 is as follows: -

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>TOTAL OUTSTANDING</b>
<b>High</b>	0	1	11	12
<b>Medium</b>	5	2	22	29
<b>Low</b>	4	0	8	12
	<b>9</b>	<b>3</b>	<b>41</b>	<b>53</b>

The current status of outstanding External Audit recommendations classified as Priority Level 1 is as follows: -

	<b>Overdue</b>
<b>2018/19</b>	7
<b>2019/20</b>	1
<b>TOTAL</b>	<b>8</b>

The Committee RECEIVED and NOTED the report.

#### **EXTERNAL AUDIT:**

- a) Update on the Auditor General for Wales' Programme of Work**
- b) Structured Assessment 2020**

The AGW's programme of NHS Performance Audit work as follows: -

- a) Work included in local audit plans
- b) Other AGW NHS Performance Audit Work

The Committee RECEIVED and NOTED the letters.

#### **FINAL STATUS INTERNAL AUDIT REPORTS (DISCUSSED IN DRAFT BY THE COMMITTEE ON 18 MAY 2020)**

##### Substantial Assurance Rating

- a) Capital Assurance Follow Up

##### Reasonable Assurance Rating

- b) Outpatients – Planned Activity
- c) Estates Assurance Follow Up
- d) Financial Safeguarding: Estates Team Led Work
- e) Financial Safeguarding: Support Services Led Work

##### Limited Assurance Rating

- f) Welsh Language Standards Implementation

The Committee RECEIVED and NOTED the final version reports.

**DATE OF NEXT MEETING**

20 July 2020, 11:00 am, Skype