

POWYS TEACHING HEALTH BOARD

SUMMARY OF THE AUDIT, RISK & ASSURANCE COMMITTEE MEETING HELD ON TUESDAY 8 SEPTEMBER 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
Mel Davies	Independent Member – Vice Chair

In Attendance:

Pete Hoggood	Director of Finance, Information and IT
Sarah Pritchard	Head of Financial Services
Helen Higgs	Head of Internal Audit
Rani Mallison	Board Secretary
Elaine Matthews	External Audit (Audit Wales)
Rebecca Collier	Healthcare Inspectorate Wales
Dave Thomas	External Audit (Audit Wales)
Felicity Quance	Internal Audit
Osian Lloyd	Internal Audit
Amanda Legge	Post-Payment Verification
Sue Tillman	Post-Payment Verification

Committee Support

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

Apologies for absence:

Anthea Wilson	CHC
Carol Shillabeer	Chief Executive
Matthew Evans	Head of Local Counter Fraud Services

APPLICATION OF SINGLE TENDER WAIVERS (STWs)

STW requests made between 1 July 2020 and 31 July 2020 and signed by the Chief Executive, detailing one 'Prospective' STW as follows: -

1. System Maintenance (Maintenance of Audiology System – Sole Supplier [£7,840]).

The Committee RATIFIED the approval of the STW.

COVID-19: DECISION MAKING & FINANCIAL GOVERNANCE – FCP #5

a) INTERIM FCP

Following the publication of the WG guidance on 30th March an initial draft of the FCP was submitted for approval at Gold (version #1).

The pace of the pandemic 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.

The health board is now on version #5 of the interim FCP.

The Committee APPROVED version (#5) of the Interim FCP.

AUDIT RECOMMENDATION TRACKING:

The overall summary position reported to Audit, Risk and Assurance Committee at 31/07/2020 in respect of overdue internal audit recommendations classified as Priority Levels 1 and 2 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	→	9	10
Medium	4	↓	1	↓	13	21
Low	4	→	0	→	7	11
TOTAL	8		2		32	42

Based on original agreed deadlines, the overall summary position reported to Committee at 31/07/2020 in respect of overdue external audit recommendations classified as Priority Levels 1 and 2 is: -

Overdue External Audit Recommendations		
	Number	Progress since last meeting
2018/19	7	→
2019/20	1	
TOTAL	8	

Key:

↑ - Number Increased

↓ - Number Decreased

→ - Number stayed the same

The Committee RECEIVED and NOTED the Audit Recommendation Tracking update, and APPROVED the revised deadlines for implementation outlined in Appendix 1.

LOSSES AND SPECIAL PAYMENTS ANNUAL REPORT 2019-20

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 Committee NOTED the Annual Report on Losses and Special payments covering the period 1st April 2019 to 31st March 2020.

INTERNAL AUDIT UPDATE

Progress against the Internal Audit Plan is as follows:

Number of audits finalised	3
Number of audits issued at draft	1
Number of audits in progress	8
Number of audits not started	10
Year-end reporting	2
Total number of audits in 2020/21 plan	24

The Committee RECEIVED and NOTED the Internal Audit Update.

INTERNAL AUDIT REPORTS, 2020-21:

a) COVID-19 Governance Arrangements – Advisory

This rapid advisory review was requested by the All Wales Finance Directors Group to assess the adjusted financial and overall governance arrangements that were put in place to enable Powys Teaching Health Board ('the health board') to maintain appropriate governance whilst enabling its senior leadership team to respond to the rapidly developing emergency.

b) Environmental Sustainability Reporting – Not Rated

The review sought to provide assurance that operational procedure is compliant with Welsh Government minimum reporting requirements. HM Treasury released a document: 'Public Sector Annual Reports: Sustainability Reporting Guidance 2019-20', which stipulates the importance of all organisations possessing relevant audit or scrutiny arrangements, to ensure that the correct procedures are in place to produce robust data on performance.

The report identified one medium priority level recommendation.

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.

Counter Fraud resource was utilised in line with the four Strategic Areas aligned to NHS Counter Fraud Standards as presented below: -

Strategic Area	Resource Allocated	Resource Used
Strategic Governance	25	3.5
Inform and Involve	40	4.5
Prevent and Deter	57	5
Hold to Account	106	9
TOTAL	228	22

The Committee RECEIVED and NOTED the update.

EXTERNAL AUDIT UPDATE

The following audit work is currently underway: -

Topic and relevant Executive Lead	Focus of the work
Structured Assessment 2020 Executive Lead – Chief Executive	Our annual structured assessment is one of the 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, this work will examine governance arrangements, managing financial resources and operational planning.
Orthopaedic services – follow up Executive Lead – 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.
Follow-up of operating theatres Executive Lead – Medical Director	We have previously reviewed operating theatres in 2011 and again in 2013. Although our work had highlighted progress, we identified that there had not been a focus on improving service quality and addressing problems with staff engagement. We also made some additional recommendations. This work will follow up progress against these recommendations.
Review of WHSSC Executive Lead – Chief Executive Officer	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.
Test, Track and Protect Executive Lead – 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.

The Committee RECEIVED and NOTED the External Audit Update.

POST PAYMENT VERIFICATION ANNUAL REPORT 2019/20

The Committee received a summary of PPV work undertaken in 2019/20.

The Committee RECEIVED and NOTED the Post Payment Verification Annual Report 2019-20.

EXTERNAL AUDIT REPORTS:

a) Effectiveness of Counter-Fraud Arrangements, PTHB & Management Response

Three areas for improvement were identified within the review:

Counter-fraud training
I1 Implement mandatory counter-fraud training for some or all staff groups.
Counter-fraud staff capacity

I2 Consider the Local Counter-Fraud Specialist capacity required to resource required levels of proactive and investigative work, including staff training, and build in resilience to the team.
--

Recording and monitoring of economic fraud risk
--

I3 Implement consistency in the recording and monitoring of economic fraud risk in line with the Health Board's risk management policy and strategy.
--

b) 'Raising Our Game' Tackling Fraud in Wales Report of the Auditor General Wales

The review focused on 'Ensuring that the arrangements for preventing and detecting fraud in the Welsh public sector are effective'. The report examines seven 'key themes' that all public bodies need to focus on in raising their game to tackle fraud more effectively:

- leadership and culture;
- risk management and control frameworks;
- policies and training;
- capacity and expertise;
- tools and data;
- collaboration; and
- reporting and scrutiny.

The report includes a total of 15 recommendations for improvement which are addressed to all public bodies in Wales within the Auditor General's remit.

The Committee RECEIVED and NOTED the External Audit Reports.

FRAUD THREATS TO THE NHS FROM COVID-19

The impact of COVID-19 on fraud within the NHS has already been highlighted in the NHSCFAs *Intelligence Report: Fraud threats to the NHS from COVID-19 April 2020 and multiple other previous updates*. However, the landscape of fraud changes so rapidly that additional updates have been quickly commissioned to highlight further emerging threats, vulnerabilities and enablers of fraud.

- £1.21 Billion of the NHS budget was lost to fraud last year
- 12,964,809 cases of COVID-19 globally
- £342 Billion public sector funding increase in response to COVID-19

The Committee RECEIVED and NOTED the report.

COMMITTEE WORK PROGRAMME 2020-21

The Committee RECEIVED and NOTED the Committee Work Programme.

DATE OF NEXT MEETING

03 November 2020, 1:30 pm, Microsoft Teams