

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

MINUTES OF THE MEETING HELD ON TUESDAY 9 MARCH 2021 VIA MICROSOFT TEAMS 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

In Attendance:

Rani Mallison	Board Secretary
Pete Hopgood	Director of Finance, Information and IT
Osian Lloyd	Internal Audit
Sarah Pritchard	Head of Financial Services
Alison Butler	Audit Wales
Elaine Matthews	External Audit (Audit Wales)
Matthew Evans	Head of Local Counter Fraud Services

Committee Support

Caroline Evans	Head of Risk and Assurance
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Apologies

Carol Shillabeer	Chief Executive
Helen Higgs	Head of Internal Audit

ARA/20/108	<p>WELCOME AND APOLOGIES</p> <p>The Committee Chair welcomed everyone to the meeting and confirmed that a quorum was present. Apologies for absence were noted as recorded above.</p>
ARA/20/109	<p>DECLARATIONS OF INTERESTS</p> <p>The Committee Chair INVITED Members to declare any interests in relation to the items on the Committee agenda.</p>

	None were declared.
ARA/20/110	<p>MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION</p> <p>The Committee Chair requested a follow-up on the issue identified in the Counter Fraud Proactive Exercise – Pre-Employment Checks (ARA/20/100), in respect of a lack of engagement by two agencies.</p> <p>Pete Hopgood confirmed an update on this issue will be brought to the next meeting.</p> <p>Action: Director of Finance and IT</p> <p>The minutes of the meeting held on 26 January 2021 were RECEIVED and AGREED as being a true and accurate record.</p>
ARA/20/111	<p>MATTERS ARISING FROM PREVIOUS MEETINGS</p> <p>There were no matters arising from the previous meeting.</p>
ARA/20/112	<p>COMMITTEE ACTION LOG</p> <p>The Committee received the action log and the following updates were provided.</p> <p>ARA/19/115e (The management response in respect of the timeliness of signing of contract documentation will be picked up with the Director of Planning & Performance): This action has been identified as priority level 3 for implementation and will continue to be tracked via the audit recommendations process.</p> <p>ARA/20/64: To be arranged for March 2021.</p> <p>ARA/20/82: Action closed.</p>
ARA/20/113	<p>APPLICATION OF SINGLE TENDER WAIVERS (STWs)</p> <p>Sarah Pritchard presented the previously circulated paper which sets out the 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.</p> <p>Sarah Pritchard advised that there were six STW requests made between 1 January 2021 and 28 February 2021 and signed by the Chief Executive, as follows: -</p>

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
POW2021011	Tender	Parkway Clinic	Dental Surgical Interventions for Children and Young Adults	No NHS Provision available and clinical need	20/01/2021	£30,000	1 year	Prospective	A1
POW2021012	Quote	Nanosonics	Equipment Maintenance	Sole Supplier	03/02/2021	£8,448	1 year	Prospective	A2
POW2021013	Tender	My Dentist	Out of Hours Emergency Dental Service Llandrindod and Newtown	Service continuation in advance of tender	03/02/2021	£74,382	1 year	Prospective	A3
POW2021015	Quote	Consultation Institute	Expert Support advice and Learning to develop service change	Assessed on individual case basis due to Covid pandemic in line with PPN 01/20	10/02/2021	£12,500	1 year	Prospective	A4
POW2021017	Quote	Tichim Llanfyllin Dental Practice	Emergency and New Dental patient access for North Powys	Service continuation in advance of tender	10/02/2021	£16,163	1 year	Prospective	A5
POW2021018	Tender	EG Davies Machynlleth	Personal Dental Service Contract with focus on vulnerable high needs children	Service continuation in advance of tender	10/02/2021	£28,615	1 year	Prospective	A6

The Committee RATIFIED the approval of the STW.

ARA/20/114

APPROACH TO 2020-21 ANNUAL ACCOUNTS

Pete Hopgood presented the previously circulated paper which outlines the approach and principles to be adopted for completion of the 2020-21 Annual Accounts together with the planned approach to key financial areas.

Pete Hopgood advised that the Health Board has a statutory duty to complete and submit Annual Audited Accounts to Welsh Government. This paper is to inform the Audit, Risk and Assurance Committee of the work completed to date and the further steps required plus the key methodology to be adopted in completing the Annual Accounts process.

Mark Taylor questioned how the approach fits with the funding commitment from Welsh Government.

Pete Hopgood advised that we will receive the full COVID-19 funding allocation by 31st March 2021, and will be included in the position.

	<p>The Committee Chair questioned if the approach has been discussed with Audit Wales.</p> <p>Alison Butler confirmed that the approach had been shared with Audit Wales and welcomed the paper and recognised as good practice. The Committee welcomed the approach and the increased awareness and understanding re Year End approach were appropriate management action and judgement was required.</p> <p>The Committee APPROVED the paper as presented.</p>									
ARA/20/115	<p>AUDIT RECOMMENDATION TRACKING</p> <p>Caroline Evans presented the previously circulated report which provides an overview of outstanding audit recommendations, and the re-prioritisation for implementation of these audit recommendations during the COVID-19 pandemic.</p> <p>Caroline Evans advised that 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: -</p> <table border="1" data-bbox="300 936 1460 1671"> <tr> <td data-bbox="300 936 403 1234">Priority level 1</td> <td data-bbox="403 936 1013 1234"> <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 </td> <td data-bbox="1013 936 1460 1234">All outstanding recommendations to be implemented by 31st March 2021, except for recommendations with original agreed deadlines that exceed this date.</td> </tr> <tr> <td data-bbox="300 1234 403 1435">Priority level 2</td> <td data-bbox="403 1234 1013 1435"> <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 </td> <td data-bbox="1013 1234 1460 1435">All outstanding recommendations to be implemented during quarters 1 and 2, and by 30th September 2021, with the exception of recommendations with original agreed deadlines that exceed this date.</td> </tr> <tr> <td data-bbox="300 1435 403 1671">Priority level 3</td> <td data-bbox="403 1435 1013 1671"> <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 </td> <td data-bbox="1013 1435 1460 1671">All outstanding recommendations to be implemented during quarters 2 and 3, and by 31st December 2021, with the exception of recommendations with original agreed deadlines that exceed this date.</td> </tr> </table> <p>Based on the re-prioritised approach, the overall summary position in respect of overdue audit recommendations is: -</p>	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.
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.								

Overdue Internal Audit Recommendations

	2017/18	2018/19	2019/20	2020/21	TOTAL OUTSTANDING
	Number	Number	Number	Number	Number
Priority 1	0	0	0	3	3
Priority 2	5	2	19	0	26
Priority 3	1	0	13	0	14
Not Yet Prioritised	0	0	3	2	5
TOTAL	6	2	35	5	48

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	1	2	4
Not Yet Prioritised	1	0	7	8
TOTAL	4	2	13	19

Rani Mallison advised that progress on implementation of the Priority 1 recommendations will be presented at the next meeting.

Action: Head of Risk & Assurance

Alison Butler stated the report is really comprehensive, but expressed concern at a large number of outstanding recommendations to be implemented by the end of the year, questioning whether this is achievable.

Rani Mallison stated that a robust assessment was undertaken by Executive Directors, however, we will monitor any slippage and ensure that is brought to future committees.

The Committee RECEIVED and NOTED the Audit Recommendation Tracking update.

ARA/20/116

INTERNAL AUDIT PROGRESS UPDATE

Osian Lloyd presented the previously circulated report which provides progress with the 2020/21 Internal Audit Plan as recorded at March 2021.

Osian Lloyd advised that progress against the Plan is as follows:

	<table border="1"> <tr> <td>Number of audits finalised</td> <td>11</td> </tr> <tr> <td>Number of audits issued at draft</td> <td>0</td> </tr> <tr> <td>Number of audits in progress</td> <td>9</td> </tr> <tr> <td>Number of audits not started</td> <td>0</td> </tr> <tr> <td>Year-end reporting</td> <td>2</td> </tr> <tr> <td>Total number of audits in 2020/21 plan</td> <td>22</td> </tr> </table> <p>Mark Taylor requested that property reviews and scheme reviews look at the early phases of the preparation, to enable the identification of good practice before commitment to the schemes. Action: Osian Lloyd</p> <p>The Committee RECEIVED and NOTED the Internal Audit Update.</p>	Number of audits finalised	11	Number of audits issued at draft	0	Number of audits in progress	9	Number of audits not started	0	Year-end reporting	2	Total number of audits in 2020/21 plan	22
Number of audits finalised	11												
Number of audits issued at draft	0												
Number of audits in progress	9												
Number of audits not started	0												
Year-end reporting	2												
Total number of audits in 2020/21 plan	22												
ARA/20/117	<p>INTERNAL AUDIT REPORTS, 2020-21:</p> <p>a) IM&T CONTROL AND RISK ASSESSMENT (NOT RATED) Osian Lloyd presented the findings of the review, which sought to establish the processes and mechanisms in place for management of IG/ICT within the organisation. The review sought to provide a baseline picture of the organisation’s status and provides suggestions for areas of improvement or future development; therefore, an assurance rating has not been allocated. Osian Lloyd advised that the review identified a total of fourteen observations / recommendations.</p> <p>Ian Phillips stated that the scoring is difficult to interpret, particularly as recommendations or areas for improvement have not been identified. Osian Lloyd stated that he would feed the comments back to the IT team. Rani Mallison concluded that the committee given the Committee could not take assurance form the report in its current form, and requested that a revised report be issued and presented at the next meeting. Action: Osian Lloyd</p> <p>The Committee RECEIVED and NOTED the update.</p>												
ARA/20/118	<p>INTERNAL AUDIT PLAN 2021-22 Osian Lloyd presented the previously circulated report, which sets out the Internal Audit Plan for 2021/22 detailing the audits to be undertaken and an analysis of the corresponding resources. Osian Lloyd advised that the Plan has been developed in accordance with Public Sector Internal Audit Standard 2010.</p> <p>The Committee RECEIVED and APPROVED the Internal Audit Plan.</p>												
ARA/20/119	<p>EXTERNAL AUDIT UPDATE</p>												

Alison Butler and Elaine Matthews presented the previously circulated report, which provides an update on current and planned Audit Wales work.

Elaine Matthews advised on 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 in clearance
Test, Trace 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.	Report in clearance and due for national publication on 18 March
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 underway
Structured Assessment	Chief Executive	This work will continue to reflect the ongoing arrangements of NHS bodies in response to the COVID-19 emergency. The work will be undertaken in two phases. Phase 1 will review the effectiveness of operational planning arrangements to help NHS bodies continue to respond to the challenges of the pandemic and to recover and restart services. Phase 2 will examine how well NHS bodies are embedding sound arrangements for corporate governance and financial management, drawing on lessons learnt from the initial response to the pandemic.	Fieldwork underway – Phase 1 Phase 2 due to start in May 2021
Vaccination rollout		This fact-based review will provide a high-level overview on key aspects relating to the administration, planning and approach for the rollout of vaccinations in Wales. This review will not seek to investigate detailed arrangements within health bodies.	Fieldwork underway

The Committee RECEIVED and NOTED the External Audit Update.

ARA/20/120	<p>EXTERNAL AUDIT PLAN 2021-22</p> <p>Alison Butler and Elaine Matthews presented the previously circulated report, which sets out the External Audit Plan for 2021/22 to discharge the Auditor General statutory responsibilities under the Code of Audit Practice.</p> <p>Elaine Matthews advised that the audit plan sets out an initial timetable for the completion of audit work. However, given the on-going uncertainties around the impact of COVID-19 on the sector, some timings may need to be revisited.</p> <p>The Committee RECEIVED and NOTED the External Audit Plan 2021/22.</p>
ARA/20/121	<p>COUNTER FRAUD WORKPLAN 2021-22</p> <p>Pete Hopgood presented the previously circulated report, which presents the proposed Counter Fraud Work Plan for 2021/22, detailing key areas of work to be undertaken by the Counter Fraud Team in the next Financial Year.</p> <p>Pete Hopgood advised that the Work Plan is drafted on the basis that the new Government Functional Standards are to be adopted from 1st April 2021 replacing former NHS Counter Fraud Standard. The resource allocation within the Work Plan is based on an increase in deliverable days for 2020/21. A proposal for this increase has been drafted and is awaiting approval via the relevant processes. The Work Plan is presented as a final draft awaiting confirmation of the funding increase.</p> <p>The Committee RECEIVED and NOTED the Counter Fraud Work Plan 2021-22.</p>
ARA/20/122	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <ul style="list-style-type: none"> • None
ARA/20/123	<p>ANY OTHER URGENT BUSINESS</p> <p>There was no other urgent business for discussion, and the Chair declared the meeting closed at 10.53 am.</p>
ARA/20/124	<p>DATE OF NEXT MEETING</p> <p>29 April 2021, 2:00 pm, Microsoft Teams</p>