



POWYS TEACHING HEALTH BOARD

SUMMARY OF THE AUDIT, RISK & ASSURANCE COMMITTEE MEETING HELD ON THURSDAY 29 APRIL 2021

Committee Meetings of Powys Teaching Health Board are meetings held in public under the Public Bodies (Admission to Meetings) Act 1960. However, the COVID-19 Public Health emergency and the associated instruction to Stay At Home has meant that Board resolved to hold the Audit, Risk & Assurance Committee on 26 January 2021 virtually and in private with a summary of the proceedings made available within a week of the meeting.

Present:

Tony Thomas	Independent Member – Finance (Committee Chair)
Mark Taylor	Independent Member – Capital and Estates
Ian Phillips	Independent Member – ICT

In Attendance:

Rani Mallison	Board Secretary
Pete Hopgood	Director of Finance and IT
Helen Higgs	Head of Internal Audit
Osian Lloyd	Internal Audit
Sarah Pritchard	Head of Financial Services
Alison Butler	Audit Wales
Felicity Quance	Internal Audit
Rhobert Lewis	Independent Member
Ronnie Alexander	Independent Member

Committee Support

Caroline Evans	Head of Risk and Assurance
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Apologies

Matthew Dorrance	Independent Member – Local Authority
Carol Shillabeer	Chief Executive

ANNUAL REPORT 2020-21 (DRAFT)

a) SECTION 2: ANNUAL ACCOUNTABILITY REPORT

Rani Mallison presented the previously circulated paper, which provides the Draft Annual Accountability Report for 2020-21, ahead of its submission to Welsh Government alongside the draft Financial Statements 2020-21.

Rani Mallison advised that the purpose of this Accountability Report element of the Annual Report and Accounts is to meet key accountability requirements set by Parliament. The draft Annual Accountability Report 2020-21 is due for submission to Welsh Government by Friday 7 May 2021 and is shared with the Audit, Risk and Assurance Committee for comment. The final draft will be submitted for the Committee's consideration at its meeting on 8 June 2021, ahead of presentation to Board for adoption on 10 June 2021.

b) SECTION 3: FINANCIAL STATEMENTS

Pete Hopgood presented the previously circulated paper, which provides the Draft Annual Accounts 2020/21, as at 12 noon on Wednesday 28 April, and may be subject to further minor changes prior to formal submission to Welsh Government on 30 April.

Pete Hopgood advised that the health board achieved its key performance targets in respect of revenue and capital, however, it failed to achieve its performance target in respect of payment to non-NHS creditors within 30 days of receipt of goods or a valid invoice.

The health board has a statutory duty to ensure that its expenditure does not exceed the aggregate funding (Revenue Resource Limit – RRL) allotted to it over the 3 year period. Subject to Audit, the health board has achieved this requirement in 2020/21, and for the proceeding 2 years.

Welsh Government requires that health boards pay their trade creditors in accordance with the CBI Prompt Payment Code (PSPP) and Government Accounting Rules. The financial Target is to pay 95% of these non NHS invoices within 30 days of delivery. PTHB performance at 93% did not meet the target of 95% for the number of non NHS creditors paid within 30 days.

The below outlines the health board's net expenditure for 2020-21.

Accounts Extract Statement of Comprehensive Net Expenditure (SOCNE) P. 2:

	Note	2020-21 £'000	2019-20 £'000
Expenditure on Primary Healthcare Services	3.1	72,405	72,773
Expenditure on healthcare from other providers	3.2	175,974	157,686
Expenditure on Hospital and Community Health Services	3.3	121,014	109,381
		<u>369,393</u>	<u>339,840</u>
Less: Miscellaneous Income	4	(12,879)	(15,328)
LHB net operating costs before interest and other gains and losses		356,514	324,512
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	(30)	19
Net operating costs for the financial year		356,484	324,531

The Committee RECEIVED and NOTED sections 2 and 3 of the Draft Annual Report 2020-21, ahead of submission to Welsh Government.

COVID-19 FINANCIAL CONTROL PROCEDURE

Pete Hopgood presented the previously circulated paper, which provides the committee with the latest iteration / updated 'FCP Covid-19 Decision Making & Financial Governance', highlighting the changes from the previous approved version.

Pete Hopgood advised that this is the latest version of the Covid Financial Control Procedure and has been updated to reflect governance and decision making arrangements during the Covid 19 Pandemic.

The Committee APPROVED the current version (#6) of the FCP.

AUDIT RECOMMENDATION TRACKING

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.

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: -

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.

Based on the re-prioritised approach, the overall summary position in respect of overdue audit recommendations is: -

Overdue Internal Audit Recommendations					
	2017/18	2018/19	2019/20	2020/21	TOTAL OUTSTANDING
	Number	Number	Number	Number	Number
Priority 1	0	0	0	6	6
Priority 2	5	2	19	3	29
Priority 3	1	0	20	1	22
Not Yet Prioritised	0	0	1	5	6
TOTAL	6	2	40	15	63

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	0	0	6	6
TOTAL	3	2	12	17

The Committee RECEIVED and NOTED the Audit Recommendation Tracking update.

HEAD OF INTERNAL AUDIT OPINION 2020-21

Helen Higgs presented the previously circulated report which sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards. As a result of the continued impact of COVID-19 our audit programme has been subject to significant change during the year. In this report we have set out how the programme has changed and the impact of those changes on the Head of Internal Audit opinion.

Helen Higgs advised that the Board can take Reasonable Assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

The Committee RECEIVED and NOTED the Head of Internal Audit Opinion 2020-21.

INTERNAL AUDIT REPORTS, 2020-21:

SUBSTANTIAL ASSURANCE

a) FREEDOM OF INFORMATION FOLLOW-UP

Osian Lloyd presented the previously circulated report, and advised that the purpose of this follow up review was to assess whether the health board has implemented the Internal Audit recommendations made following our review of FoI in 2019/20.

The scope of this follow-up review does not provide assurance against the full review scope and objectives of the original audit. The 'follow-up review opinion' provides an assurance level against the implementation of the agreed action plan only.

Helen Higgs advised that the review did not identify any further recommendations for implementation.

REASONABLE ASSURANCE

b) PROGRESS AGAINST REGIONAL PLANS

Osian Lloyd presented the previously circulated report, and advised that the overall objective of this review was to carry out an assessment of the health board's engagement with and contribution to progressing the South Wales Programme (SWP), including the development of the Grange University Hospital as a Specialist Centre for Critical Care (SCCC).

Helen Higgs advised that the review identified two medium priority recommendations.

c) GRIEVANCE PROCESS

Osian Lloyd presented the previously circulated report, and advised that the objective of the review was to assess the adequacy of the arrangements in place for the management of the grievance process. We have considered the length of time to resolve, including appointing independent managers where required, tracking and communicating progress and whether the health board is doing all that it can to avoid delays.

Helen Higgs advised that the review identified one medium priority recommendation.

d) FOLLOW UP REVIEW OF 2019/20 'NO' AND 'LIMITED' ASSURANCE REPORTS

Helen Higgs presented the previously circulated report, and advised that they tested a sample of recommendations, focusing on those rated high and medium priority and recorded as being implemented, to provide assurance on progress with implementation. Reliance is placed on the health board's monitoring mechanisms, principally the Audit Recommendations Tracker, to scrutinise implementation of the remaining recommendations raised within these reviews, in particular any that are overdue.

Helen Higgs advised that the review did not identify any further recommendations for implementation.

The Committee RECEIVED and NOTED the update.

DRAFT ANNUAL GOVERNANCE PROGRAMME 2021/22

Rani Mallison presented the previously circulated report, which presents present the draft Annual Governance Programme for 2021/22. The Annual Governance Programme outlines key governance priorities, informed by internal audit, external audit and the board's review of its effectiveness.

Rani Mallison advised that the Annual Governance Programme includes detailed actions for implementation. These actions are to be led by the Board Secretary and will, in part, be delivered in partnership with relevant members of the Board. Progress will be reported to the Audit, Risk & Assurance Committee, in-line with the Committee's role in assuring the Board on governance, risk and assurance arrangements.

The Committee RECEIVED and APPROVED the Draft Annual Governance Programme.

DRAFT COMMITTEE WORK PROGRAMME 2021/22

Rani Mallison presented the previously circulated report, which provides the Committee with its draft work programme for 2020-21, ahead of presentation to the Board for approval.

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.

The Committee RECEIVED and APPROVED the Draft Committee Work Programme 2021/22.

IM&T CONTROL AND RISK ASSESSMENT AUDIT REPORT

Helen Higgs presented the previously circulated report. The objective of the audit was 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.

Helen Higgs advised that as this is a baseline review they have not allocated an assurance rating. Observations and recommendations have been provided to facilitate change and improvement, and to focus audit work in the future.

The Committee RECEIVED and NOTED the Audit Report.

PROCURING WELL-BEING IN WALES REVIEW

Pete Hopgood presented the previously circulated report. Working in partnership with Cardiff University, research was undertaken to establish the extent to which the Well-Being of Future Generations Act has been informing commissioning and procurement decisions across all 44 public bodies in Wales since 2016 (when the Act came into force).

Pete Hopgood advised that evidence gathered in the research and Review phases (for the nine public bodies subject to the Review) included exploration of issues around leadership, embedding the Act, the impact of the Future Generations Report (May 2020) and the impact of Covid-19.

The Committee RECEIVED and NOTED the Review.

DATE OF NEXT MEETING

8 June 2021, 10:00 am, Microsoft Teams