

## **AUDIT, RISK & ASSURANCE COMMITTEE**

**CONFIRMED**

### **MINUTES OF THE MEETING HELD ON TUESDAY 14 SEPTEMBER 2021 VIA MICROSOFT TEAMS MEETING**

#### **Present:**

Mark Taylor	Independent Member – Capital and Estates (Committee Vice-Chair)
Mel Davies	Independent Member – Vice Chair
Rhobert Lewis	Independent Member
Ronnie Alexander	Independent Member

#### **In Attendance:**

Alison Butler	External Audit
Hayley Thomas	Director of Planning and Performance
Ian Virgil	Internal Audit
Jayne Gibbon	Internal Audit
Melanie Goodman	Internal Audit
Pete Hopgood	Director of Finance and IT
Rani Mallison	Board Secretary
Sara Utle	External Audit
Sarah Pritchard	Head of Financial Services
Julie Rowles	Director of Workforce & OD and Support Services (present for item 3.5 only)

#### **Committee Support**

Caroline Evans	Head of Risk and Assurance
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#### **Apologies**

Tony Thomas	Independent Member – Finance
Matthew Dorrance	Independent Member – Local Authority
Carol Shillabeer	Chief Executive

ARA/21/52	<p><b>WELCOME AND APOLOGIES</b></p> <p>The Committee Chair welcomed everyone to the meeting, and provided a formal welcome to Rhobert Lewis and Ronnie Alexander as new Committee members. It was confirmed that a quorum was present. Apologies for absence were noted as recorded above.</p>
ARA/21/53	<p><b>DECLARATIONS OF INTERESTS</b></p> <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/21/54	<p><b>MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION</b></p> <p>The minutes of the meeting held on 12 July 2021 were RECEIVED and AGREED as being a true and accurate record, subject to the following addition:</p> <p>ARA/21/46 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.</p>
ARA/21/55	<p><b>MATTERS ARISING FROM PREVIOUS MEETINGS</b></p> <p>There were no matters arising from the previous meeting.</p>
ARA/21/56	<p><b>COMMITTEE ACTION LOG</b></p> <p>The Committee received the action log and the following updates were provided.</p> <p>ARA/21/46: Action transferred to Delivery and Performance Committee</p> <p>ARA/21/42: Update included on agenda, item 3.5. Action complete.</p> <p>ARA/21/39: Action complete</p> <p>ARA/21/29: Update included on agenda, item 3.4b. Action complete.</p> <p>ARA/21/23: This will be scheduled for Q4, 2021/22</p> <p>ARA/19/115e: Action transferred to Delivery and Performance Committee</p>
ARA/21/57	<p><b>APPLICATION FOR SINGLE TENDER WAIVERS (STWs)</b></p>

Sarah Pritchard presented the previously circulated report, seeking the Committee's ratification of STW requests made between 1 June 2021 and 31 August 2021.

Sarah Pritchard advised that there were two STW requests made between 1 June 2021 and 31 August 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 Reference
POW21220 02	TENDER	British Pregnancy Advisory Service (BPAS)	Provision of Termination of pregnancy and Vasectomy for Powys Patients	Absence of viable NHS Supplier. Continuation of arrangement until national framework for these services is in place which is anticipated to be Autumn 2021.	15/07/2021	£148,920	12 Months or earlier if alternative provision implemented	Part - Retrospective	A1
POW21220 05	TENDER	Network of Staff Supporters	Counselling Services for Staff	Extension of previously tendered contract as interim measure while formal procurement is undertaken	25/08/2021	£39,363	8 Months	Prospective	A2

A question was raised in respect of future procurement of these services, and whether the default approach would be via the STW process, as well as how frequently STWs are used. Sarah Pritchard confirmed that we would always check the market before using a STW, with the process fully supported by Procurement. Comprehensive evidence is always provided to evidence why the organisation has selected one supplier, or if there is only one supplier available. Furthermore, procurement colleagues are currently developing a more compliant framework, which should remove the requirement for STWs in the future.

Rani Mallison added that procurement training for Board members is being arranged, which will provide a better understanding of the procurement process and the use of STWs.

The Committee RATIFIED the approval of the STWs.

ARA/21/58

**UPDATED FINANCIAL CONTROL PROCEDURES (FCPs)**

Pete Hopgood presented the previously circulated report, which seeks approval on the updated FCP Covid-19 Decision Making & Financial Governance (update number 7) and the Updated FCP Budgetary Control Procedure (update number 6).

Pete Hopgood advised that changes to the Covid-19 Financial Governance include:

- New cost centres for Recovery & Renewal programme
- Changes to working practices including commencement of IBG process, LTA blocks in 2021/22, and ongoing reporting requirements
- Current WG Adult Social Care payment process for 2021/22
- Revised dates/timescales for the publication of the accountability letters.
- Process expenditure and funding flows in 2021/22
- References to Gold Meetings replaced by Exec Meetings

Changes to the Budgetary Control Procedure include:

- Now contains a reference to Covid-19 Decision Making & Financial Governance policy
- Updated on reflect process reporting Reserves
- Updated in line with the IBG process that went live in April 2021
- Updated to reflect the new process from 2021/22 linked Efficiency Programme
- Changes in meeting arrangements and communications linked to agile working
- Includes reference to Finance Academy Good Practice Guide on Reporting
- Outlines the position regarding WG allocations and budget virements

The Committee APPROVED the Covid-19 policy (Update#7) and Budgetary Control Procedure (Update#6) presented to Audit Committee.

ARA/21/59

### 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						
Covid-19 Prioritisation	2017/18	2018/19	2019/20	Internal Audit Priority	2020/21	TOTAL OUTSTANDING
	Number	Number	Number		Number	
Priority 1	0	0	0	High	1	1
Priority 2	5	2	14	Medium	7	28
Priority 3	1	0	15	Low	4	20
Not Yet Prioritised	0	0	1			1
<b>TOTAL</b>	<b>6</b>	<b>2</b>	<b>30</b>		<b>12</b>	<b>50</b>

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	0	1	3
Priority 3	1	1	0	2
Not Yet Prioritised	0	0	2	2
<b>TOTAL</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>7</b>

Local Counter Fraud Services Recommendations	
	TOTAL OUTSTANDING
	2020/21

	Number	Number
Not Yet Prioritised	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

Caroline Evans added that since the report was circulated, a further two audit recommendations have been closed, in respect of the Fire Safety internal audit undertaken in 2020/21, which means that the total outstanding internal audit recommendations is now 50, and that there are no Priority 1 or High priority audit recommendations outstanding.

Ian Virgil stated that it is encouraging that there are no remaining priority 1 recommendations outstanding, but added caution that 28 priority 2 / medium priority recommendations remain outstanding, for future consideration.

Melanie Davies acknowledged the position in respect of the pandemic, but added that focus should be directed towards implementing the outstanding recommendations from 2017/18 reviews, to ensure that work is actioned in a timely manner. Rani Mallison agreed this should be a priority, but highlighted that Covid-19 and winter pressures may lead to a requirement to re-trigger the prioritisation of recommendations in the future. It was suggested that a deep-dive into progress against outstanding 2017/18 recommendations is planned for the next meeting.

**Action: Head of Risk & Assurance**

Hayley Thomas added that the audit tracker is a priority for the Executive Team, however, recognising the aforementioned current pressures, an update can be provided to the next meeting of additional actions that need to be taken.

**Action: Board Secretary**

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

ARA/21/60

**INTERNAL AUDIT PROGRESS REPORT 2021-22**

Ian Virgil presented the previously circulated report, which includes details of the progress made to date against individual assignments, outcomes and findings from the reviews, along with details regarding the delivery of the plan and any required updates.

Ian Virgil advised that one audit has been finalised so far this year, with another at the draft report stage. In addition, there are four audits that are currently work in progress with a further five at the planning stage. It has been agreed with the lead Executive that the Mortality audit review will be postponed from Q1 to Q4 due to impending changes in the processes around mortality reviews.

It has been agreed with the lead Executive that the Post Covid-19 Syndrome audit review will be postponed from Q2 to Q3 due to ongoing developments with the process and the availability of Health Board representatives.

	<p>Ian Virgil advised a cognisance of the current pressures on the deliverability of the full internal audit plan, however, any changes to the plan will be discussed with Executives and reported to the Committee.</p> <p>The Committee RECEIVED and NOTED the Internal Audit Progress Report 2021-22.</p>				
ARA/21/61	<p><b>INTERNAL AUDIT REPORT: ACCESS TO SYSTEMS (REASONABLE ASSURANCE)</b></p> <p>Ian Virgil presented the previously circulated report, which outlines the results of the review that was undertaken to assess the arrangements in place for the management and control of Access to Data and Systems. Access to systems and data is managed by Powys Information and Communication Technology (ICT) Department to the Service areas and staff of Powys County Council (PCC) and Powys Teaching Health Board under a s.33 agreement. Powys ICT also support the connectivity of client devices to enable access to a range of national and locally hosted systems. Ian Virgil advised that the review identified three recommendations for improvement: one high priority; one medium priority; and, one low priority.</p> <p>A question arose in respect of monitoring progress of the business case. Pete Hopgood stated that liaison with Welsh Government is ongoing whilst awaiting approval of the funding to support the cross-border access to information. Securement of the funding is a key priority that is being closely monitored, and escalated if any issues arise.</p> <p>Rani Mallison added that progress of the work will be monitored by the Delivery and Performance Committee, and that the audit recommendations identified from this review will be monitored through this Committee as part of the audit recommendation tracking process.</p> <p>The Committee RECEIVED and NOTED the Internal Audit Report.</p>				
ARA/21/62	<p><b>EXTERNAL AUDIT PROGRESS REPORT 2021-22</b></p> <p>Alison Butler provided 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). Alison Butler and Sara Uteley advised that the following audit work is currently underway:</p> <table border="1" data-bbox="284 1682 1493 2031"> <thead> <tr> <th data-bbox="284 1682 632 1715">Area of work</th> <th data-bbox="632 1682 1493 1715">Current status</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1715 632 2031">Audit of the 2020-21 Accountability Report and Financial Statements</td> <td data-bbox="632 1715 1493 2031"> <p>The Audit Committee and Board considered our audit report on 8 and 10 June respectively.</p> <p>The accounts were submitted to Welsh Government in line with the submission deadline of 11 June. The Auditor General for Wales placed an unqualified audit opinion on the accounts on 15 June and laid them before the Senedd on the 16 June.</p> <p>The Auditor General also issued a substantive report on the impact of a Ministerial Direction issued in December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund certain clinicians’ pension tax liabilities. All NHS bodies will be ‘held harmless’ for the impact of the Ministerial Direction, however, in the</p> </td> </tr> </tbody> </table>	Area of work	Current status	Audit of the 2020-21 Accountability Report and Financial Statements	<p>The Audit Committee and Board considered our audit report on 8 and 10 June respectively.</p> <p>The accounts were submitted to Welsh Government in line with the submission deadline of 11 June. The Auditor General for Wales placed an unqualified audit opinion on the accounts on 15 June and laid them before the Senedd on the 16 June.</p> <p>The Auditor General also issued a substantive report on the impact of a Ministerial Direction issued in December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund certain clinicians’ pension tax liabilities. All NHS bodies will be ‘held harmless’ for the impact of the Ministerial Direction, however, in the</p>
Area of work	Current status				
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		opinion of the Auditor General any transactions included in the health board's financial statements to recognise this liability would be irregular.	
	Audit of the 2020-21 Charitable Funds Account	Planned for late 2021	
	<b>Area of work</b>	<b>Exec Lead</b>	<b>Focus of the work</b>
	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.
	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.
	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.
			Report being drafted
			Report in Clearance, to be presented to Committee November 2021
			Phase 1 – Completed and report presented to Committee in July  Phase 2 - Fieldwork Underway, to be presented to Committee November 2021
	The Committee RECEIVED and NOTED the External Audit update.		
ARA/21/63	<p><b>WELSH HEALTH SPECIALISED SERVICES COMMITTEE GOVERNANCE ARRANGEMENTS</b></p> <p><b>a. AUDIT WALES REPORT</b></p> <p>Sara Utlely presented the previously circulated paper, which sets out the findings of the review, which considered the extent to which there are effective governance arrangements and whether the planning approach effectively supports the commissioning of specialised services for the population of Wales.</p> <p>Sara Utlely advised that since the previous reviews in 2015, governance, management and planning arrangements have improved, but the impact of COVID-19 will now require a clear strategy to recover services and there would still be benefits in reviewing the wider governance arrangements for specialised services in line with the commitments within A Healthier Wales.</p> <p><b>b. MANAGEMENT RESPONSE</b></p>		

	<p>Hayley Thomas presented the previously circulated report, which presents the management response to the Audit Wales report WHSSC Committee Governance Arrangements.</p> <p>Hayley Thomas advised that the report outlined 4 recommendations for WHSSC and 3 recommendations for Welsh Government.</p> <p>A concern was raised in respect of the management response to recommendation 7, which relates to future governance and accountability arrangements for specialised services. The response states that a more national model may be appropriate, in response to a risk highlighted in respect of conflicts of interest. It was stated that knowledge and experience of this area is highly beneficial, and that experience may be lost if the decision-making body does not include health board members. In additional, what is meant by national focus? We need to ensure that our own representatives are not excluded in the future due to the small scale and size of Powys, and therefore would like to keep an eye on this.</p> <p>Hayley Thomas stated that the governance and decision-making process was changed to address the conflict of interest identified, which recognised that the seven health boards across Wales, which form membership of WHSSC, might benefit from the decision-making process in relation to the delivery of tertiary and specialised services.</p> <p>Powys has equal membership and voting rights comparted to the other members of WHSSC, however, it needs to be looked and closely and progress tracked against the matters raised within the report.</p> <p>Melanie Davies added that the minutes from WHSSC Committee are reported through the Patient Experience, Quality and Safety Committee, so we are sighted on the decisions made.</p> <p>Sara Utley stated that the recommendations made within the report are included within the hosting organisation’s audit recommendation tracker, which enables their audit committee to monitor progress against those recommendations.</p> <p>Hayley Thomas added that any developments to the NHS Executive function, as referred to in Andrew Goodall’s letter attached to the report, will be shared with the Committee as soon as they are available.</p> <p><b>Action: Board Secretary</b></p> <p>The Committee RECEIVED and NOTED the Welsh Health Specialised Services Committee Governance Arrangements update.</p>
ARA/21/64	<p><b>POSITION STATEMENT ON THE PROGRESSION OF THE FIRE SAFETY IMPROVEMENTS</b></p> <p>Julie Rowles presented the previously circulated report, which provides an update on progress against Findings in the 23 October 2020 NHS Wales Audit and Assurance Services internal audit on Fire Safety, which resulted</p>



	<p>in a Limited Assurance outcome constituted of eight Fire Safety Audit recommendations and two Follow Up audit recommendations. Julie Rowles advised that there are two medium-priority fire safety audit recommendations and one medium-priority follow up audit recommendation remaining in progress, with work on track to implement these outstanding recommendations by 30<sup>th</sup> September 2021.</p> <p>A question was raised as to whether more work could be undertaken in respect of fire drills, given the scattered nature of the estate. Julie Rowles responded that the paper specifically refers to Bronllys, where the annual fire drill has not yet been completed. However, during 2020 there were eight unwanted fire signals where a response was provided to each of those signals. Discussions are ongoing as to how we deploy the fire drills, and this will be monitored through the Fire Safety Group. Hayley Thomas added that there has been a whole organisational response to the fire safety arrangements, and that we have been working to develop the right model to deploy those arrangements, with staff appropriately trained.</p> <p>Ian Virgil stated that he is confident with the progress made. Independent assurance on the progress will be provided through a follow-up review of the audit towards the end of the year.</p> <p>Hayley Thomas stated that the Fire Safety Policy is going through Board for approval at the end of the month.</p> <p>The Committee RECEIVED and NOTED the Fire Safety Update.</p>
ARA/21/65	<p><b>COMMITTEE WORK PROGRAMME</b></p> <p>Rani Mallison presented the previously circulated report, which provides the Committee with its work programme for 2020-21. 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/21/66	<p><b>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</b></p> <p>The Fire Safety Policy will be going to Board for approval.</p>
ARA/21/67	<p><b>ANY OTHER URGENT BUSINESS</b></p> <p>There was no other urgent business for discussion. The Chair declared the meeting closed at 11.10 pm.</p>
ARA/21/68	<p><b>DATE OF NEXT MEETING</b></p> <p>16 November 2021, 10:00 am, Microsoft Teams</p>

