

AUDIT, RISK & ASSURANCE COMMITTEE

CONFIRMED

MINUTES OF THE MEETING HELD ON TUESDAY 8 JUNE 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
Matthew Dorrance	Independent Member – Local Authority
Mel Davies	Independent Member – Vice Chair

In Attendance:

Carol Shillabeer	Chief Executive
Rani Mallison	Board Secretary
Pete Hopgood	Director of Finance and IT
Alice Rushby	Audit Wales
Amanda Legge	Post Payment Verification
Elaine Matthews	Audit Wales
Osian Lloyd	Internal Audit
Sarah Pritchard	Head of Financial Services
Alison Butler	Audit Wales
Felicity Quance	Internal Audit
Dave Thomas	Audit Wales
Hayley Thomas	Director of Planning and Performance (present for item 2.1.1)
Matthew Evans	Head of Local Counter Fraud Services
Sue Tilman	Post Payment Verification

Observer:

Ronnie Alexander	Independent Member
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Committee Support

Caroline Evans	Head of Risk and Assurance
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ARA/21/18	<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/21/19	<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/21/20	<p>MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION</p> <p>The minutes of the meeting held on 29 April 2021 were RECEIVED and AGREED as being a true and accurate record, subject to the following amendments:</p> <p>Ronnie Alexander, newly appointment Independent Member, was an observer at the previous meeting, not an attendee.</p> <p>Rhobert Lewis, newly appointment Independent Member, was an observer at the previous meeting, not an attendee.</p>
ARA/21/21	<p>MATTERS ARISING FROM PREVIOUS MEETINGS</p> <p>There were no matters arising from the previous meeting.</p>
ARA/21/22	<p>COMMITTEE ACTION LOG</p> <p>The Committee received the action log and the following updates were provided.</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 if there is a further need.</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 invited to attend pre-meeting of the Committee on 12th July 2021.</p> <p>ARA/21/8: Appendices will be expanded in the next report presented to the Committee.</p> <p>ARA/21/8: Fire Safety update to be presented to the Committee on 12th July 2021.</p>

	ARA/21/10: Action transferred to the Performance and Resources Action Log.
ARA/21/23	<p>ANNUAL REPORT 2020-21:</p> <p>1. PART 1: PERFORMANCE REPORT</p> <p>Hayley Thomas presented the previously circulated paper, which provides the Committee with the Final Draft of the Performance Report section of the Annual Report 2020/2021 for consideration prior to being submitted for approval at PTHB Board on 10th June 2021 and submitted to Welsh Government on 11th June 2021.</p> <p>Hayley Thomas advised that the final version incorporates all comments and feedback received from Delivery and Performance Group; Performance and Resources Committee; follow up meetings with Independent Members; Executive Committee collectively and responses from individual Executive Team members on their respective areas of responsibility; recommended amendments received from Audit Wales.</p> <p>The purpose of the Performance section of the Annual Report is set out in the guidance provided in the NHS Wales 2020-21 Manual for Accounts, to provide information on Powys Teaching Health Board, its main objectives and strategies and the principle risks that it faces.</p> <p>Members thanked Hayley and her team for all of their work on this report, which illustrates that whilst it has been a challenging year, there have also been some remarkable achievements.</p> <p>Carol Shillabeer stated that a separate report will be issued in due course, which analyses the work undertaken on the pandemic.</p> <p>2. PART 2: ANNUAL ACCOUNTABILITY REPORT</p> <p>Rani Mallison and Carol Shillabeer jointly presented the previously circulated paper, which provides the accountability section of the Annual Report for 2020-21, ahead of its submission to Welsh Government. The requirements of the accountability report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410, and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and Schedule 8 of SI 2008 No 410.</p> <p>Rani Mallison advised that Auditors will review the accountability report for consistency with other information in the financial statements and will provide an opinion on the following disclosures which should clearly be identified as audited within the accountability report:</p> <ul style="list-style-type: none"> • Single total figure of remuneration for each director • CETV disclosures for each director • Payments to past directors, if relevant

- Payments for loss of office, if relevant
- Fair pay disclosures (Included in Annual Accounts)
- Exit packages, (included in Annual Accounts) if relevant and
- Analysis of staff numbers.

3. PART 3: ANNUAL FINANCIAL STATEMENTS, INCLUDING AUDIT OF FINANCIAL STATEMENTS (ISA 260)

Pete Hopgood presented the previously circulated paper, which provides an overview of the Annual Accounts 2020/21.

Pete Hopgood advised that the health board had achieved its statutory duty and key financial performance target to deliver a breakeven position in relation to the revenue and capital resource limits RRL and CRL.

The health board has a statutory duty to ensure that its expenditure does not exceed the funding as allocated (Revenue Resource Limit – RRL) over a 3 year rolling basis. Subject to Audit, the health board has achieved this requirement in 2020/21.

The table 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	68,748
Expenditure on healthcare from other providers	3.2	175,974	161,711
Expenditure on Hospital and Community Health Services	3.3	120,723	109,381
		369,102	339,840
Less: Miscellaneous Income	4	(12,601)	(15,328)
LHB net operating costs before interest and other gains and losses		356,501	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		356,471	324,531

Alison Butler presented the previously circulated Audit of Accounts Report (ISA 260), which summarises the main findings from the audit of the 2020-21 annual report and accounts.

Alison Butler advised that Audit Wales intended to issue an unqualified audit opinion on this year's accounts subject to the satisfactory resolution of the one outstanding matter within the Remuneration and Staff Report. Audit Wales issues a 'qualified' audit opinion where there are material concerns about some aspects of the accounts; otherwise an unqualified opinion is issued.

	<p>Members noted the challenge in completing the audit in a virtual setting and some of the challenges re timing of information and reports being available for review and welcomed the commitment from the Finance and Audit team to complete a lessons learnt review of the process to help improve future years and going forward.</p> <p>Pete Hopgood thanked Alison Butler and the Audit Wales team for their hard work and support in completing the year end audit and noted the good working relationships that had been established between the teams.</p> <p>Action: Board Secretary</p> <p>The Committee APPROVED the Annual Report 2020-21 be RECOMMENDED to the Board for final approval, ahead of submission to Welsh Government.</p>
ARA/21/24	<p>INTERNAL AUDIT REPORTS, 2020-21:</p> <p><u>REASONABLE ASSURANCE</u></p> <p>a) SAFEGUARDING DURING COVID-19</p> <p>Osian Lloyd presented the previously circulated report, and advised that the purpose of this follow up review was to review health board arrangements for the safeguarding of children and vulnerable adults during the COVID-19 pandemic.</p> <p>Osian Lloyd advised that the review identified one medium and one low priority recommendation.</p> <p>b) IMPLEMENTATION OF DIGITAL SOLUTIONS</p> <p>Osian Lloyd presented the previously circulated report, and advised that the overall objective of this review was to assess the adequacy of the arrangements in place for the implementation of digital solutions during the covid-19 pandemic, lessons learned are being implemented and innovative practices are taken forward.</p> <p>Osian Lloyd advised that the review identified three medium priority recommendations.</p> <p>c) WINTER PRESSURES AND FLOW MANAGEMENT</p> <p>Osian Lloyd presented the previously circulated report, and advised that the objective of the review was to assess the Powys Teaching Health Board winter 2020/21 planning process regarding patient flow and to provide assurance over the management of patient flow over the 2020/21 winter period.</p> <p>Osian Lloyd advised that the review identified three medium and two low priority recommendations.</p> <p>The Committee Chair noted that it was the last meeting for Helen Higgs and Osian Lloyd with Powys, and thanked them for all of their support.</p> <p>The Committee RECEIVED and NOTED the Internal Audit reports.</p>

EXTERNAL AUDIT UPDATE**a) PROGRESS REPORT 2021-22**

Elaine Matthews presented the previously circulated report, which provides an update on current and planned Audit Wales work.

Elaine Matthews advised on the following audit work that is currently underway: -

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.	Fieldwork underway
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 - Fieldwork completed and feedback provided. Phase 2 due to start in May 2021.
Vaccination rollout		This fact-based review will provide a high-level overview on key aspects relating to the administration, planning and approach for the rollout of vaccinations in Wales. This review will not seek to investigate detailed arrangements within health bodies.	Report due to be published June 2021.

b) TEST, TRACE, PROTECT IN WALES: AN OVERVIEW OF PROGRESS TO DATE

Elaine Matthews presented the previously circulated report, which sets out the main findings from the Auditor General's review of how public services are responding to the challenges of delivering TTP services in Wales. It is a high-level overview of what has been, and continues to be, a rapidly evolving programme. The evidence base for our commentary comes from document reviews, interviews with staff in health boards, local authorities, NHS Wales Informatics Service (NWIS), Public Health Wales (PHW) and the Welsh Government between September and December 2020, and analysis of key metrics that show how well the TTP programme has been performing. As well as commenting on the delivery of TTP up to and

including December 2020, the report sets out some key challenges and opportunities that will present themselves as part of the ongoing battle to control COVID-19.

Elaine Matthews advised that Wales has developed a Test, Trace, Protect service largely from scratch and at unprecedented scale and pace. It has been particularly encouraging to see how well public sector partners have worked together at a national, regional, and local level to combine specialist expertise with local knowledge, and an ability to rapidly learn and adjust the programme as we've gone through the pandemic. It's important that the positive learning is captured and applied more widely. There have been times when the Test, Trace, Protect service has been stretched to the limit, but it has responded well to these challenges. The programme needs to continue to evolve, alongside the rollout of vaccines, to ensure it remains focused on reaching positive cases and their contacts, and supporting people to self-isolate to keep the virus in check.

c) PROCURING AND SUPPLYING PPE FOR THE COVID-19 PANDEMIC

Elaine Matthews presented the previously circulated report, which looks at the procurement and supply of Personal Protective Equipment (PPE) during the COVID-19 pandemic. PPE is essential for protecting those who get close to infected people. It can also prevent people spreading the virus amongst each other and to those they are caring for. The report focuses on the national efforts to supply health and social care in Wales. These efforts have been led by the Welsh Government, working with partners in the NHS Wales Shared Services Partnership (Shared Services) and local government. Shared Services has taken on an expanded role in securing PPE for the whole health and social care sector.

Elaine Matthews advised that in collaboration with other public services, Shared Services overcame early challenges to provide health and care bodies with the PPE required by guidance without running out of stock at a national level. It is now in a far stronger position, with stockpiles of most PPE equipment and orders in train for those that are below 24 weeks. Some frontline staff have reported that they experienced shortages of PPE and some felt they should have had a higher level of PPE than required by guidance. The Welsh Government and Shared Services put in place good arrangements overall to procure PPE that helped manage risks and avoid some of the issues reported on in England. However, Shared Services did not publish contract award notices for all its PPE contracts within 30 days of them being let.

The Committee Chair and Carol Shillabeer both thanked Elaine Matthews, noting that this is her final meeting.

The Committee RECEIVED and NOTED the External Audit Update.

ARA/21/26

COUNTER FRAUD ANNUAL REPORT 2020-21

Matthew Evans presented the previously circulated paper, which has been written in accordance with the provisions of the Fraud, Bribery and

	<p>Corruption Standards for NHS Wales Bodies (the Standards) which require Local Counter Fraud Specialists (LCFS) to provide a written annual report reflecting the counter fraud, bribery and corruption (economic crime) work undertaken during the financial year.</p> <p>Matthew Evans advised that the Counter Fraud Work Plan for 2020/21 was approved by the Audit, Risk and Assurance Committee and identified a total resource of 228 days for the year. This was a reduced allocation from the SLA agreed provision of 245 days. The reduction accounted for a loss of resource with an LCFS absent from role at start of year. This absence impacted the available resource beyond initial anticipation; once recruitment process was completed with a new member of staff joining the team on 01 August 2020 the impact to SLA agreed resource was 84 days. The Counter Fraud Team delivered 184 days of counter fraud work with activity at Powys THB supplemented by unallocated new resource from within the Swansea Bay UHB Counter Fraud Team. The total cost for the provision of local counter fraud services for the year was £42,160. The costs are calculated based on number of staffing days delivered in year and counter fraud activity.</p> <p>The Committee RECEIVED and NOTED the Counter Fraud Annual Report 2020-21.</p>
ARA/21/27	<p>POST PAYMENT VERIFICATION</p> <p>a) ANNUAL REPORT 2020-21</p> <p>Amanda Legge presented the previous circulated paper, which highlights the narrative on how practices have been performing over the current PPV cycle, and two previous visits. It also demonstrates the overall performance of the health board against the national averages. Post Payment Verification of claims from General Medical Services (GMS), General Ophthalmic Services (GOS) and General Pharmaceutical Services (GPS) are undertaken as a part of an annual plan by NHS Wales Shared Services Partnership (NWSSP).</p> <p>Amanda Legge advised that in 2020-2021, we have faced major challenges associated with the COVID-19 pandemic. To effectively respond to challenges identified within Primary Care, Welsh Government primary care chief officers, in collaboration with associated clinical directors within the service, agreed that Post Payment Verification (PPV) processes would be stood down. This decision was taken to protect our front-line services, to maintain colleagues' safety and to remove any pressure on primary care contractors and their teams during unprecedented times. A review of opportunities and a recovery plan was considered during this time, to return with an acceptable level of PPV, which would continue to provide Health Boards with reasonable assurance that public monies are being appropriately claimed. PPV reinstatement was 1st October 2020, which was agreed by General Practitioners Committee (GPC) Wales and Welsh Government.</p>

	<p>Pete Hopgood stated that a pre-meeting with the PPV team is being arranged before the next Committee meeting, to provide Members with an overview of the PPV service and a general awareness of escalation points. Matthew Evans stated that the PPV service works closely with Local Counter Fraud Services, and that any claim errors are referred to Counter Fraud.</p> <p>b) WORKPLAN 2021-22</p> <p>Amanda Legge presented the previous circulated paper, which provides the visit plan for PPV for 2021-22. The purpose of a PPV visit to contractors is to ensure that claims submitted by contractors in respect of Services provided are correct and in accordance with the Statement of Financial Entitlement (SFE) and service specifications set by WG and HBs. Amanda Legge advised that the aim of the PPV process is to ensure propriety of payments of public monies by the HBs. The probity checks conducted during a PPV visit will provide reasonable assurance to HBs that public money has been spent appropriately by contractors making accurate claim submissions, contractors internal protocols are clinically sound, and services are being claimed for in accordance to clinical specifications. The data within the report highlights the history of practices, the percentage of errors they may have incurred during the PPV process and any follow up action taken to negate the risks.</p> <p>The visit plan for the upcoming year will only include General Medical Services (GMS) as we are not able to provide PPV to General Ophthalmic Services (GOS) and General Pharmaceutical Services (GPS) as yet, due to Covid-19.</p> <p>The Committee RECEIVED and NOTED the Post Payment Verification Annual Report 2020-21 and Workplan 2021-22.</p>
ARA/21/28	<p>COMMITTEE WORK PROGRAMME 2021/22</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/21/29	<p>AUDIT WALES REPORTS:</p> <p>a) AN OVERVIEW OF QUALITY GOVERNANCE ARRANGEMENTS AT CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD: A SUMMARY OF PROGRESS MADE AGAINST RECOMMENDATIONS</p> <p>Elaine Matthew presented the previously circulated report, which provides a progress update against the original 14 recommendations made in our previous report. We have been mindful of the impact that the COVID-19 pandemic has had on the ability of the Health Board to respond to the</p>

recommendations, however, given the fundamental deficiencies identified in 2019 we felt it was important to establish and assess what progress the Health Board has made. We undertook similar evidence gathering activities as in our previous review.

Elaine Matthews advised that The Health Board is making good progress to address the recommendations that we made in 2019, particularly when taking account of the challenges it has faced in responding to the pandemic. This has impeded progress on improvements in some areas, meaning some actions haven't progressed as quickly as the Health Board originally intended.

b) WELSH HEALTH SPECIALISED SERVICES COMMITTEE GOVERNANCE ARRANGEMENTS

Elaine Matthews presented the previously circulated report, which considers 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. The Welsh Health Specialised Services Committee (WHSSC) is a joint committee of each local health board in Wales, established under the Welsh Health Specialised Services Committee (Wales) Directions 2009 (2009/35). The remit of the Joint Committee is to enable the seven health boards in Wales to make collective decisions on the review, planning, procurement, and performance monitoring of agreed specialised and tertiary services.

Elaine Matthews 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.

Dave Thomas suggested that this report should be presented to a future Committee meeting, along with WHSSC's Management Response formulated.

Action: Board Secretary

c) AT YOUR DISCRETION – LOCAL GOVERNMENT DISCRETIONARY SERVICES

Elaine Matthews presented the previously circulated report, which examined how councils have defined their services and sought to protect essential services when dealing with reductions in funding. The review focussed on how councils define services, the systems and processes they have used to review services and how robust and comprehensive these are. Financial pressures led to councils reducing spend and cutting services, but the pandemic has highlighted the importance and relevance of local government in serving and protecting people and communities. Defining whether a service is discretionary or statutory can be complicated and does not reflect the important work of councils. Despite providing

	<p>essential services that people depend on, councils have had to make difficult choices on what to protect in responding to over a decade of austerity.</p> <p>Elaine Matthews advised that overall, councils have sought to protect services that help the most vulnerable when setting budgets. Services that protect and safeguard adults and children and help keep vulnerable people safe. Similarly, activities focussed on the upkeep of the environment, whilst seeing spending falling in the last decade, have not been cut as deeply as others.</p> <p>The Committee RECEIVED and NOTED the Audit Wales Reports.</p>
ARA/21/30	<p>INTERNAL AUDIT ANNUAL REPORT & OPINION, 2020-21, FINAL VERSION</p> <p>Osian Lloyd 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.</p> <p>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.</p> <p>Osian Lloyd 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.</p> <p>The Committee Chair thanked Helen and Osian for all of their hard work, informing the Committee that this is their last meeting as they will be moving to Swansea Bay University Health Board.</p> <p>Helen Higgs thanked health board colleagues for their continued engagement throughout all of the audit work.</p> <p>The Committee RECEIVED and NOTED the Head of Internal Audit Opinion 2020-21.</p>
ARA/21/31	<p>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</p> <ul style="list-style-type: none"> • Annual Report and Accounts 2020-21
ARA/21/32	<p>ANY OTHER URGENT BUSINESS</p> <p>There was no other urgent business for discussion. The Chair thanked Helen Higgs and Osian Lloyd for all of their hard work and wished them well for the future, and declared the meeting closed at 11.43 am.</p>
ARA/21/33	<p>DATE OF NEXT MEETING</p>

12 July 2021, 10:30 am, Microsoft Teams
