

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

MINUTES OF THE MEETING HELD ON TUESDAY 20 JANUARY 2022 VIA MICROSOFT TEAMS MEETING

Present:

Tony Thomas	Independent Member – Finance (Committee Chair)
Mark Taylor	Independent Member – Capital and Estates
Rhobert Lewis	Independent Member
Ronnie Alexander	Independent Member
Cathie Poynton	Independent Member – Trade Union

In Attendance:

Carol Shillabeer	Chief Executive
Ian Virgil	Internal Audit
Jayne Gibbon	Internal Audit
Melanie Goodman	Internal Audit
Pete Hopgood	Director of Finance and IT
James Quance	Interim Board Secretary
Sarah Pritchard	Head of Financial Services
Alice Rushby	External Audit
Anne Beegan	External Audit
Bethan Hopkins	External Audit
Claire Powell	Powys CHC
Matthew Evans	Swansea Bay Counter Fraud

Committee Support

Stella Parry	Interim Corporate Governance Manager
--------------	--------------------------------------

Apologies

Matthew Dorrance	Independent Member – Local Authority
------------------	--------------------------------------

ARA/21/90	<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/21/91	<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> <p>None were declared.</p>																				
ARA/21/92	<p>MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION</p> <p>The minutes of the meeting held on 16 November 2021 were RECEIVED and AGREED as being a true and accurate record.</p>																				
ARA/21/93	<p>MATTERS ARISING FROM PREVIOUS MEETINGS</p> <p>There were no matters arising from the previous meeting.</p>																				
ARA/21/94	<p>COMMITTEE ACTION LOG</p> <p>The Committee received the action log and the following updates were provided.</p> <p>ARA/21/23: It was confirmed that this action had been completed.</p>																				
ARA/21/95	<p>APPLICATION FOR SINGLE TENDER WAIVERS (STWs)</p> <p>The Head of Financial Services presented the previously circulated report and sought the Committee's ratification of STW requests made between 1 November 2021 and 31 December 2021.</p> <p>Four STW requests were considered by the Committee, summarised within the table below:</p> <table border="1"> <thead> <tr> <th>Single Tender Reference</th> <th>Request to waive QUOTE or TENDER threshold</th> <th>Name of Supplier</th> <th>Item</th> <th>Reason for Waiver</th> <th>Date of Approval</th> <th>Value £</th> <th>Length of Contract</th> <th>Prospective/Retrospective</th> <th>Appendix Ref</th> </tr> </thead> <tbody> <tr> <td>POW2122013</td> <td>TENDER</td> <td>Topcon (Great Britain) Medical Ltd</td> <td>DRI OCT Triton Plus Ophthalmic Machine plus accessories</td> <td>Value for Money and Consistency to previously purchased equipment for programme</td> <td>23/12/2021</td> <td>£77,198</td> <td>N/A</td> <td>Prospective</td> <td>A1</td> </tr> </tbody> </table>	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	POW2122013	TENDER	Topcon (Great Britain) Medical Ltd	DRI OCT Triton Plus Ophthalmic Machine plus accessories	Value for Money and Consistency to previously purchased equipment for programme	23/12/2021	£77,198	N/A	Prospective	A1
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												
POW2122013	TENDER	Topcon (Great Britain) Medical Ltd	DRI OCT Triton Plus Ophthalmic Machine plus accessories	Value for Money and Consistency to previously purchased equipment for programme	23/12/2021	£77,198	N/A	Prospective	A1												

POW21220 12	TENDER	Oswestry Limited Liability Partnership	Healthcare service delivered on Health Board Premises	No NHS Provision available and clinical need	07/12/20 21	£47,700	12 months	Prospective	A2
POW21220 11	QUOTE	Brecon Mind	6 month Pilot Twilight out of hours service for Mental Health for South Powys	Continuation of previous pilot not previously funded by PTHB	07/12/20 21	£13,699 (6 months only)	6 Months	Prospective	A3
POW21220 10	QUOTE	Ponthafren Association	6 month Pilot Twilight out of hours service for Mental Health for North Powys	Continuation of previous pilot not previously funded by PTHB	17/11/20 21	£12,000	6 Months	Prospective	A4

Had applications been subject to appropriate rigor and was it felt that the number of STW applications had increased in the previous 12 months?

The Head of Financial Services assured Committee Members that Shared Services Procurement colleagues had and would be involved with all STW applications as part of the process. The Director of Finance and IT suggested that he would bring forward an overview of trend analysis for STWs by month and year. **Action: Director of Finance and IT.**

The Chief Executive confirmed that she had reviewed each application personally as part of the process, which had improved significantly over the last few years following issues with controls around STW several years ago.

The Committee RATIFIED the approval of the STWs as detailed within the report.

ARA/21/96	<p>FINANCIAL CONTROL PROCEDURE (FCP) COVID-19, UPDATE 8</p> <p>The Director of Finance and IT presented the item and reported that the FCP had been introduced at the start of the Covid-19 pandemic in 2020. Regular reviews of the document had been undertaken to ensure it remained fit for purpose. Version 8 of the document had been updated at the end of December 2021. Full details were provided in the Version Control section of the document, in summary the changes included:</p> <ul style="list-style-type: none"> • New cost centres for Recovery & Renewal programme and Long Covid
-----------	--

	<ul style="list-style-type: none"> • Additional supplementary reports embedded within the monthly Exec Team Report • Ongoing updates linked to the Adult Social Care payment process for 2021/22 and reporting • Update on the management and reporting of savings • Update on the reporting of Covid Capital going forward • Two Way matching process and agreement to continue at an all Wales level <p>The Committee APPROVED Version 8 of the COVID-19 FCP.</p>
ARA/21/97	<p>AUDIT RECOMMENDATION TRACKING</p> <p>The Interim Board Secretary presented the item which provided an overview of the position relating to the implementation of Audit Recommendations, arising from reviews undertaken by Internal Audit, External Audit (Audit Wales) and Local Counter Fraud Services.</p> <p>Committee members welcomed the progress made in relation to audit recommendations in the last few years and the Head of Internal Audit reported that as part of the Internal Audit Plan for 2022/23 a review of recommendations marked as complete would be undertaken to provide assurance in relation the evidence provided to support completion.</p> <p>The Committee DISCUSSED and NOTED the position in relation to the implementation of audit recommendations.</p>
ARA/21/98	<p>INTERNAL AUDIT PROGRESS REPORT 2021/22</p> <p>The Head of Internal Audit presented the item which provided an overview of the progress to date against the 2021/22 Internal Audit Plan and a progress update in relation to the development of the 2022/23 Internal Audit Plan.</p> <p>It was highlighted that on 16 November 21, the Committee formally agreed the re-scheduling of the following audits to the end of the 2021/22 plan, with the possibility that they could then be removed / deferred into the 22/23 plan if required due to the pressures faced by the Health Board:</p> <ul style="list-style-type: none"> • Cancer Services • Looked After Children with Mental Ill Health • Performance Management & Reporting • North Powys Well-being Programme <p>The Head of Internal Audit suggested that it was likely the reports would need to be formally deferred into 2022/23 in recognition of the pressures on the NHS as a result of the ongoing pandemic. The Chief Executive confirmed that a detailed assessment had been undertaken to identify those audits suitable for deferral and sought confirmation that the deferral of the audits would not impact upon the ability of the Head of</p>

	<p>Internal Audit to provide the Internal Audit Opinion for 2021/22. The Head of Internal confirmed that there would be sufficient coverage to provide his opinion for 2022/23 should only four audits be deferred.</p> <p>The Committee DISCUSSED and NOTED the report and it was confirmed that a Draft Internal Audit Plan for 2022/23 would be brought forward to the Committee in March 2022.</p>
ARA/21/99	<p>INTERNAL AUDIT REPORTS:</p> <p>a) Covid Recovery and Rehabilitation Service (Substantial Assurance)</p> <p>The Head of Internal Audit presented the report which focused on the COVID Recovery and Rehabilitation Service; and sought to provide the Health Board with assurance that the service had been set up effectively and associated systems and processes were managed appropriately. One matter requiring management attention was identified, relating to the Adferiad funding financial breakdown which was out of date. This needed to be addressed to ensure that the allocated funding is effectively utilised for the service.</p> <p>b) Theatres Utilisation (Reasonable Assurance)</p> <p>The Head of Internal Audit presented the report which covered theatre efficiency. The review focused on the in-reach services carried out within the Health Board's own theatres. The impact of the Covid-19 Pandemic and the Health Board's recovery and renewal plans were taken into consideration in the assessment of the appropriateness of the arrangements in place. An assessment of the adequacy and effectiveness of internal controls in operation was also undertaken. The matters identified requiring management attention included:</p> <ul style="list-style-type: none"> • Theatre utilisation was significantly impacted by the fragility of the staff resource due to reliance on in-reach staff from neighbouring Health Boards, for which the service level agreements in place required reviewing and updating. • There is no Clinical Director for Endoscopy and Theatres to oversee clinical issues and so this currently has to be undertaken by the Health Board's Medical Director. • Achievement of access targets, including Referral to Treatment and National Endoscopy Programme Training Site re-accreditation, could potentially be at risk. • Other recommendations / advisory points were provided within the detail of the report. <p><i>Had a staffing plan been considered to support planned investment, such as in Llanrindod Wells Hospital Endoscopy?</i></p> <p>The Chief Executive reported that an item was due to be considered by the Workforce and Culture Committee in relation to the utilisation of a</p>

different approach for clinical staffing which was under development by the Health Board. It was also suggested that other initiatives would likely support staffing such as the partnership working across South East Wales and the introduction of International Recruitment.

Was there any concern in relation to the patient waiting times in Powys?
The Chief Executive reported that the majority of patients in Powys had waited less than 54 weeks, though outliers had been reported. The Committee was assured that an insourcing scheme was due to commence, which may provide a medium term strategy for recovery within theatres. The Committee recognised the strengths and weaknesses of insourcing.

Health Bodies were required to complete a validated tool, EQ5D5L by the 14 January 2022, how would information in relation this be monitored by the health board?

It was confirmed that the reporting mechanism would report to Executive Committee as part of the monthly Performance Report, which would then be taken forward to the Delivery and Performance Committee. This would also be considered as part of the Directorate Performance Reviews undertaken by the Chief Executive.

c) Dementia Services (Reasonable Assurance)

Jayne Gibbon (Internal Audit) presented the item which focused on the Dementia Home Treatment Teams (DHTT) in both North & South Powys and sought to provide the Health Board with assurance that systems and processes are managed appropriately. The identified matters requiring management attention included:

- Inconsistencies in the structure, skill mix of staff and operational activities undertaken by the teams.
- Policy and procedures not approved.
- Varying degrees of documentation contained within the patients' electronic records.
- Accuracy of submitted performance measures.
- Other recommendations/advisory points were provided within the detail of the report.

Due to the differences in structure between North and South Powys, had there been any reports of differing Patient Experience?

The Chief Executive reported that, due to staffing difficulties, the North Powys Service had been redesigned, whereas the South Powys Service had been added to over a number of years. It was a priority of the Mental Health Service Group to provide equitable services and clear outcomes. The Dementia Services would be considered as part of the Integrated Medium Term Plan (IMTP) from 2022/23 and work on demand and capacity modelling was underway and communication with local communities was due to take place.

	<p><i>What would be the effect on the services of the introduction of the Regional Investment Fund (RIF) (previously Integrated Care Funding, ICF)?</i></p> <p>The Chief Executive confirmed that the Regional Partnership Board (RPB) had agreed to use 2022/23 as a transition year; it was suggested that consideration would be given as to how the service would be provided within the Health Board's existing resource in 2022/23 as a reliance on grants was not be the most favourable outcome for the service.</p> <p>The Committee RECEIVED and NOTED the Internal Audit reports.</p>
ARA/21/100	<p>EXTERNAL AUDIT PROGRESS REPORT 2021/22</p> <p>Alice Bushby (External Audit) presented the report which provided the Committee with an update on current and planned Audit Wales work. Accounts and performance audit work were considered, and information was also provided on the Auditor General's wider programme of national value-for-money examinations and the work of the Good Practice Exchange (GPX). It was reported that the fieldwork in relation to the Charitable Funds Accounts for 2020/21 was mostly complete. However, there was a valuation outstanding on a property in Ystradgynlais, for which the Health Board had been a part beneficiary that had not previously been reflected in the accounts.</p> <p><i>Was there a risk that the Annual Accounts would not be submitted within the Charity Commission's deadline due to the outstanding valuation?</i></p> <p>The Director of Finance and IT confirmed this was a potential risk as the deadline for submission was 31 January 2022. External Audit suggested it would be unlikely the accounts would be complete in readiness for the 26 January 2022 meeting of the Board as the case was historic, complex, required a valuation undertaken and would need to be considered by External Audit's Technical Team. The Chief Executive recognised the potential reputational issue for the Health Board and requested further detail outside of the Committee.</p> <p>The Committee DISCUSSED and NOTED the External Audit Progress Report.</p>
ARA/21/101	<p>EXTERNAL AUDIT ANNUAL REPORT 2021</p> <p>Anne Beegan (External Audit) presented the item. It was confirmed that this report would be taken forward to the meeting of the Board on 26th January 2022.</p> <p>The Committee DISCUSSED and NOTED the External Audit Annual Report 2021.</p>
ARA/21/102	<p>EXTERNAL AUDIT STRUCTURED ASSESSMENT</p> <p>The Head of External Audit and Interim Board Secretary presented the item. A key conclusion from 2021 structured assessment work was "...the Health Board has generally effective Board and committee arrangements,</p>

	<p>although attention is needed to improve the timeliness of agenda papers, local induction training for independent members is required and there are three unfilled associate member posts. In addition, there are imminent gaps within the corporate governance team which are of concern. Plans for response to COVID-19 and transforming services to recover waiting times are in place and supported by good partnership working arrangements and effective scrutiny of delivery. Partnership working and engagement with commissioned providers will be key in delivering good outcomes for Powys residents. Work continues to strengthen risk management arrangements.”</p> <p><i>What action had been taken to strengthen the Corporate Governance Team?</i></p> <p>The Chief Executive reported that since the writing of the report recruitment had taken place into the Corporate Governance Team to ensure robustness in the interim period. The Interim Board Secretary would be considering next steps to ensure the long term stability within the service and would be working alongside other departments to best support Corporate functions for the remainder of the pandemic period.</p> <p><i>The Welsh Government Independent Member Induction had received a Limited Assurance rating. Would Independent Members be consulted on for future development of the induction programme?</i></p> <p>The Interim Board Secretary suggested a timescale of the end of March 2023 for development work on the local induction programme and welcomed input from Independent Members. It was noted that feedback on the public appointments process had been fed back to External Audit by several Welsh Health Boards, this would be fed back to Welsh Government.</p> <p>The Committee NOTED the Audit Wales Structured Assessment for 2021 and APPROVED the presented Management Response.</p>
ARA/21/103	<p>COUNTER FRAUD UPDATE</p> <p>The Head of Local Counter Fraud Services presented the item which provided an update on key areas of work undertaken by the Local Counter Fraud Specialists during 2021/22. The Counter Fraud Team had commenced Local Proactive Exercises (LPEs) in areas identified as national risk or via local fraud risk assessment work. Areas LPEs had been undertaken included:</p> <ul style="list-style-type: none"> • Controlled Drugs Policy Framework compliance following a number of concerns being raised. • Gifts, Hospitality and Declarations of Interest compliance. • Overpayment of salary resulting in potential offences of theft and/or fraud. <p>Following a NHS Counter Fraud Authority Workshop on LPEs a review would be undertaken to ensure that all LPE work that fits the Authority’s</p>

	<p>definition are captured on the case management system. It was also reported that concern had been raised regarding the impact of the pandemic on Counter Fraud Awareness, the Work Plan for 2022/23 would be adjusted to reflect the increased focus on increasing awareness.</p> <p>The Committee welcomed the proactive approach and NOTED the report.</p>
ARA/21/104	<p>CHARITABLE FUNDS ANNUAL REPORT AND ACCOUNTS 2020/21 An update in relation to this item was provided under Item 3.4 (ARA/21/100).</p>
ARA/21/105	<p>COMMITTEE WORK PROGRAMME The Interim Board Secretary presented the previously circulated report, which provided the Committee with its work programme for 2020-21.</p> <p>The Committee RECEIVED and NOTED the Committee Work Programme 2021/22.</p>
ARA/21/106	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES The Chief Executive wished to highlight to the Board the pending status of the Charitable Funds Accounts for 2020/21 and the potential impact on the Health Board of a late submission to the Charity Commissioner due to the issues discussed under Item 3.4 (ARA/21/100).</p>
ARA/21/107	<p>ANY OTHER URGENT BUSINESS No other urgent business was declared.</p>
ARA/21/108	<p>DATE OF NEXT MEETING 22 March 2022, 10:00 am, Microsoft Teams</p>