

**COFNODION Y CYFARFOD PWYLLGOR ARCHWILIO A SICRWYDD RISG
CYMERADWYO**
APPROVED MINUTES OF THE AUDIT AND RISK ASSURANCE COMMITTEE MEETING

Date and Time of Meeting:	9.30am, 27 th May 2020
Venue:	Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen

Present:	Mr Paul Newman, Independent Member (Committee Chair) (VC) Mr Mike Lewis, Independent Member (Committee Vice-Chair) (VC) Mr Owen Burt, Independent Member (VC) Mr Maynard Davies, Independent Member (VC) Cllr. Simon Hancock, Independent Member (VC) Mrs Judith Hardisty, Vice-Chair, HDdUHB (VC)
In Attendance:	Ms Anne Beegan, Audit Wales (VC) Mr Jeremy Saunders, Audit Wales (VC) Mr James Johns, Head of Internal Audit, NWSSP (VC) Mr Eifion Jones, Internal Audit, NWSSP (VC) Mrs Joanne Wilson, Board Secretary Mr Huw Thomas, Director of Finance Mr Andrew Carruthers, Director of Operations (part) Mr Rob Elliott, Director of Estates, Facilities & Capital Management (VC) (part) Ms Claire Bird, Assurance and Risk Officer, deputising for Mrs Charlotte Beare, Head of Assurance and Risk Ms Clare Moorcroft, Committee Services Officer (Minutes)

Agenda Item	Item	
AC(20)90	Introductions and Apologies for Absence Mr Paul Newman, Audit & Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Apologies for absence were received from: <ul style="list-style-type: none"> Mrs Mandy Rayani, Director of Nursing, Quality & Patient Experience Mrs Charlotte Beare, Head of Assurance and Risk 	
AC(20)91	Declaration of Interests No declarations of interest were made.	
AC(20)92	Minutes of the Meeting held on 21st April and 5th May 2020 RESOLVED – that the minutes of the Audit & Risk Assurance Committee meetings held on 21 st April and 5 th May 2020 be APPROVED as a correct record.	
AC(20)93	Matters Arising not on the Agenda There were no matters arising not on the agenda. Members noted that an updated Table of Actions would be presented to the meeting on 23 rd June 2020.	

AC(20)94	<p data-bbox="308 143 911 181">COVID-19 Single Tender Action Review</p> <p data-bbox="308 181 1337 551">Mr Huw Thomas presented the COVID-19 Single Tender Action Review report, advising that this had been presented to the Finance Committee on 26th May 2020 and had also been considered by the Gold Command Group. It was being presented to ARAC for consideration, as there have been a number of orders outside normal procurement arrangements. The appendices outline the various areas in which these orders have occurred. Mr Thomas highlighted in particular Appendix 3, noting that many of the orders relating to off-site accommodation for staff had been made at the beginning of the pandemic, when there was significant concern around the potential for spread of the virus among staff.</p> <p data-bbox="308 589 1337 1173">The report and clarification provided was welcomed. It was noted that in the appendices, under Value for Money, there are a number of instances where statements such as ‘Only company that could provide the items in appropriate timelines’ and ‘order had to be raised as a matter of urgency’ are used. However, there is no evidence to support these statements. In response, Members heard that the market was scoped to assess who could provide the services and equipment required. Whilst it is not possible to provide assurance that all potential suppliers were consulted, the UHB did take steps to contact as many as possible. It was noted that a number of new companies/suppliers had been utilised, including local firms. Whilst a requirement for speed is not usually an acceptable justification for processes such as those employed, it is in this case. It was recognised that circumstances precluded a full evaluation of the market. However, it was suggested that additional narrative such as the foregoing be included when a more extensive review of the COVID-19 response takes place in due course.</p> <p data-bbox="308 1211 1337 1727">With regards to the field hospitals, the amount of equipment which will be reusable across the UHB was queried (recognising that field hospitals will need to remain in place for the time being). Members were directed to Appendix 4, and the column approximately two-thirds across the page ‘Use following pandemic’. Certain items will be in excess of the UHB’s normal use (eg ventilators, bariatric beds); however most can be re-used. In response to a query whether there is any potential to recover costs for those that cannot be re-used, for example by re-selling, it was suggested that the market for such supplies across the UK is likely to be a saturated for some time. The UHB is considering the potential for storing items in case of a future pandemic; however certain supplies and equipment have a limited shelf-life. It was noted that, in situations where the UHB has sought to cancel contracts, it has been able to do so without penalty.</p> <p data-bbox="308 1765 1337 2123">Noting that there is usually a procurement framework against which services and goods would be obtained, which would include likely cost, there was a query in terms of comparison between costs. In response, Members were directed to Appendices 4 and 5, and the column approximately half-way across the page ‘Value for Money demonstrated’ and ‘SFI compliance’, which includes this information. In most cases, the UHB has been able to benchmark against previous purchases or national frameworks. There was a query regarding whether the UHB has breached any public procurement rules, particularly in view of the fact that the UK remains part of the EU</p>	HT
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	currently. Whilst this was acknowledged as a possibility, it was considered unlikely/low risk that any supplier would challenge the procurement processes employed during pandemic conditions.	
	The Committee REVIEWED and RECEIVED the orders listed.	

AC(20)95	Estates Assurance – Control of Contractors (Limited Assurance)	
	<p><i>Mr Andrew Carruthers and Mr Rob Elliott joined the Committee meeting.</i></p> <p>Mr Eifion Jones introduced the Estates Assurance – Control of Contractors report, outlining the scope of this audit, which had been conducted across three of the four acute hospital sites. A key finding had been an over-reliance on the knowledge and experience of individual Estates Officers. An overall assurance rating of Limited Assurance had been awarded and a number of recommendations made. It had been agreed that there would be a follow-up audit during Quarter 1 of this year. Members were informed that this is an emerging risk, which is not unique to HDdUHB and is very common across NHS organisations.</p> <p>The lack of formal guidance at the date of audit, and resulting use of HSE guidance and expectations was noted. It was queried whether the new Control of Contractors policy complies with HSE requirements. In response, it was confirmed that this was the case and that the policy had been specifically tailored for local use. The policy extends beyond Estates, to cover other areas and is cohesive. There has been multi-disciplinary input and all parties are committed to its implementation.</p> <p>It was noted that the utilisation of/reliance upon the experience of long-standing Estates officers was viewed as a positive in the report, when it could in fact be seen as negative/complacent. Whilst it was accepted that this reliance on individuals could be identified as a potential risk, it was felt that these individuals should be credited for their expertise and knowledge in regards to identifying what needs to be brought to contractors' attention. This is, potentially, both a positive and a negative. The Director of Estates, Facilities and Capital Management acknowledged that there has been too great a reliance on the experience of these individuals. The directorate is developing a policy to formalise this process, which will require contractors to provide various documentation and responses to a questionnaire. This will allow the UHB to move away from its reliance on individual Estates officers. Concern was expressed that there was no sense of a single unified system in place across the UHB. In response, the Director of Estates, Facilities and Capital Management suggested that this is a 'cultural' issue, with different parts of the UHB continuing individual historical arrangements from previous organisations. It was, however, acknowledged that this situation should have been reviewed and processes standardised. The rating of Recommendation 4 as only medium priority was queried. In response, Members heard that the auditors had seen compliance in 15 out of the 20 jobs sampled.</p> <p>Noting that a number of managers and contractors have been in place for some time, and that a new system was now being put in place, there</p>	

	<p>was a query regarding whether many issues (eg lack of appropriate insurance) were being uncovered. In response, Members were informed that due to COVID-19, the directorate is prioritising application of the new system to new contractors, with a requirement that they undergo induction and complete a questionnaire before going on site. The directorate is in the initial stages of distributing questionnaires and requirements to existing contractors; full information on all contractors should be in place by September 2020. Whilst noting that the deadline for Recommendations 2 and 3 is September 2020, it was suggested that these relate to fairly serious findings and could be resolved more quickly. The Director of Estates, Facilities and Capital Management reiterated that questionnaires are being distributed as part of an ongoing exercise and the new system is being implemented for contractors coming onto sites in 'real time'. The directorate is taking a 'individualised' rather than a 'blanket' approach to this exercise.</p>	
	<p>The Committee NOTED the Estates Assurance – Control of Contractors (Limited Assurance) report.</p>	

AC(20)96	<p>Estates Assurance - Water Bronglais General Hospital (Reasonable Assurance)</p>	
	<p>Mr Jones introduced the Estates Assurance – Water Bronglais General Hospital report, explaining that this had been an additional audit requested following previous water safety audits at other hospital sites. There had been recent refurbishment of facilities at this site, and a clear approach to risk management, resulting in a more positive audit opinion and overall rating of Reasonable Assurance.</p> <p>In response to a query regarding whether there are any generic findings applicable to all hospital sites, Mr Jones advised that audits had been conducted at Glangwili General Hospital, Withybush General Hospital and Bronglais General Hospital, and that the auditors had certainly seen evidence of lessons learned across sites. With Field Hospitals not currently being utilised, it was queried whether there are robust processes in place to ensure water safety. Members heard that there is an issue at two Field Hospitals. The relevant Local Authorities are currently investigating the source of the issue, and retesting will take place. Samples from other sites are satisfactory and sound testing systems are in place across the region. There are Service Level Agreements in place with Local Authorities to ensure the flushing through of systems in those facilities which are not being used, so that water is not left to stand. Members were informed that the testing and flushing regime is identical for Community Hospital sites as it is for the acute hospital sites. With regard to the water supply issue at one Field Hospital, the Director of Operations explained that further work is required to establish the source of the issue. Members were assured that Gold Command have been briefed on this matter, however it was requested that, due to the level of expenditure at the Field Hospitals, assurance was provided via the Table of Actions that these issues had been resolved without any additional cost to the UHB. It was reiterated that the Local Authority are undertaking improvement work and testing.</p>	AC/RE
	<p>The Committee NOTED the Estates Assurance – Water Bronglais General Hospital (Reasonable Assurance) report.</p>	

AC(20)97	Estates Assurance - Water Follow-up Withybush General Hospital (Reasonable Assurance)	
	The Committee NOTED the Estates Assurance – Water Follow-up Withybush General Hospital (Reasonable Assurance) report.	

AC(20)98	Estates Directorate Governance Review Follow-up (Reasonable Assurance)	
	<p>Mr James Johns introduced the Estates Directorate Governance Review report, clarifying that this was a follow-up audit. The first audit had considered a range of control mechanisms and had returned a rating of Limited Assurance. The follow-up audit had included additional areas, agreed with ARAC. Progress had been demonstrated across a number of areas, with several recommendations fully actioned and others partially actioned. Hence, an assurance rating of Reasonable Assurance had been awarded.</p> <p>The constraints on this audit due to COVID-19 were noted. In regards to Objective 4, it was suggested that the actions and findings are not necessarily a measure of staff awareness of the requirements of the Declaration of Interest, gifts and hospitality policy. Whilst accepting this, Mr Johns explained that the audit had commented on work undertaken to date within the directorate, and it was felt that this action had been taken forward. Members were advised that a number of departments in Estates and Facilities had been visited during the audit. It was also noted that the Board Secretary had written to all members of the directorate team regarding declarations of interest, and could provide some assurance in this regard. There was concern regarding the potential to lose sight of the 2 high priority findings regarding sickness management and Personal Appraisal and Development Reviews (PADRs) which were unable to be tested due to COVID-19 restrictions, and outstanding actions around risk management. The need to ensure that these actions are monitored via the Audit Tracker was emphasised, in order to provide the necessary ongoing assurance to ARAC. It was agreed that the deadline dates from the original report would be retained.</p> <p><i>Mr Carruthers and Mr Elliott left the Committee meeting.</i></p>	CB/JJ
	The Committee NOTED the Estates Directorate Governance Review Follow-up (Reasonable Assurance) report.	

AC(20)99	Internal Audit Plan Progress Report	
	<p>Mr Johns presented the Internal Audit (IA) Plan Progress report, advising that Section 2.1 sets out those reports finalised since the previous meeting. The IA team are making progress with a number of other reports, which will be finalised during the next few weeks, in time for the 23rd June ARAC meeting. The team is also working with UHB management to finalise the Internal Audit Plan for 2020/21, to present to the June meeting.</p> <p>In response to a query regarding more precise timescales for completion of the outstanding IA reports, Members heard that these will be finalised in the next 2 to 3 weeks, to allow them to be considered at the June meeting. Referencing the Bronglais Hospital Front of House Development and Fire Lift – Final Account audit, the statement</p>	

	<p>'fieldwork paused, account not ready' was queried. Mr Johns explained that there have been delays in the account for this development, meaning that the audit cannot currently be progressed. Mr Newman was grateful for the assistance of the Executive Team and management in finalising outstanding IA reports, and requested that the Committee's thanks be communicated.</p>	JW
	<p>The Committee CONSIDERED the Internal Audit Progress Report and the assurance provided by the overall annual opinion.</p>	

AC(20)100	<p>Contracting (Limited Assurance)</p> <p>Mr Johns introduced the Contracting report, explaining that this had considered the adequacy of the systems and controls in place for the management of contract arrangements. Key messages are outlined in Section 4, with the overall level of assurance being Limited Assurance. Members heard that a paper had been submitted to the UHB's Finance Committee in June 2019 around the need for a robust contract management strategy and framework for Long Term Agreements (LTAs) and Service Level Agreements (SLAs). Whilst a number of actions in relation to this have been taken forward, additional work is required. There were findings in relation to lack of appropriate approvals and documentation not being signed and dated appropriately. As a result, a range of systems requiring strengthening had been identified, which are outlined on page 6 of the report; and a number of high and medium priority recommendations had been made. It is proposed that a follow-up audit be conducted in early 2021.</p> <p>Mr Thomas clarified the distinction between LTAs and SLAs. Members were informed that an individual had been recruited to the Finance team to lead on LTAs and that they are working closely with the Assistant Director of Corporate Legal Services & Public Affairs. Mr Thomas welcomed the findings of the audit, having been conscious that this was an area requiring improvement. Whilst the direction of travel has been appropriate, the pace has been insufficient, and this will be addressed. A Contracts Register is being developed, which will allow the UHB to ensure that the required governance is in place. Noting that there are regular updates to the Finance Committee in this regard, Mr Newman requested an indication of the type of sums involved in LTAs and SLAs. In response, Members heard that the figure for LTAs is in excess of £150m; these mainly being with Swansea Bay UHB, Welsh Health Specialised Services Committee (WHSSC) and Cardiff & Vale UHB. The total sum for SLAs, whilst significant, is less easy to ascertain, as it is distributed across various HDdUHB budgets. The Contracts Register, when established, will provide this oversight.</p> <p>Observing that the Finance Committee had received a report regarding signed agreements, there was an enquiry around whether the UHB undertakes forecasting in this regard. Mr Thomas confirmed that the organisation does conduct forecasting and that the Finance team is embedding arrangements. The need to ensure that all significant agreements are put in sight of the Board, and issues/risks are reported to the Finance Committee was recognised. Members were assured that the legal issues and concerns are being addressed. Further work is, however, required in regards to the Contracts Register.</p>	
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	<p>It was suggested that a number of the timescales for actions are relatively lengthy. In relation to commissioning versus contracts, it was noted that the UHB commission more beds in Care Homes than in hospitals. Other teams, including the Mental Health & Learning Disabilities team, also commission beds/services. There was a query regarding whether this separation is the most effective way of working. Mr Thomas emphasised that contracting and commissioning are separate issues/tasks, which are the responsibility of different Executive Directors. The priority finding from this specific audit is to ensure that contracting is effectively managed, hence the need for a Contracts Register. Commissioning is placed where it best meets the needs of the service.</p> <p>Referencing the management response to Recommendation 4, it was suggested that this is not clear in regards to how the UHB will evaluate the quality of the service provided and how assurance will be obtained. Mr Thomas acknowledged that there is a developmental aspect to addressing this finding, and stated that the Finance team is working with the Values Based Healthcare team in regards to outcome delivery. Whilst it would generally be expected that the commissioning manager would undertake this evaluation, it was agreed that this element should be incorporated into and made explicit within the Contracts Register.</p> <p>The Committee NOTED the Contracting (Limited Assurance) report.</p>	<p>HT</p>
AC(20)101	<p>Nursing Medication Administration & Errors (Reasonable Assurance)</p> <p>Mr Johns introduced the Nursing Medication Administration & Errors report, stating that the overall objective of this review was to provide assurance for the management and administration of drugs in wards/departments and the arrangements in place to address nursing medication errors. Findings against the majority of objectives were positive; however, there had been 2 high priority and 3 medium priority recommendations. The overall assuring rating had been one of Reasonable Assurance.</p> <p>The Committee NOTED the Nursing Medication Administration & Errors (Reasonable Assurance) report.</p>	
AC(20)102	<p>Review of PADR Process Follow-up (Reasonable Assurance)</p> <p>Mr Johns introduced the Review of PADR Process report, stating that this was a follow-up review. The original audit had identified a number of key weaknesses, resulting in a Limited Assurance rating; the follow-up review details the progress made in addressing these. Improvements include development of a new PADR form, which has served to address concerns around objectives meeting SMART (Specific, Measureable, Achievable, Realistic and Timely) principles. Overall, it was felt that progress is being made across a range of areas, hence the award of a Reasonable Assurance rating.</p> <p>Noting the sample size of PADRs reviewed (14) in relation to the total number of UHB staff, it was queried whether assurance can be taken that the system is working effectively. Whilst the areas being revisited may have taken on board feedback, it is not possible to extrapolate this across the whole organisation. The findings of the review offer a certain</p>	

	<p>amount of encouragement; however, a wider sense of assurance is not necessarily possible. Mr Johns acknowledged these comments.</p> <p>It was agreed that the follow-up report and the original report would be shared with the Chair of the People, Planning & Performance Assurance Committee (PPAC), and that a discussion between the Chairs of ARAC and PPAC would be facilitated.</p> <p>The Committee NOTED the Review of PADR Process Follow-up (Reasonable Assurance) report.</p>	JW
AC(20)103	Mortality Rates (Reasonable Assurance)	
	Deferred to 23 rd June 2020.	
AC(20)104	IM&T Assurance Follow-up (Reasonable Assurance)	
	Deferred to 23 rd June 2020.	
AC(20)105	Health & Care Standards (Reasonable Assurance)	
	<p>Mr Johns introduced the Health & Care Standards report, noting that, whilst further strengthening is required in certain areas, an overall rating of Reasonable Assurance had been awarded.</p> <p>Mrs Joanne Wilson expressed disappointment that she had not been made aware of the recommendation/action allocated to her team.</p> <p>The Committee NOTED the Health & Care Standards (Reasonable Assurance) report.</p>	
AC(20)106	Annual Quality Statement 2019/20 (Substantial Assurance)	
	<p>Mr Johns introduced the Annual Quality Statement 2019/20 report, explaining that this had been focused on ensuring that the Annual Quality Statement (AQS) is accurate, complete and consistent with information reported to the Board, and compliant with Welsh Government guidance. The report was extremely positive, with an assurance rating of Substantial Assurance awarded.</p> <p>Noting the single recommendation that a Welsh language version of the AQS is made available on the Health Board website, Members were advised that the document had been translated and was included with Public Board papers for 28th May 2020.</p> <p>The Committee NOTED the Annual Quality Statement 2019/20 (Substantial Assurance) report.</p>	
AC(20)107	Any Other Business	
	Mr Jeremy Saunders provided a verbal update on progress with the audit of the UHB's final accounts. Whilst progress was a little slower than intended, the audit should be finalised this week. No major issues had been identified to date. Mr Thomas enquired whether any assistance was required from the Finance team; however, Members were advised that delays were purely as a result of the constraints of remote working.	
AC(20)108	Date and Time of Next Meeting	
	* 9.00am *, 23 rd June 2020, Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen	