

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

MINUTES OF THE MEETING HELD ON TUESDAY 22 MARCH 2022 VIA MICROSOFT TEAMS MEETING

Present:

Tony Thomas	Independent Member – Finance (Committee Chair)
Mark Taylor	Independent Member – Capital and Estates
Rhobert Lewis	Independent Member - General
Ronnie Alexander	Independent Member - General

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
Andrew Gough	Deputy Director of Finance
Sarah Pritchard	Head of Financial Services
Alice Rushby	External Audit
Anne Beegan	External Audit
Claire Powell	Powys CHC
Kirsty James	Local Counter Fraud
Matthew Evans	Swansea Bay Counter Fraud
Amanda Legge	NHS Wales Shared Services (Item 3.3 only)
Sue Tilman	NHS Wales Shared Services (Item 3.3 only)

Observers:

Vivienne Harpwood	PTHB Chair (Part-meeting only)
Kirsty Williams	PTHB Vice Chair

Committee Support

Stella Parry	Interim Corporate Governance Manager
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Apologies

Matthew Dorrance	Independent Member – Local Authority
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ARA-21-109	<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-21-110	<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-21-111	<p>MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION</p> <p>The minutes of the meeting held on 20 January 2022 were RECEIVED and AGREED as being a true and accurate record.</p>
ARA-21-112	<p>MATTERS ARISING FROM PREVIOUS MEETINGS</p> <p>The following matter arising was discussed:</p> <p>ARA-21-100: The Director of Finance and IT reported that the audit of the Charitable Funds Accounts 2021-22, which had been delayed due to a technical issue, had now been completed. The final accounts and audit report will be brought to the appropriate future committee meeting and the Board.</p>
ARA-21-113	<p>COMMITTEE ACTION LOG</p> <p>The Committee received the action log and the following updates were provided.</p> <p>ARA-21-95: It was confirmed that this action was included on the meeting agenda under item 2.1. This action was recorded as complete.</p>
ARA-21-114	<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 January 2022 and 28 February 2022.</p> <p>Four STW requests were considered by the Committee, summarised within the table below:</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
POW-2122-014	Tender	Powys County Council	Gritting Services	Continuation of Arrangements-Value for Money	26-01-2022	£46,000	4 months	Partly Retrospective	A1
POW-2122-017	Tender	Red Cortex	Consultancy	Urgent Interim Arrangement pending Procurement	26-01-2022	£33,260	3 Weeks	Prospective	A2
POW-2122-015	Quote	Sail Databank	Access to research data system	Sole Supplier	23-02-2022	£18,700	3 years	Prospective	A3
POW2122019	Tender	Parkway Clinic	Dental Surgical Interventions for Children and Young Adults	No NHS Provision available and clinical need	23-02-2022	£80,000	2 years	Prospective	A4

The Director of Finance and IT reported that additional information in relation to STW trends over the last 4-5 years had been included within the papers, as requested by Committee Members on 20 January 2022. It was noted that an official benchmark against other Welsh health boards had not been available. However, in anecdotal comparison to other health boards, Powys has reported low numbers of STWs. Committee Members welcomed the analysis, and it was AGREED that STW trend analysis would be brought forward to the Committee on an annual basis. **Action: Director of Finance and IT.**

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

ARA-21-115

APPROACH TO 2021-22 ANNUAL ACCOUNTS

The Director of Finance and IT presented the Committee with an outline of the approach and principles to be adopted for completion of the 2021-22 Annual Accounts together with the planned approach to key financial areas. The approach was based upon Technical Advisory Group (TAG)

advice and built upon the approach implemented by the Health Board in 2020-21. The Director of Finance and IT highlighted two aspects of the report for the Committee's attention:

- In December 2019, Welsh Government confirmed that clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in the tax year (2019-20) faced a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold would be able to have this charge paid by the NHS Pension Scheme (by completing and returning a 'Scheme Pays' form before 31st July 2021). The NHS employer would then make a contractually binding commitment to pay them a corresponding amount on retirement. It was noted that Welsh Government was working with the NHS Pensions Agency to identify the estimated costs for each health body and there may be a requirement for each health body to disclose a provision in the 2021-22 accounts, together with identification of the number of staff who have taken up this option. In the event that a provision is required there will be no impact to the reported position of the health board as Welsh Government have advised that the provision will be offset within the financial statements by a debtor to Welsh Government similar to the process for the Welsh Risk Pool. Of concern, however, is the view of the Auditor General for Wales that any provision included within health board accounts for the cost of Scheme Pays will constitute irregular expenditure and lead to a qualification of the health board's accounts, with the qualification being in respect of the regularity opinion.
- Since the reorganisation of health authorities into health boards in 2003, Powys has accounted for the early retirement-permanent injury provision in respect of former members of staff. This provision although material within the accounts is fully funded by Welsh Government and therefore any financial impact on movement of this provision year on year is reimbursed to the Health Board via an allocation by Welsh Government and as such has no impact on the reported position of the Health Board. The Health Board has proposed to discharge the early retirement provision via a one-off payment during the year and, should this option be exercised, it will eliminate the provision from within the Health Board's Financial Statements with the exception of one remaining case that retired due to permanent injury as this category of retirement cannot be discharged via a one-off payment.

Had the Auditor General for England confirmed a position in relation to Scheme Pays?

It was reported that England had deemed the inclusion of Scheme Pays as not material. However, the Auditor General Wales has the authority to take a separate decision which would need to be adhered to by health

	<p>boards. The Committee noted that the issue would affect the Annual Accounts of all Welsh health boards should any provision be included.</p> <p><i>There was no mention of General Practice (GP) trainees within the approach; how were the trainees present in Powys resolved within the accounts?</i></p> <p>The Head of Financial Services reported that placement contracts were held by Health Education and Improvement Wales (HEIW), who then place trainees into health boards and trusts. HEIW as Single Lead Employer are responsible for informing each health board what they are accountable for in each financial year. It was noted that Powys was yet to receive a request from HEIW. The Chief Executive highlighted that the previous two years had been highly unusual and assured the Committee that the lack of inclusion in the accounts did not reflect the enthusiasm of practices within Powys to accept trainee placements. It was noted that there was ambition to place an increasing number of trainees within Powys in the next few years.</p> <p>External Audit welcomed the report and recognised the improvements made to the approach since 2020-21. The Committee NOTED and APPROVED the approach to the 2021-22 Annual Accounts.</p>
ARA-21-116	<p>COUNTER FRAUD WORKPLAN 2022-23</p> <p>The Head of Counter Fraud presented the Counter Fraud Work Plan 2022-23 which had been developed in accordance with the new Counter Fraud Standards adopted by Welsh Government. It was noted that full compliance in with the standards was required by 2023-24 and the 2022-23 workplan sought to develop readiness for full implementation of the standards. An updated position against the 2021-22 plan was also provided. The Committee noted that assurance standards had been met for the year and stood Powys in a good strategic position into 2022-23.</p> <p><i>Were there any associated risks with the use of photographic evidence for fixed asset audits?</i></p> <p>The Head of Financial Services reported that due to safety precautions in hospital settings as a result of the pandemic the audit team had been unable to check fixed assets in person, therefore photo evidence was introduced. The Committee was assured that the photographic evidence provided both a time stamp and a geotag (which provided the geographic location of the asset at the time of the photograph). This approach had been successful in maintaining fixed asset auditing and had been utilised across Wales and the UK throughout the pandemic.</p> <p><i>Had the impact of the pandemic over the previous two years generated any additional opportunities for fraud to take place?</i></p> <p>The Head of Counter Fraud reported that adjustments in strategy and investigation had been made during the pandemic. Counter Fraud had implemented mitigations to discourage the occurrence of fraud. A key</p>

	<p>area of focus remained procurement and the Committee was assured that procedures in Wales had been robustly managed throughout the pandemic. It was noted that an additional area of concern was the potential for low level fraud in relation to home working, it was reported that proactive steps were due to be introduced in relation to this area of concern.</p> <p>The Committee welcomed and RATIFIED the Counter Fraud Work Plan 2022-23.</p>
ARA-21-117	<p>INTERNAL AUDIT PLAN 2022-23</p> <p>The Head of Internal Audit presented the item which provided a detailed overview of the work to be undertaken in the forthcoming year, the corresponding internal audit resources required to deliver the plan and the Internal Audit Charter. It was noted that the plan had been developed to comply with Public Sector Internal Audit Standard 2010 – Planning, to enable the Head of Internal Audit to meet the key annual objectives. The following key components were highlighted to the Committee:</p> <ul style="list-style-type: none"> • consideration of key governance and risk areas; • organisation based audit work; • follow-up; • work agreed with the Board Secretaries, Directors of Finance, other executive peer groups, or Audit Committee Chairs; • the impact of audits undertaken at other NHS Wales bodies that impacts on the Health Board, namely NHS Wales Shared Services Partnership (NWSSP), Digital Health and Care Wales (DHCW), WHSSC and EASC; and • where appropriate, Integrated Audit & Assurance Plans will be agreed for major capital and transformation schemes and charged for separately. <p>It was reported that, in addition to the above, the Head of Internal Audit had met with a number of Health Board Executives and Independent Members to discuss current areas of risk and related assurance needs. The draft Plan had also been considered by the Health Board’s Executive Committee to ensure Internal Audit focus was best targeted to areas of risk.</p> <p>Under the approach adopted in previous years, the top slice provided to Internal Audit to undertake the internal audit programme was supplemented by an additional charge for work over and above the top slice. To this end the Health Board would need to pay an additional £57,614 (£55,223 in 21-22) to cover this additional audit work. Under the approach adopted since the formation of NWSSP, Internal Audit charge for the specialist Capital and Estates work delivered as a part of the agreed plan. For 2022-23, this additional charge is £21,400 (£26,821 in 21-22). Therefore, the Health Board will be charged an additional amount</p>

	<p>of £79,014 which is over and above the 'top slice' recharge agreed as part of NWSSP's overall funding for 2022-23.</p> <p>The Committee APPROVED the Internal Audit Plan for 2022-23, the Internal Audit Charter and NOTED the associated Internal Audit Resource requirements and Key Performance Indicators (KPIs).</p>
ARA-21-118	<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>The Head of Internal Audit highlighted to the Committee that a review of the Audit Recommendation Tracker and the accuracy in relation to key actions and risks was due to be undertaken in the coming weeks as part of the Internal Audit Plan. The resulting report would be brought forward to a forthcoming meeting of the Committee.</p> <p>The Committee DISCUSSED and NOTED the position in relation to the implementation of audit recommendations.</p>
ARA-21-119	<p>ANNUAL GOVERNANCE PROGRAMME REPORTING</p> <p>The Interim Board Secretary presented the item which provided an update against the previously agreed priorities as of 31 December 2021. It was noted that progression against several items had lost momentum as a result of the pandemic and it was noted that this issue had been apparent across Welsh health boards. The programme would be refreshed in 2022-23 and it was reported that the implementation of the Board Assurance Framework remained a key priority; the Committee was assured that this was under development.</p> <p>The Committee RECEIVED and NOTED the Annual Governance Programme Report.</p>
ARA-21-120	<p>POST PAYMENT VERIFICATION (PPV) UPDATE AND WORKPLAN 2022-23</p> <p>Amanda Legge and Sue Tilman (NWSSP) joined the Committee and presented the item. An update was provided in relation to performance over the current, and two previous PPV cycles as well as overall performance against national benchmarking. It was noted that PPV provided assurance in all contractor disciplines, except for General Dental Services.</p> <p>The Committee RECEIVED and NOTED the Report.</p>
ARA-21-121	<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. It was noted that three audits had been finalised since January; 10 audits had been completed to date; one was in draft; five were ongoing and</p>

	<p>three were in the planning stage. At the meeting of the Committee on 20 January 2022 it was agreed that four audits would be removed from the 2021-22 plan. 19 audits remained in 2021-22 which provided sufficient coverage to produce the Head of Internal Audit Opinion 2021-22. It was confirmed that the four audits removed would be taken forward into the 2022-23 Internal Audit Plan.</p> <p>The Committee DISCUSSED and NOTED the Progress Report.</p>
ARA-21-122	<p>INTERNAL AUDIT REPORTS:</p> <p>a) Waste Management (Reasonable Assurance) Melanie Goodman (Internal Audit) presented the report which provided an assessment of compliance with relevant waste management legislation and guidance, and progress towards agreed national and local waste reduction targets. The audit had undertaken a review of Brecon, Bronllys and Llandrindod Wells sites. A Reasonable Assurance rating had been achieved and it was noted that no high priority recommendations had been required.</p> <p>b) Job Matching and Evaluation Process (Reasonable Assurance) Jayne Gibbon (Internal Audit) presented the report which focused on the Job Matching and Evaluation process and sought assurance that systems and processes were managed appropriately. Three findings were reporting in relation to updating the policy to reference the recommended number of members for job evaluation panels and the make-up of the panel members.</p> <p><i>Vivienne Harpwood left the meeting.</i></p> <p>c) Mortality Reviews (Reasonable Assurance) The Head of Internal Audit presented the report which sought to establish the arrangements and preparedness within the Health Board for the introduction of the Medical Examiners Service. The review also provided an evaluation of the current systems and controls in place within the Health Board for the completion of mortality reviews. A Reasonable Assurance classification had been achieved and it was noted that no high priority recommendations had been required.</p> <p>The Committee RECEIVED and NOTED the Internal Audit reports.</p>
ARA-21-123	<p>EXTERNAL AUDIT PROGRESS REPORT 2021-22 Anne Beegan (External Audit) presented the Report and noted that there were two financial audits underway; the audit of the 2021-22 Annual Accounts was at the planning stage and the draft Charitable Funds Accounts 2021-22 audit report was with the Health Board's finance department for review.</p>

	<p>There was also an audit of the Health Board’s Renewal programme which had completed field work and was due to be considered by the Health Board’s Chief Executive prior to reporting to the next Committee. Four audits in relation to the system of unscheduled care were due to be completed by April 2022. The Committee NOTED that the forward workplan for the Audit General Wales was included within the report which was out for consultation at the time of the meeting.</p> <p>The Committee DISCUSSED and NOTED the External Audit Progress Report.</p>
ARA-21-124	<p>EXTERNAL AUDIT ANNUAL PLAN 2022</p> <p>Anne Beegan (External Audit) presented the item and highlighted the following audit of financial statement risks:</p> <ul style="list-style-type: none"> • Management Override • Scheme Pays • Any errors in the Remuneration Report 2021-22 • COVID-19 pressures • Financial duty to break even over a three-year period • IFRS 16 <p>The Committee NOTED that since the submission of the report changes had been made to Audit Management for the financial audits. Gareth Lucy had been appointed as Audit Manager and introductions had been held with the Director of Finance and IT. Gareth Lucy would attend the next meeting of the Committee. The Director of Finance and IT confirmed his support for plan and noted that the finance and audit teams had been and would remain in continuous liaison.</p> <p>Anne Beegan provided the Committee with the following overview of planned performance audit work in 2022:</p> <ul style="list-style-type: none"> • NHS Structured Assessment • All-Wales Thematic work • Locally focus work • Implementing previous audit recommendations <p>The Committee DISCUSSED and NOTED the External Audit Plan 2022.</p>
ARA-21-125	<p>WELSH HEALTH SPECIALISTED SERVICES COMMITTEE (WHSSC) AUDIT TRACKER</p> <p>The Interim Board Secretary presented the item to the Committee for information. It was NOTED that a further update was anticipated, and that good progress had been made against elements reported to the Audit, Risk and Assurance Committee and Patient Experience, Quality and Safety Committee.</p> <p>The Committee RECEIVED and NOTED the Report.</p>

ARA-21-126	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <p>There were no items to be brought the attention of the Board and other Committees.</p>
ARA-21-127	<p>ANY OTHER URGENT BUSINESS</p> <p>No other urgent business was declared.</p>
ARA-21-128	<p>DATE OF NEXT MEETING</p> <p>26 April 2022, 10:00 am, Microsoft Teams</p>