

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

MINUTES OF THE MEETING HELD ON MONDAY 12 JULY 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
Mel Davies	Independent Member – Vice Chair

In Attendance:

Carol Shillabeer	Chief Executive
Rani Mallison	Board Secretary
Pete Hopgood	Director of Finance and IT
Matthew Evans	Head of Local Counter Fraud Services
Wayne Tannahill	Assistant Director of Estates
Anne Beegan	Audit Wales
Ian Virgil	Internal Audit
Jayne Gibbon	Internal Audit
Sarah Pritchard	Head of Financial Services
Kirsty James	Local Counter Fraud Services
Felicity Quance	Internal Audit
Hayley Thomas	Director of Planning and Performance

Committee Support

Caroline Evans	Head of Risk and Assurance
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Apologies

Matthew Dorrance	Independent Member – Local Authority
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ARA/21/34	WELCOME AND APOLOGIES The Committee Chair welcomed everyone to the meeting and confirmed that a quorum was present. Apologies for absence were noted as recorded above.
ARA/21/35	DECLARATIONS OF INTERESTS

	<p>The Committee Chair INVITED Members to declare any interests in relation to the items on the Committee agenda.</p> <p>None were declared.</p>
ARA/21/36	<p>MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION</p> <p>The minutes of the meeting held on 8 June 2021 were RECEIVED and AGREED as being a true and accurate record.</p>
ARA/21/37	<p>MATTERS ARISING FROM PREVIOUS MEETINGS</p> <p>There were no matters arising from the previous meeting.</p>
ARA/21/38	<p>COMMITTEE ACTION LOG</p> <p>The Committee received the action log and the following updates were provided.</p> <p>ARA/21/29: The Audit Wales report and management response is due to go through the Cwm Taf Morgannwg UHB's (hosting body) Audit Committee in August. Therefore, the report and management response will be presented to the Audit, Risk and Assurance Committee in September 2021.</p> <p>ARA/21/23: A meeting between Executives and Audit Wales to discuss lessons learned will be arranged at a mutually convenient date.</p> <p>ARA/19/115e: 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: PPV attended pre-meeting of the Committee on 12th July 2021, to provide an overview of the PPV service. Action complete.</p> <p>ARA/20/100: The health board is writing to the two agencies concerned, requesting confirmation that they have the appropriate arrangements in place. Further action will be taken if the agencies fail to respond, and the committee will be updated accordingly. Action complete.</p> <p>ARA/21/8: Appendices have been expanded within the report presented to the Committee today. Action complete.</p> <p>ARA/21/8: Update included on agenda, item 3.3. Action complete.</p>
ARA/21/39	<p>APPLICATION FOR SINGLE TENDER WAIVERS (STWs)</p> <p>Sarah Pritchard presented the previously circulated report, seeking the Committee's ratification of STW requests made between 1 March 2021 and 31 May 2021.</p>

Sarah Pritchard advised that there were three STW requests made between 1 March 2021 and 31 May 2021 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
POW2122001	QUOTE	Mediaburst	System to enable patients to be increase their involvement in the management of their treatment, condition or lifestyle	Sole - Supplier Extension to Contract	12/05/2021	£14,352	12 months	Prospective	A1
POW2122003	TENDER	British Medical Journal	Subscription for Advertising for Medical Position	Recognised route for advertising Medical Positions	12/05/2021	£33,338	12 Months	Prospective	A2
POW2021022	QUOTE	Inhealth Pain Management Solutions	Daycase and Outpatient Pain Management Services	Continuation of Service - Previous STW POW1920004/POW2021004 refers	12/05/2021	£23,595	12 Months	Prospective	A3

Sarah Pritchard advised the Committee that going forward, appendices will be circulated as a separate document under confidential cover, due to the potential for commercially sensitive information.

Caroline Evans confirmed that the confidential appendices will be available via AdminControl going forward.

Action: Head of Risk and Assurance

The Committee RATIFIED the approval of the STWs.

ARA/21/40

IMPLEMENTATION OF AUDIT RECOMMENDATIONS

Caroline Evans presented the previously circulated report, which provides an overview of the current position relating to the implementation of Audit Recommendations, arising from reviews undertaken by Internal Audit, External Audit (Audit Wales) and Local Counter Fraud Services.

Caroline Evans advised that the overall summary position in respect of overdue audit recommendations is: -

Overdue Internal Audit Recommendations					
	2017/1	2018/1	2019/2	2020/21	TOTAL OUTSTANDING
	8	9	0		
	Number	Number	Number	Number	Number
Priority 1	0	0	0	4	4
Priority 2	5	2	19	2	28
Priority 3	1	0	20	1	22

Not Yet Prioritised	0	0	1	0	1
TOTAL	6	2	40	7	55

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	0	0	0	0
Not Yet Prioritised	0	0	4	4
TOTAL	2	1	8	11

Local Counter Fraud Services Recommendations		
	2020/21	TOTAL OUTSTANDING
	Number	Number
Not Yet Prioritised	0	0
TOTAL	0	0

Rani Mallison advised that as the organisation moves back into normal activity, timescales for future audits will not be prioritised as services should be realistic of their commitments and take ownership of their timescales.

Carol Shillabeer stated that this will be kept under review, and that focus will be on reducing the overall level of risk associated with the recommendations.

The Committee RECEIVED and NOTED the progress in respect of the implementation of audit recommendations.

ARA/21/41

LOSSES AND SPECIAL PAYMENTS REPORT

Pete Hopgood presented the previously circulated report, which sets out the Losses and Special Payments for the period 1st April 2020 to 31st March 2021. 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.

Pete Hopgood advised the Committee of the following losses and special payments for the period: -

	No. of payments/Receipts	No. of cases	£
Clinical Negligence /Personal Injury (Payment)	13	7	£191,773.20
Redress Payments	9	5	£6,570.00

	Redress Receipts	1	1	800.00												
	Other Special Payments	2	2	£535.69												
	The Committee RECEIVED and NOTED the Losses and Special Payments report.															
ARA/21/42	<p>FIRE SAFETY UPDATE</p> <p>Carol Shillabeer provided a verbal update to the Committee, advising that a limited assurance Internal Audit report was received in October 2020. Carol Shillabeer stated that two issues highlighted by the report remain outstanding: -</p> <ol style="list-style-type: none"> 1. Review and deployment of the Fire Safety Policy 2. Site Management arrangements <p>Executives are progressing work on these issues, and a report is being discussed at Executive Committee this week to confirm the revised approach.</p> <p>Mark Taylor asked what systems are being put in place to support these actions.</p> <p>Carol Shillabeer stated that a position statement will be presented to the Committee once these arrangements have been confirmed.</p> <p>Action: Chief Executive</p> <p>Ian Virgil advised that a follow-up review of this audit is built into the Audit Work Programme for 2021/22.</p>															
ARA/21/43	<p>EXTERNAL AUDIT UPDATE</p> <p>a. PROGRESS REPORT 2021-22</p> <p>Anne Beegan presented the previously circulated report, which provides an update on current and planned Audit Wales work. Accounts and performance audit work are considered, and information is also provided on the Auditor General's wider programme of national value-for-money examinations and the work of our Good Practice Exchange (GPX).</p> <p>Anne Beegan advised that the following audit work is currently underway:</p> <table border="1"> <thead> <tr> <th>Topic</th> <th>Executive Lead</th> <th>Focus of the work</th> <th>Current status</th> </tr> </thead> <tbody> <tr> <td>Orthopaedic services – follow up</td> <td>Medical Director</td> <td>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.</td> <td>Report being drafted</td> </tr> <tr> <td>Quality Governance</td> <td>Director of Nursing</td> <td>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.</td> <td>Report due to be presented to Audit, Risk and Assurance Committee September 2021</td> </tr> </tbody> </table>				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	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.	Report due to be presented to Audit, Risk and Assurance Committee September 2021
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	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.	Phase 1 – Completed and report presented to ARAC in July Phase 2 - Fieldwork underway. Due to report September 2021.
	Review of Unscheduled Care	Medical Director	This work will examine different aspects of the unscheduled care system and will include analysis of national data sets to present a high-level picture of how the unscheduled care system is currently working. Once completed, we will use this data analysis to determine which aspects of the unscheduled care system to review in more detail.	Whole system commentary and data analysis currently being completed. Further work not yet started.
	Local work 2020	TBC	The precise focus of this work is yet to be determined.	TBC

b. STRUCTURED ASSESSMENT PHASE 1: OPERATIONAL PLANNING

Anne Beegan presented the previously circulated report, which sets out the findings from phase one of the Auditor General’s 2021 Structured Assessment on the operational planning arrangements at Powys Teaching Health Board (the Health Board). Our Structured Assessment is designed to help discharge the Auditor General’s statutory requirement to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources under section 61 of the Public Audit (Wales) Act 2014.

Anne Beegan advised that overall, Audit Wales found the Health Board has effective operational planning arrangements, underpinned with good arrangements to engage with staff members and the public, and to monitor delivery of operational plans.

Hayley Thomas stated that work is in progress to establish mitigating actions to ensure delivery of the Annual Plan, as advised within the report.

Ian Phillips congratulated officers for maintaining control and adequate planning throughout the pandemic, which is reflected by the lack of recommendations within the Structured Assessment Phase 1 report.

The Committee RECEIVED and NOTED the External Audit update and Structured Assessment Phase 1 report.

ARA/21/44

LOCAL COUNTER FRAUD SERVICE, PROGRESS UPDATE

Matthew Evans presented the previously circulated paper, which provides key areas of work undertaken during 2021/22. Resource was utilised in line with the four Strategic Areas aligned to NHS Counter Fraud Standards as outlined:

Strategic Area	Resource Allocated	Resource Used
Strategic Governance	35	14
Inform and Involve	83	7
Prevent and Deter	90	23
Hold to Account	100	26
TOTAL	308	69

Matthew Evans advised that an exercise to explore the current procedure around the identifying and rectification of overpayments within Powys Teaching Health Board (PTHB) was undertaken in response to an identified risk, to establish compliance with the FCP 009 Debtors procedure. The exercise concluded that the processes around overpayments of salary were found to be relatively robust and functioning. There is opportunity however to strengthen policy in particular the referral route to the Counter Fraud Team and recovery of funds. Common errors that result in overpayments should be considered going forward with a view to minimising the instances of overpayment of salary within the Health Board. Three recommendations for improvement were identified.

Matthew Evans stated that overpayments are largely due a lack of understanding of the process by Managers. The Committee Chair questioned whether the impact of overpayment on pensions is explored where overpayments are identified. Matthew Evans confirmed that the process is explored in its entirety, which includes pension contributions. Carol Shillabeer stated that LPF identified that some processes are challenging, and that staff side is keen to work with the health board on these issues. Mark Taylor questioned if a gateway process could be included in respect of leavers. Matthew Evans stated that staff are paid unless a positive action is instigated to stop payment, and that the first line of defence in responding to overpayments is to increase communication. Pete Hopgood thanked Matthew for the report, and stated that along with internal audit, these reports help to give an indication in respect of our systems of internal control and highlight areas where they can be improved.

The Committee RECEIVED and NOTED the Counter Fraud Update.

ARA/21/45

INTERNAL AUDIT PROGRESS REPORT 2021-22

Ian Virgil introduced himself and Jayne Gibbon to the Committee, with this being their first meeting with Powys, having taken over responsibility for this area from Helen and Osian.

Ian Virgil presented the previously circulated report, which provides the current position regarding the work to be undertaken by the Audit & Assurance Service as part of the delivery of the approved 2021/22 Internal Audit plan.

Ian Virgil advised that two audits from the 2020/21 plan were not finalised in time for submission to the Audit Committee in June, although the draft outcomes were included within the Head of Internal Audit Opinion and Annual Report for 2020/21. The audits have now been finalised, and the full versions of these reports are included in the committee’s papers as separate items.

During the first quarter of 21/22, initial work has commenced on delivery of the following audits from the plan:

Audit Review	Objective overview / Outline Scope	Current Position
Access to Systems	To provide assurance to the Audit Committee that a process is in place for ensuring access is managed in an efficient and secure manner and that reflect the needs of the organisation	In Progress
Safeguarding – Midwifery Supervision	A review of the midwifery supervision process following the introduction of a new system. We will consider quality metrics in place and the implementation of learning.	Planning
Post Covid-19 Syndrome	To assess the establishment of the service.	Planning
Estates Assurance – Control of Contractors	To assess the adequacy of management arrangements to ensure compliance with the requirements of Health & Safety Executive guidance.	Planning
Medical Equipment & Devices	To provide assurance on the safe and effective procurement, use and disposal of medical equipment, devices and diagnostic systems. We will include an assessment of the Welsh Point of Care Test (POCT) system.	Planning
Theatres Utilisation	To provide an opinion on theatre efficiency. We will include a review of financial performance; use of staff resource; patient experience and clinical outcomes.	Planning
Dementia Service	We will consider the effectiveness of the arrangements in place to deliver Dementia Services. To include a focus on the Dementia Home Treatment Service	Planning

Delays in commencing delivery of the current plan, due to the overrun of the 20/21 plan and the transfer of service provision to the new Audit & Assurance team, have resulted in the following audits being postponed from Q1 to Q2:

- Safeguarding – Midwifery Supervision
- Medical Equipment & Devices
- Post Covid-19 Syndrome

	<ul style="list-style-type: none"> • Estates Assurance – Control of Contractors <p>The Board Secretary has requested that the advisory audit review of Site Management be postponed from Q1 to Q4 due to the on-going review of Executive and Management responsibilities.</p> <p>The Committee Chair questioned if the audit of 'Safeguarding – Midwifery Supervision' would review the service from a clinical perspective. Carol Shillabeer stated that this non-clinical review will focus on Provider Services, testing the statutory supervision process to ensure that a high standard of practice is maintained.</p> <p>The Committee RECEIVED and NOTED the Internal Audit Progress Report 2021-22.</p>
ARA/21/46	<p>INTERNAL AUDIT REVIEWS, 2020-21:</p> <p>a. LLANDRINDOD WELLS PROJECT (LIMITED ASSURANCE)</p> <p>Felicity Quance presented the previously circulated report, which outlines the results of the review that was undertaken to assess Powys Teaching Health Board's processes, procedures, and operational management of the current stage of the Llandrindod Wells County War Memorial Hospital reconfiguration project. Completion of Phase 1 of the project was originally scheduled for May 2019. However, a review of the plans and construction programme, undertaken by the main contractor, revised the planned completion; which was further amended due to other issues impacting the project. All works were complete and handed over in February 2020 (nine months later than the original contract completion date of May 2019) with the exception of the endoscopy suite, for which a key element (air handling unit) was identified as being non-compliant with required standards.</p> <p>The replacement ventilation air handling unit (AHU) works were progressing on site at the time of the audit fieldwork, funded from the discretionary capital programme and with a budget of £404k. Available options for the recovery of the Health Board Costs incurred as a result of the AHU compliance issues were being explored at the time of the audit. The Health Board has reported a total overspend on Phase 1 of £654k to date and an overspend of £32k associated with the AHU (all funded from the THB's discretionary capital programme).</p> <p>Felicity Quance advised that the scope and remit of the current audit included:</p> <ul style="list-style-type: none"> • Follow up – review of the status of previously agreed management actions • Governance – the adequacy of project governance arrangements including the linkage with the THB Board / Committees, structures, accountability, roles and responsibilities etc. • Design / Change Control – a review of the adequacy and application of the change management processes applied at the project • Monitoring & Reporting – sufficient information on project performance was monitored and reported to an appropriate forum to ensure the project was delivered within control parameters.

- Risk Management – arrangements were in place to identify, assess and mitigate/manage key project risks; assurance that the risk profile was monitored against available contingencies.
- Cost Management – an assessment of the adequacy of the data collated, evaluated and reported representing the cost position of the project.

The follow-up review identified five medium- and one low-priority recommendations.

The Committee Chair questioned if we are able to seek additional Welsh Government funding if a capital project incurs significant overspend. Pete Hopgood stated that we maintain regular dialogue with Welsh Government in respect of our capital plan.

Hayley Thomas stated that a number of issues arose within this project, and it is important that we harness the learning from these issues to inform future capital projects.

Mark Taylor requested that the Committee is sighted on the lessons learned from this project.

Hayley Thomas confirmed that the post-Project evaluation and lessons learned from the previous Machynlleth Project will be presented to the Committee at a future date.

Action: Director of Planning and Performance

Ian Phillips stated that we need to confirm our approach in respect of delay damages for future projects.

Wayne Tannahill stated a concern that the inclusion of delay damages within a contract can potentially invite contractors to increase their tender price.

Hayley Thomas stated that we need to look individually at each project at the merit of inclusion of delay damages. Going forward we should develop a general set of principles for delay damages, to enable us to identify the benefits and risks going forward.

Mark Taylor suggested it would be appropriate that delay damages are included within all contracts by default, and that they are excluded if required, subject to expert advice. Carol Shillabeer concurred that there should be flexibility within the process to enable the inclusion or exclusion of delay damages, dependent on the best interests of the particular contract.

Felicity Quance stated that Powys is an outlier across Wales in respect of not including delay damages within the contract.

b) Mass Vaccination (Advisory)

Ian Virgil presented the previously circulated report, which provides the outcome of a review that was undertaken between February and early May and primarily focused on the period from December 2020 to May 2021 which is the initial period of MVP delivery. The review assessed the adequacy of the processes and systems in place within the health board for

	<p>the management of the MVP in order to provide assurance that risks material to the achievement of the system’s objectives are managed appropriately.</p> <p>Ian Virgil advised that the health board’s Mass Vaccination Programme (MVP) is governed by the Command and Control Structure, which was initially implemented during the early stages of the Covid-19 pandemic and subsequently strengthened through the autumn as the vaccination mobilisation gathered pace. The key elements of the MVP structure are a Gold Command supported by a Mass Vaccination Strategic Oversight Group (SOG) and an Operational Delivery Group (ODG) that oversees 9 core MVP workstreams. Allied to this the health board adopted a programme management approach that provides a robust and flexible structure for operational delivery of the Delivery Plan.</p> <p>Hayley Thomas stated that the team was pleased to receive the report, which was a boost to staff morale.</p> <p>The Committee Chair congratulated everybody involved in the work of Mass Vaccination.</p> <p>The Committee RECEIVED and NOTED the Internal Audit reports.</p>
ARA/21/47	<p>COMMITTEE WORK PROGRAMME</p> <p>Rani Mallison presented the previously circulated report, which provides the Committee with its work programme for 2020-21.</p> <p>Rani Mallison advised that 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.</p> <p>The Committee RECEIVED and NOTED the Committee Work Programme 2021/22.</p>
ARA/21/48	<p>ROLLOUT OF THE COVID-19 VACCINATION PROGRAMME IN WALES</p> <p>Anne Beegan presented the previously circulated report, which considers the rollout of the vaccination programme in Wales.</p> <p>In it, we discuss the shape of the programme, how it is performing, the factors that have affected rollout to date, and future challenges and opportunities.</p> <p>Anne Beegan advised that overall, the programme has delivered at significant pace, with local, national and UK partners working together to vaccinate a considerable proportion of the population who are at greatest risk. At the time of reporting, vaccination rates in Wales were the highest of the four UK nations, and some of the highest in the world. The milestones in the Welsh Government’s vaccination strategy have provided a strong impetus to drive the programme. To date, the Welsh Government’s milestones have been met.</p> <p>The Committee RECEIVED and NOTED the External Audit report.</p>

ARA/21/49	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <p>The Committee Chair requested that the Board is appraised of the changes for monitoring outstanding audit recommendations.</p>
ARA/21/50	<p>ANY OTHER URGENT BUSINESS</p> <p>There was no other urgent business for discussion. The Chair declared the meeting closed at 12.10 pm.</p>
ARA/21/51	<p>DATE OF NEXT MEETING</p> <p>14 September 2021, 10:00 am, Microsoft Teams</p>