

POWYS TEACHING HEALTH BOARD

SUMMARY OF THE AUDIT, RISK & ASSURANCE COMMITTEE MEETING HELD ON TUESDAY 26 JANUARY 2021

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 26 January 2021 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

In Attendance:

Carol Shillabeer	Chief Executive
Rani Mallison	Board Secretary
Sarah Pritchard	Head of Financial Services
Helen Higgs	Head of Internal Audit
Melanie Goodman	Internal Audit
Alison Butler	Audit Wales
Dave Thomas	Audit Wales
Emma Rees	Internal Audit
Kirsty James	Local Counter Fraud Officer
Matthew Evans	Head of Local Counter Fraud Services
Sam Moss	Assistant Director of Finance
Sophie Corbett	Internal Audit

Committee Support

Caroline Evans	Head of Risk and Assurance
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Apologies

Pete Hopgood	Director of Finance, Information and IT
Osian Lloyd	Internal Audit
Felicity Quance	Internal Audit
Elaine Matthews	External Audit (Audit Wales)
Matthew Dorrance	Independent Member – Local Authority
Mel Davies	Vice Chair
Jacqui Wilding	CHC

APPLICATION OF SINGLE TENDER WAIVERS (STWs)

STW requests made between 1 October 2020 and 31 December 2020 and signed by the Chief Executive, as follows: -

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
POW2021010	Quote	Anne Phillimore	Independent Investigation services	Time critical response required to Ombudsman requirement	04/11/2020	£6,600	To complete 1 assignment	Prospective	A1
POW2021009	Tender	Oswestry Limited Liability Partnership	Healthcare service delivered on Health Board Premises	No NHS Provision available and clinical need	02/12/2020	£40,500	12 months	Prospective	A2

The Committee RATIFIED the approval of the STW.

COVID-19 DECISION MAKING & FINANCIAL GOVERNANCE

The report outlines the changes to the operational processes overseen by the finance function in support of COVID-19 and outlined in 'FCP Interim Covid-19 Decision Making & Financial Governance.

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.

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.

Following the publication of the WG guidance on 30th March an initial draft of the FCP was submitted for approval at Gold.

The pace of the pandemic has resulted in updated guidance and direction being published on a regular basis. To ensure the Interim FCP remains 'live' and relevant it was agreed the FCP would be updated as required.

Updated versions are uploaded to the intranet following sign off by Audit, Risk & Assurance Committee, thus enabling the latest version to be available to PTHB staff at all times. The Committee is presented with update #5 of the Interim FCP for approval.

The Committee APPROVED Update #5 of the Interim FCP.

AUDIT RECOMMENDATION TRACKING

The report provides an overview of outstanding audit recommendations, and the re-prioritisation for implementation of these audit recommendations during the COVID-19 pandemic.

Future updates on progress of the re-prioritised recommendations will be presented to the Audit, Risk and Assurance Committee on the basis outlined in the re-prioritised approach, as follows: -

Priority level 1	<ul style="list-style-type: none"> Action(s) within the Q3/4 Winter Protection Plan are dependent on implementation of this recommendation Delivery of the Board's agreed Strategic Priorities are dependent on implementation of this recommendation High risk to patient or staff safety / wellbeing identified Prioritised Compliance with legal requirement / statutory duty identified 	All outstanding recommendations to be implemented by 31 st March 2021, except for recommendations with original agreed deadlines that exceed this date.
Priority level 2	<ul style="list-style-type: none"> Action(s) within the Q3/4 Winter Protection are not supported by implementation of this recommendation Low risk to patient or staff safety / wellbeing identified Compliance with legal requirement / statutory duty identified 	All outstanding recommendations to be implemented during quarters 1 and 2, and by 30 th September 2021, with the exception of recommendations with original agreed deadlines that exceed this date.
Priority level 3	<ul style="list-style-type: none"> Action(s) within the Q3/4 Winter Protection are not supported by implementation of this recommendation No risk to patient or staff safety / wellbeing identified No legal / compliance issues identified 	All outstanding recommendations to be implemented during quarters 2 and 3, and by 31 st December 2021, with the exception of recommendations with original agreed deadlines that exceed this date.

Based on the re-prioritised approach, the overall summary position in respect of overdue audit recommendations is: -

Overdue Internal Audit Recommendations					
	2017/18	2018/19	2019/20	2020/21	TOTAL OUTSTANDING
	Number	Number	Number	Number	Number
Priority 1	0	0	2	1	3
Priority 2	5	2	19	0	26
Priority 3	1	0	13	0	14
Not Yet Prioritised	2	0	3	1	6
TOTAL	8	2	37	2	49

Overdue External Audit Recommendations				
	2018/19	2019/20	2020/21	TOTAL OUTSTANDING
	Number	Number	Number	Number
Priority 1	0	0	0	0
Priority 2	2	1	4	7
Priority 3	1	0	2	3
Not Yet Prioritised	1	0	8	9
TOTAL	4	1	14	19

The Committee RECEIVED and NOTED the Audit Recommendation Tracking update.

LOSSES AND SPECIAL PAYMENTS REPORT, INCLUDING BENCHMARKING

The Committee received the report for the period 1st April 2020 to 31st October 2020.

Losses and special payments are items that the Welsh Government would not have contemplated when they passed legislation or agreed funds for the NHS; such payments would also include any ex gratia payments made by the THB. By their nature they are items which should be avoidable and should not arise. They are subject therefore to special control procedures and are included within a separate note in the THB's annual accounts.

The following relate to payments made on behalf of cases for which Powys THB have responsibility.

	No. of payments/Receipts	No. of cases	£
Clinical Negligence / Personal Injury (Payment)	9	5	£155,570.00
Redress Payments	9	6	£6,670.00
Other Special Payments	2	2	£727.92

The Committee RECEIVED and NOTED the Losses and Special Payments Report.

INTERNAL AUDIT PROGRESS UPDATE

The report provides progress with the 2020/21 Internal Audit Plan as recorded at January 2021.

Progress against the Plan is as follows:

Number of audits finalised	10
Number of audits issued at draft	1
Number of audits in progress	5
Number of audits not started	4
Year-end reporting	2
Total number of audits in 2020/21 plan	22

The Committee RECEIVED and NOTED the Internal Audit Update.

INTERNAL AUDIT REPORTS, 2020-21:

a) CAPITAL SYSTEMS (SUBSTANTIAL ASSURANCE)

The scope and remit of the audit included the following:

- Project Feasibility and Approval: appropriate preparation, scrutiny and approval of the required business case/approval documentation;
- Project Initiation – development of the project brief, governance arrangements, including key roles and responsibilities and formulation of project groups;
- Scheme Management: preparation of appropriate project management tools, including the project execution plan, programme, management control plan, reporting mechanisms etc.;
- Appointments: appropriate selection and appointment of the appropriate advisers.

b) GP ACCESS STANDARDS (SUBSTANTIAL ASSURANCE)

The review sought to provide assurance that the health board is progressing work to support GP practices to comply with the Access Standards, including consideration of the impact of Covid-19 on the arrangements in place.

c) PARTNERSHIP GOVERNANCE (LIMITED GOVERNANCE)

The review focused on the Live Well: Mental Health partnership as a tracer for the review. The partnership is in place to drive forward the implementation of the Hearts and Minds: Together for Mental Health strategy for improving the mental health and emotional wellbeing of the people of Powys.

The Committee RECEIVED and NOTED the update.

COUNTER FRAUD UPDATE

The report provides an update on key areas of work undertaken by the Health Board Local Counter Fraud Specialists since the last meeting.

Resource utilised in line with the four Strategic Areas aligned to NHS Counter Fraud Standards as of 31st December 2020 is as follows:

Strategic Area	Resource Allocated	Resource Used
Strategic Governance	25	24
Inform and Involve	40	22
Prevent and Deter	57	37
Hold to Account	106	31
TOTAL	228	114

The Committee RECEIVED and NOTED the External Audit Update.

COUNTER FRAUD PROACTIVE EXERCISE – PRE-EMPLOYMENT CHECKS

The report is in relation to an exercise completed by Counter Fraud to review pre Employment Check arrangements. In response to an identified risk, an exercise was undertaken to seek assurance that agency staff supplied to the health board have had the relevant pre-employment checks completed and recorded in line with the contract specification for the supply of Registered Agency Nurses, Midwives and Health Visitors, Healthcare Assistants and Operating Department Practitioners to Health Boards and Trusts in Wales.

The process of conducting and retaining pre-employment checks is complied with by agencies, as well as the Health Board itself in relation to substantive staff. However, there are concerns around potential bad practice with regards to verification of qualifications/certificates and regular DBS checks.

The LCFS also had difficulty with some agencies supplying information when requested to do so. There is risk to the Health Board in instances of issues arising in relation to supplied staff and subsequent verification by the Health Board of that workers relevant documentation. It is imperative that the health board is given access to the PECs when requested in line with Agreement.

There is also risk to the health board when agencies do not conduct regular DBS checks on agency staff. Regular checks should be undertaken in order to ensure the safety of all patients and staff. Responsibility for notification of incidents that affect DBS checks should be shifted to agencies, ensuring that they are actively verifying staff remain safe to work with patients

The Committee RECEIVED and NOTED the External Audit Update.

EXTERNAL AUDIT UPDATE

The report provides an update on current and planned Audit Wales work.

The following audit work that is currently underway: -

Topic	Executive Lead	Focus of the work	Current status
Orthopaedic services – follow up	Medical Director	This review will examine the progress made in response to our 2015 recommendations. The findings from this work will inform the recovery planning discussions that are starting to take place locally and help identify where there are opportunities to do things differently as the service looks to tackle the significant elective backlog challenges.	Report being drafted
Review of the Welsh Health Specialised Services Committee (WHSSC)	Chief Executive Officer	WHSSC is responsible for the joint planning of Specialised and Tertiary Services on behalf of Local Health Boards in Wales. This work will use aspects of our structured assessment methodology to examine the governance arrangements of WHSSC. Our findings will be summarised into a single national report.	Report drafting
Test, Track and Protect	Director of Public Health	In response to the Covid-19 pandemic, this work will take the form of an overview of the whole system governance arrangements for Test, Track and Protect, and of the Local Covid-19 Prevention and Response Plans for each part of Wales.	Clearance process; publication expected February 2021
Quality Governance	Director of Nursing	This work will allow us to undertake a more detailed examination of factors underpinning quality governance such as strategy, structures and processes, information flows, and reporting. This work follows our joint review of Cwm Taf Morgannwg UHB and as a result of findings of previous structured assessment work across Wales which has pointed to various challenges with quality governance arrangements.	Set-up meeting held

The Committee RECEIVED and NOTED the External Audit Update.

EXTERNAL AUDIT ANNUAL REPORT

The report summarises the findings from the 2020 audit work at the health board, undertaken to fulfil the Auditor General responsibilities under the Public Audit (Wales) Act 2004.

The following key messages are highlighted within the report:

Audit of accounts	I concluded that the Health Board's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in the Health Board's internal controls (as relevant to my audit). However, I placed two Emphasis of Matter paragraphs in my report to draw attention to disclosures in the accounts relating to Clinicians' pension tax contingent liabilities and the effects of COVID-19 on the estimation of valuations of land and buildings. I brought several additional issues to the attention of officers and the Audit, Risk and Assurance Committee which are set out in my detailed report below.
	The Health Board achieved financial balance for the three year period ending 31 March 2020, and had no other material financial transactions that were not in accordance with authorities nor used for the purposes intended, so I have issued an unqualified opinion on the regularity of the financial transactions within the Health Board's 2019-20 accounts.
	As the Health Board achieved financial balance and had an approved three-year plan in place and there were no other issues which warranted highlighting, no substantive report was placed on the Health Board's accounts.
Arrangements for securing efficiency, effectiveness and economy in the use of resources	The Health Board maintained overall good governance during the COVID-19 pandemic
	The Health Board adapted its financial control procedures to manage during COVID-19 but there is an increasing risk to financial balance at the end of 2020-21
	Operational plans are informed by data modelling and demonstrate a clear commitment to staff wellbeing and, although progress and performance is monitored and reported, information on commissioned services is currently limited
	The Health Board demonstrates a commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs

The Committee RECEIVED and NOTED the External Audit Annual Report.

COMMITTEE WORK PROGRAMME 2020-21

The work programme has been developed in-line with respective terms of reference, the Board's Assurance Framework and Corporate Risk Register. The work programme will be reviewed routinely at each meeting.

The Committee RECEIVED and NOTED the Committee Work Programme.

WELSH GOVERNMENT PROCESSES FOR CONTRACTS AND INTERESTS IN PROPERTY EXCEEDING £1M

The letter updates the guidance to reconfirm to all NHS Wales bodies that the authorisation and consideration of notified contracts and applications for the acquisitions or disposals of a lease or any interest in property are delegated to the Director General, Health and Social Services Group.

The Committee RECEIVED and NOTED the Revised Contract Procedures

DATE OF NEXT MEETING

9 March 2021, 10:00 am, Microsoft Teams