

**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, 5 <sup>th</sup> May 2021
Venue:	Via MS Teams

Present:	Mr Paul Newman, Independent Member (Committee Chair) (VC) Mr Winston Weir, Independent Member (Committee Vice-Chair) (VC) Mr Maynard Davies, Independent Member (VC) Professor John Gammon, Independent Member (VC) Mrs Judith Hardisty, Vice-Chair, HDdUHB (VC)
In Attendance:	Ms Anne Beegan, Audit Wales (VC) Ms Lucy Evans, Audit Wales (VC) Ms Eleanor Ansell, Audit Wales (VC) Mr James Johns, Head of Internal Audit, NWSSP (VC) Mr Eifion Jones, Internal Audit, NWSSP (VC) Mr Huw Richards, Internal Audit, NWSSP (VC) Mr Kevin Seward, Internal Audit, NWSSP (VC) (part) Mrs Joanne Wilson, Board Secretary (VC) Mr Huw Thomas, Director of Finance (VC) Mrs Charlotte Beare, Head of Assurance and Risk (VC) Mr Andrew Carruthers, Director of Operations (VC) (part) Mr Rob Elliott, Director of Estates, Facilities & Capital Management (VC) (part) Mr Keith Jones, Director, Secondary Care (VC) (part) Mr Tim Harrison, Head of Health, Safety & Security (VC) (part) Ms Rhian Davies, Assistant Director of Finance (VC) (part) Ms Jennifer Thomas, Senior Finance Business Partner (VC) (part) Ms Clare Moorcroft, Committee Services Officer (VC) (minutes) Ms Hannah Gostling, Administrative Assistant (VC) (observing)

Agenda Item	Item	
AC(21)75	<b>Introductions and Apologies for Absence</b> Mr Paul Newman, Audit & Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting, particularly Professor John Gammon, attending his first ARAC meeting. Apologies for absence were received from: <ul style="list-style-type: none"> <li>Mr Steve Moore, HDdUHB Chief Executive</li> <li>Mrs Mandy Rayani, Director of Nursing, Quality &amp; Patient Experience</li> <li>Ms Clare James, Audit Wales</li> <li>Mr Simon Cookson, Internal Audit, NWSSP</li> <li>Mr Ben Rees, Head of Local Counter Fraud Services</li> </ul>	
AC(21)76	<b>Declaration of Interests</b> No declarations of interest were made.	

AC(21)77	<p><b>Internal Audit Plan Progress Report</b></p> <p>Mr James Johns presented the Internal Audit (IA) Plan Progress report, advising that this constitutes a brief update which includes the three reports concluded since the previous meeting. The remaining 2020/21 audits are in progress and will be completed by the next meeting. Members were reminded that the Head of Audit Opinion and Annual Report appears later on the agenda.</p> <p>Noting the two Internal Audit reports that had been scheduled to be presented to this meeting and remained outstanding, Mr Newman enquired whether there were issues obstructing their conclusion. Mr Johns assured Members that this was not the case and that they would be completed by the next meeting on 10<sup>th</sup> June 2021.</p> <p>The Committee <b>CONSIDERED</b> the Internal Audit Progress Report and the assurance available from the finalised Internal Audit reports.</p>	
AC(21)78	<p><b>Women &amp; Children's Phase 2 (Limited Assurance)</b></p> <p><i>Mr Andrew Carruthers, Mr Rob Elliott and Mr Keith Jones joined the Committee meeting.</i></p> <p>Mr Eifion Jones introduced the Women &amp; Children's Phase 2 report, apologising for the delayed submission of this paper. Providing context, Mr Jones explained that the audit had been centred on examining the adequacy of systems and controls, and evidence of compliance with these. It had also examined project performance against key objectives, being time, cost and quality. The assurance rating had been derived having considered these two areas. The audit had identified issues resulting from performance concerns with a contractor and from the impact of COVID-19. Members' attention was drawn to the table on page 8, which provided a summary of assurance against the individual objectives. As can be seen, these are all positive assessments, reflecting a sense that these elements have not impacted on the performance of this project. Key findings had focused in particular on reporting to Welsh Government, enhanced committee reporting, the need to agree an approach to managing COVID-19 related costs, and formal reporting of delays. Directing Members to Figure 2 on page 4, Mr Jones outlined delays to the project. These have impacted on general conditions and provision of overnight accommodation, both of which were highlighted in the 2015 Royal College of Paediatrics and Child Health's report. The contractor will experience loss as a result of delays, as they currently anticipate that their additional costs will exceed the contract amount by between £1-2m. Members were advised that the audit had identified management efforts to mitigate these delays, by the use of various clauses and raising concerns at an early stage. There is also evidence of independent expertise being sought, together with legal advice. Finally, a report had been made to NHS Wales Shared Services Partnership (NWSSP) and concerns escalated to Specialist Estates Services (SES). Further work is required with regard to the delays, along with advice/support from SES. Support may also be required from the All Wales Framework to improve the performance of the contractor. Concluding, Mr Jones indicated that the Limited Assurance rating reflected the UHB's own assessment of progress with this project.</p>	

Professor John Gammon advised that the Women & Children's Phase 2 project had been discussed at the People, Planning & Performance Assurance Committee (PPPAC) meeting on 27<sup>th</sup> April 2021, with an update having been requested regarding management of the project. The report had noted that the Director of Estates is now meeting regularly with representatives from Tilbury Douglas, who have taken over the project; and PPPAC had been informed that a Project Manager had been appointed, together with a Construction Planner, which had provided the Committee with some assurance. Mrs Judith Hardisty expressed concern regarding the findings of the report, whilst welcoming the additional information provided by Mr Jones. With regard to the additional costs which will be incurred by the contractor, and the associated risks, Mrs Hardisty enquired whether these are likely to reach a point at which the contractor decides to withdraw from the project. Mr Eifion Jones assured Members that the costs incurred for delays, which currently sit at 37 weeks, will be wholly incumbent upon the contractor, and will not be reimbursed. It was not considered likely that the contractor would withdraw, as there are numerous contractual mechanisms which apply and they are contracted to complete the work. The risk assessment relating to the contractor/project would have been undertaken by Shared Services. Whilst the construction industry is fairly volatile currently, Mr Jones did not consider it excessively so. Mr Rob Elliott noted that this is an extremely unusual project, in that payments to the contractor will be stopped several months before they finish work. It is currently estimated that payments will cease in September 2021, with work due to continue until approximately June 2022. The contract ties in both the UHB and the contractor, and Mr Elliott shared the view that the latter is unlikely to seek to end the arrangement. If they did so, they would probably have to withdraw from the All Wales Framework. The financial stability of the company is, potentially, an issue. They have experienced financial difficulties in the past; however, there is no suggestion that this is the case currently. Whilst the change of name from Interserve to Tilbury Douglas may have been primarily to distance themselves from that company, they have also made various organisational changes, including the introduction of a new structure and Board.

Mrs Hardisty noted reference to 'stakeholder engagement' and queried whether this includes meetings with staff in the relevant departments, and whether they are comfortable with progress. Clarification was also sought regarding engagement with 'internal service users' and whether this had included pregnant women and mothers with babies. Mr Eifion Jones explained that the audit had focused on process; whilst it was likely there was some dissatisfaction regarding delays to the project, staff were adequately informed. Mr Keith Jones advised that stakeholder engagement had been deemed one of the key priorities for this project, given its background. He would suggest that the process undertaken is an exemplar in terms of engagement with staff and service users. Whilst there are concerns and anxieties, it should be noted that the facilities for certain services have already been improved by the work completed to date. The impact of COVID-19 has, however, potentially tempered concerns and the organisation needs to be cognisant of this. Recognising the complexities involved in retro-fitting a new facility within existing estate, Mrs Hardisty enquired whether the

UHB is providing sufficient management input/resource to ensure this project is concluded satisfactorily, noting the other pressures and demands on the named Project Director. In response, Members heard that capacity/management resource was not part of the scope of the audit. Mr Elliott emphasised that there is a large team supporting the Project Director and a significant resource behind the project, which is perhaps not apparent within the document. Managing this project is, however, incurring significant time on the part of Mr Elliott and his team.

Mr Newman noted Finding 1, which relates to a failure to adequately update a Welsh Government dashboard, and enquired whether this has damaged the UHB's reputation with Welsh Government and how it had occurred. Mr Elliott responded that this had been an oversight in adequately recording information on this specific document. He did not believe that it had impacted on the UHB's reputation with Welsh Government. Mr Keith Jones agreed, whilst acknowledging the error and emphasising that action to rectify this issue has been taken. Referencing Finding 7, around the issue of the contractor working for an extended period without pay to fulfil the contract, Mr Newman enquired whether NWSSP SES are able to provide any assistance or support in dealing with this situation. In response, Mr Elliott reminded Members that, whilst this is a significant project for HDdUHB, it is relatively small in terms of Wales. There is a limit to what the UHB can do as an individual organisation; the key driver for the contractor is likely to be remaining on the All Wales Framework, as Framework refreshment exercises are regularly undertaken. Mr Newman noted that a number of the management responses comprise only 'Agreed' with a deadline of May 2021 and queried whether these were on track. Mr Elliott assured Members that the dates were correct and that actions would be completed by the end of May 2021. Clarification was sought regarding the 'committees' mentioned in Recommendation 11, and it was noted that this should be singular, as it refers to PPPAC alone. Moving onto Appendix C, page 43, Mr Newman suggested that there appeared to be a misunderstanding regarding responsibility for damages, with the UHB of the opinion that this was part of the national Framework and NWSSP of the opinion that this was the UHB's responsibility. Agreeing, Mr Eifion Jones advised that the situation had raised the profile of this issue at a national level. Mr Elliott confirmed that further clarity is being provided, whilst emphasising that damages must be set at a level which can be justified/evidenced, or they will be rejected. The key incentive for the contractor is to complete the project and leave the site, to mitigate their own costs. Costings for damages are part of contracts.

Concluding discussions, Mr Newman stated that there are clearly lessons to be learned from this project, and enquired where it is intended these be considered. In response, Mr Keith Jones advised that findings would be presented to PPPAC for consideration, and perhaps also to the Capital Estates and IM&T Sub-Committee. Mrs Joanne Wilson emphasised that discussion of a project as significant as this should be at Board level Committee, ie PPPAC. Mr Newman requested that ARAC's discussions regarding this topic be flagged in its Update Report to Board.

**PN/JW**

	<p><i>Mr Carruthers, Mr Elliott and Mr Keith Jones left the Committee meeting.</i></p> <p>The Committee <b>NOTED</b> the Women &amp; Children's Phase 2 (Limited Assurance) report.</p>	
<b>AC(21)79</b>	<p><b>WGH Palliative Care, Oncology &amp; Haematology Inpatient Facility (Wards 9 &amp; 10) (Non-opinion Review)</b></p> <p>DEFERRED to 10<sup>th</sup> June 2021 meeting.</p>	
<b>AC(21)80</b>	<p><b>Health &amp; Safety (Reasonable Assurance)</b></p> <p><i>Mr Tim Harrison joined the Committee meeting.</i></p> <p>Mr Johns introduced the Health &amp; Safety (H&amp;S) report, explaining that this had been an audit of the H&amp;S arrangements across the UHB. The organisation continues to make progress in embedding H&amp;S processes and had undertaken additional work around delivery of statutory and mandatory training during the COVID-19 pandemic. The report had been awarded a rating of Reasonable Assurance, with no high priority recommendations identified.</p> <p>Mr Tim Harrison welcomed the report and its findings, which represent an improvement on previous audits, particularly in regards to governance arrangements. Members were reminded that a Health &amp; Safety Assurance Committee (HSAC) had been established, and Mr Harrison advised that a great deal of work has taken place around the auditing of departments and directorates, which will be reported to the July 2021 meeting of HSAC. H&amp;S Key Performance Indicators (KPIs) will also be reported to HSAC.</p> <p>Whilst recognising the progress made, Professor Gammon requested clarification regarding the monitoring process for those changes which are implemented. Also, additional information regarding the H&amp;S KPIs. Mr Harrison advised that processes are twofold, with additional H&amp;S team members appointed who will facilitate the monitoring of compliance; and a focus on encouraging operational directorates to monitor their own performance. KPIs relate to training and to risks, and the H&amp;S team are also examining whether the latter are within risk tolerances or above. There are KPIs relating to the Reporting of Injuries, Diseases &amp; Dangerous Occurrences Regulations (RIDDOR), although it is recognised that further work is required in this area. The team is open to introducing additional KPIs, should they be required. Mr Harrison felt that the key is to embed H&amp;S within directorates, and to ensure that directorates report effectively to the H&amp;S team. Members were advised that the UHB is also working with the Health &amp; Safety Executive in this regard, and that the HSE is content with progress. Whilst welcoming this additional information and assurance, Professor Gammon suggested that further evidence regarding monitoring should be provided via the Table of Actions, with a timescale of the October 2021 ARAC meeting agreed.</p> <p>Referencing the management response to Recommendation 2, and the statement that 'A member of the Health and Safety team will be programmed to attend directorate meetings based upon capacity and</p>	<b>MR/TH</b>



	<p>prioritisation within the Health and Safety work plan', Mr Newman suggested that this does not represent an unequivocal commitment to attend. Mr Harrison assured the Committee that members of the H&amp;S team have been identified to attend directorate meetings, with full coverage. Mrs Wilson suggested that a statement around the establishment of the three county quality and safety working groups should also be included, as these will be key components of the governance structure. It was agreed that the management response should be amended to reflect these comments. Following discussion, it was also agreed that the management response to Recommendation 7 would be amended, to more appropriately reflect the ongoing commitment to report training figures on a more periodical basis.</p> <p><i>Mr Harrison left the Committee meeting.</i></p>	<p>TH</p> <p>TH</p>
	<p>The Committee <b>NOTED</b> the Health &amp; Safety (Reasonable Assurance) report and <b>REQUESTED</b> that the management responses to Recommendations 2 and 7 be updated.</p>	

<b>AC(21)81</b>	<b>COVID-19 Governance Update (Advisory Review)</b>	
	DEFERRED to 10 <sup>th</sup> June 2021 meeting.	

<b>AC(21)82</b>	<b>Digital Modelling (Substantial Assurance)</b>	
	<p><i>Mr Kevin Seward joined the Committee meeting.</i></p> <p>Mr Johns introduced the Digital Modelling report, noting that this had focused particularly on the toolkit developed within HDdUHB; including how this had been developed and the controls around it. No high priority recommendations had been identified and the report had received a Substantial Assurance rating, reflecting the positive findings.</p> <p>Referencing Recommendation 2, Mr Maynard Davies advised that GitHub is just one of multiple code hosting platforms available, and suggested that Digital Health &amp; Care Wales (DHCW) be consulted regarding which platforms they recommend. Mr Huw Thomas understood that this discussion was already taking place, however committed to feed back this comment. Summarising the key findings from the audit, Mr Newman suggested that these appear to be a need to avoid dependence on an individual member of staff as the single source of expertise and the need to strengthen intellectual property rights around the toolkit.</p> <p><i>Mr Seward left the Committee meeting.</i></p> <p>The Committee <b>NOTED</b> the Digital Modelling (Substantial Assurance) report.</p>	<p>HT</p>

<b>AC(21)83</b>	<b>Specific Brexit Risks</b>	
	DEFERRED to 10 <sup>th</sup> June 2021 meeting.	

<b>AC(21)84</b>	<b>Review of HDdUHB Standing Orders and Standing Financial Instructions</b>	
	Mrs Wilson presented the revised HDdUHB Standing Orders and Standing Financial Instructions, advising that Welsh Government have made various amendments, detailed within the report. The documents	

	<p>are presented to ARAC for approval, prior to requesting Board ratification on 27<sup>th</sup> May 2021.</p> <p>Mr Newman requested clarification regarding Section 1 on page 2 of the SBAR, specifically with regards to paragraph 1.1.5, querying whether this is due to the Welsh Health Specialised Services Committee (WHSSC) not having its own Independent Board Members. Mrs Wilson reminded Members that WHSSC is a joint committee of all Health Boards, and that its membership is made up of Health Board representatives, together with other individuals. In response to a suggestion that a hyperlink to HDdUHB's Board Members webpage be included in Section 1 of the Standing Orders, Mrs Wilson advised that additional information of this type would not normally be included. Mr Davies enquired where a copy of the Equality Impact Assessment (EqIA) could be obtained, and was informed that this could be provided on request. Finally, Members were advised, for assurance, that the budget accountability letter mentioned on page 4 has been considered at Finance Committee and issued.</p> <p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>CONSIDERED</b> the required amendments made to HDdUHB's Standing Orders and Standing Financial Instructions in light of WG revised Model Standing Orders and Model Standing Financial Instructions.</li> <li>• <b>CONSIDERED</b> the previously agreed local amendments to HDdUHB's Standing Orders and Standing Financial Instructions as approved by the Board in January 2021 and <b>AGREED</b> that no further local amendments are required.</li> <li>• <b>RECOMMENDED</b> the revised version of HDdUHB Standing Orders and Standing Financial Instructions to the Board on 27<sup>th</sup> May 2021 for approval.</li> </ul>	
AC(21)85	<p><b>Year-end Processes: Compliance with Ministerial Directions</b></p> <p>Mrs Wilson introduced the Compliance with Ministerial Directions report, reminding Members that this is one of the year-end processes, required to provide assurance to ARAC.</p>	
	<p>The Committee <b>NOTED</b> the Non-Statutory Instruments (Ministerial Directions) which have been issued and <b>ENDORSED</b> the confirmation that the UHB is compliant with these.</p>	
AC(21)86	<p><b>Year-end Processes: Compliance with Welsh Health Circulars</b></p> <p>Mrs Wilson introduced the Compliance with Welsh Health Circulars report, noting that this is similar to the preceding item. Members were advised that it is not the role of ARAC to examine each Welsh Health Circular (WHC), as this falls within the remit of other Board level Committees. ARAC's responsibility is to confirm that appropriate processes are in place and the report is provided in this context.</p>	
	<p>In response to a request for clarification regarding the Strategic Log, Mrs Wilson advised that this records those WHCs which are outwith the portfolio of individual directors and which, for example, require national changes or UHB-wide changes to implement. The Executive Team is currently in the process of reviewing the Strategic Log. Noting that the report records how the organisation is managing WHCs, Professor</p>	

	<p>Gammon queried whether there should also be a process for recording those WHCs which the relevant Committee has progressed as far as possible, and wherein meeting requirements is beyond the UHB's control. Mrs Wilson advised that it is possible to close WHCs, provided that the organisation has risk assessed them and is managing the risk. It was further noted that this process is reported back to the relevant committee and thence to the Board via the update report.</p> <p>The Committee <b>WAS ASSURED</b> that there is a process in place within the UHB to monitor the implementation of Welsh Health Circulars.</p>	
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<b>AC(21)87</b>	<b>Draft Audit &amp; Risk Assurance Committee Annual Report 2020/21</b>	
	<p>The Committee <b>AGREED</b> to feedback comments on the ARAC Annual Report within one week and <b>REQUESTED</b> Chair's action to approve the content of the report prior to onward submission to the Board.</p>	

<b>AC(21)88</b>	<b>Draft Head of Internal Audit Opinion &amp; Annual Report 2020/21</b>	
	<p>Mr Johns presented the Draft Head of Internal Audit Opinion &amp; Annual Report 2020/21, reminding Members that this is prepared each year and presented in draft form for the Committee to consider. The overall audit opinion for 2020/21 is one of Reasonable Assurance and the rationale and detail behind this is contained within the report, together with further information around the findings from individual audits. The report also includes additional narrative relating to the follow-up work conducted during the year. One difference between this and previous years is that the report no longer includes the opinion under individual assurance domains. Within the report is an assessment of conformance with the Public Sector Internal Audit Standards. Mr Johns drew Members' attention to Figure 1 on page 5, which provides a summary of audit results broken down by assurance ratings, listing the reports which contribute to the overall opinion. The report also includes detail around the basis for forming the overall opinion and narrative on delivery of the Internal Audit Plan for 2020/21. Section 3 outlines audit work undertaken within other organisations which is relevant to HDdUHB. Members were reminded that the overall audit opinion is Reasonable Assurance, which represents a positive outcome, and heard that the report will be updated as the remaining audits are concluded, prior to presentation of the final version at the 10<sup>th</sup> June 2021 meeting.</p> <p>Mr Davies noted reference on page 12 to an audit of local deployment of the Welsh Immunisation System and queried whether this had been in the Internal Audit Plan. In response, Mr Johns explained that Internal Audit had been requested to add an audit on this topic by the UHB. It is currently being finalised, and will be included in the final report. Mrs Wilson wished to express her thanks to Mr Johns and his team for their cooperation during what has been a challenging year. As the UHB emerges from the COVID-19 pandemic, there will be a change in focus in the Internal Audit programme, which may result in a change in audit outcomes/ratings. Mr Newman added his thanks, and highlighted in particular the team's compliance in delivery of the Internal Audit programme to plan, with minimal exceptions. In response to a request for clarification regarding the WHSSC Women &amp; Children's Directorate audit referenced on page 19, it was confirmed that this relates to commissioning by WHSSC rather than arrangements within Cwm Taf</p>	



	<p>Morgannwg UHB. Following on from this, Mrs Hardisty enquired whether Health Boards receive copies of such reports routinely, or whether this only occurs in the event of findings which impact individual Health Boards. Mr Johns explained that reports are not routinely and more widely circulated unless requested by Health Boards. Their inclusion within the Annual Report is simply to outline Internal Audit's involvement with other audit work. Noting that all Health Boards are stakeholders in organisations such as NWSSP, NWIS/DHCW, WHSSC and EASC, Mr Newman enquired how issues highlighted during audits of these bodies are communicated to individual Health Boards. Mr Johns responded that findings would be reported through the Audit Committees of the host organisations. Mr Thomas noted that he had raised this as a concern previously, and suggested that the Committee needs to consider again the opportunity it has to gain assurance from other bodies. Even if this is as basic as the Director of Audit and Assurance providing a letter to Health Boards outlining the issues identified during audits of national bodies, dividing these into matters requiring action and for information only. Noting that this has been raised as an action previously, Mrs Wilson committed to establish the outcome in those cases. Mr Johns highlighted that all of the audits conducted at these organisations have received substantial or reasonable assurance ratings, which may explain why their findings have not been forwarded to individual Health Boards. It was accepted, however, that this issue needs to be resolved.</p> <p>Mr Newman welcomed the overall opinion of Reasonable Assurance, and looked forward to receiving the final report at the next meeting.</p> <p>The Committee <b>CONSIDERED</b> the Draft Head of Internal Audit Opinion &amp; Annual Report 2020/21.</p>	JW
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AC(21)89	<p><b>Assurance Report on Board Effectiveness</b></p> <p>Mrs Wilson introduced the Assurance Report on Board Effectiveness, noting that the UHB Chair and Chief Executive have had the opportunity to review and comment on this. Having considered the evidence, it is proposed that the overall level of maturity for the UHB in respect of governance and Board effectiveness for 2020/21 be increased from Level 3 to Level 4, recognising that the organisation has only just moved into Level 4 and therefore work is needed to maintain this and to maintain this level over the next 12 months.</p> <p>Mr Davies suggested that this was an exceptional achievement from the Corporate Governance team during the COVID-19 pandemic, echoed by Mr Newman.</p> <p>Whilst <b>NOTING</b> that the process has not been as inclusive as it could be due to COVID-19, the Committee <b>TOOK ASSURANCE</b> from the process that has been undertaken this year to review the Board's effectiveness.</p>	
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AC(21)90	<p><b>Audit Enquiries to those Charged with Governance and Management - Draft Response</b></p> <p>Mr Thomas presented the Audit Enquiries to those Charged with Governance and Management draft response, highlighting the inclusion of last year's response for comparison. Whilst certain of the requirements are challenging to respond to, Members were assured that the UHB has processes in place.</p>	
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	The Committee <b>REVIEWED</b> the response prepared and <b>RATIFIED</b> it for onward submission to Audit Wales.	
<b>AC(21)91</b>	<p><b>Draft Accountability Report</b></p> <p>Mrs Wilson introduced the Draft Accountability Report, reminding Members that this forms one of the three distinct elements of the HDdUHB Annual Report and Accounts, and thanked Mrs Charlotte Beare for her significant contribution in the preparation of this document. The UHB Chair and Chief Executive have reviewed and commented on the draft Accountability Report. Members heard that there is one error within the remuneration section relating to the salary band for one of the Executive Directors, which requires correction.</p> <p>Professor Gammon queried the statement on page 12, Reference 3.3 (Committees of the Board), that PPPAC was suspended for the foreseeable future. Mrs Wilson advised that this was extracted from the relevant Board paper and represented a point in time. The position changes as the report progresses, with PPPAC reinstated along with other committees.</p> <p>Members were requested to provide additional feedback/comments by 14<sup>th</sup> May 2021, which would be summarised and presented for approval via Chair's Action.</p> <p>The Committee <b>DISCUSSED</b> and <b>SUPPORTED</b> the content of the Draft Accountability Report, and <b>AGREED</b> to provide any feedback relevant to its objective to the Board Secretary by Friday, 14<sup>th</sup> May 2021, in order to provide assurance to the Board that a robust governance process was enacted during the year.</p>	
<b>AC(21)92</b>	<p><b>Draft Performance Overview</b></p> <p>Mr Thomas presented the Draft Performance Overview, which represents the first section of the HDdUHB Annual Reporting framework. Mr Thomas added his thanks to Mrs Beare for her contribution, together with Ms Tracy Price. As a result of the COVID-19 pandemic, the report is slightly different from previous years, and recognises the extraordinary circumstances in which the organisation finds itself. It provides a narrative around the impact COVID-19 has had on HDdUHB. The Performance Overview will be shared more widely and feedback is welcomed.</p> <p>Mrs Hardisty suggested that consideration be given to applying a corporate style to all HDdUHB documents. Both Mr Thomas and Mrs Wilson agreed that this should be taken forward. It was noted that preparation of the Performance Report has been made more challenging this year by Welsh Government's decision to remove the requirement for an Annual Quality Statement, as statements around quality have needed to be incorporated. Members heard that the Chair of the Quality, Safety &amp; Experience Assurance Committee (QSEAC) has reviewed the report.</p> <p>Members were requested to provide additional feedback/comments by 14<sup>th</sup> May 2021.</p>	<b>HT/JW</b>

	The Committee <b>APPROVED</b> the Performance Report chapter of the 2020/21 Annual Report for onward ratification of Board, recognising this has been approved by the current Chair of QSEAC.	
<b>AC(21)93</b>	<p><b>Draft Annual Accounts 2020/21</b></p> <p><i>Ms Rhian Davies and Ms Jennifer Thomas joined the Committee meeting.</i></p> <p>Mr Thomas presented the Draft Annual Accounts for 2020/21, reminding Members that the style and format of these is prescribed by Welsh Government and that accounts from all Health Boards are consolidated, therefore the contents need to remain consistent. The accounts for 2020/21 in comparison with 2019/20 are sobering, reflecting as they do the significant impact of COVID-19. Mr Thomas thanked the Finance team for collating the accounts to meet with Welsh Government deadlines and thanked the organisation for its support in managing finances during this challenging year. Introducing his presentation, Mr Thomas highlighted the three key areas in terms of content. In terms of Revenue Resource Performance, the UHB had not achieved the Welsh Government target. Members were reminded that Welsh Government had written-off the UHB's historic deficit; however, the three year duty remains. Mr Thomas noted the need to work with Audit Wales to determine how this is displayed within the accounts. The cumulative deficit, totalling £95m, has reduced and the organisation has broadly managed its forecast deficit within the framework, together with its capital allocation. The UHB also achieved the target for Prompt Payment, which Mr Thomas felt was important in respect of its duty under the foundational economy. Unsurprisingly, expenditure had significantly increased as a result of COVID-19, with a wide range of actions supported financially across the organisation. Annual Leave accrual, due to staff not taking their full entitlement of leave this year, has had a significant financial impact of £12m. Whilst this demonstrates the commitment and dedication of UHB staff, the wellbeing impact is unquantifiable and will continue into the future. The PPE 'donated goods' figure of £3.2m relates to equipment purchased on the UHB's behalf by Velindre Shared Services and donated to HDdUHB. Finally, there has been a financial impact incurred as a result of increased staff numbers and fixed term contracts, comprising 702 WTE. Members' attention was drawn to the Post Balance Sheet note mentioned on slide 14, relating to donations to India totalling £0.5m. Mr Thomas explained that Welsh Government had requested contributions from Health Board to support the humanitarian effort in India, and the UHB had provided equipment which was no longer required. The UHB is not empowered as an organisation to make donations, and will be seeking a letter from Welsh Government to evidence this entry.</p> <p>Mr Newman advised Members that the vast majority of this information has been presented previously at Finance Committee, with a number of Independent Members having seen it there. Accepting that the accounts are of a prescribed format, Mr Winston Weir stated that it is clear the COVID-19 pandemic has impacted the UHB's performance. With regards to Annual Leave accrual, Mr Weir enquired as to the policy going into the new financial year, and whether staff will be required to take their accrued leave in a specified time or allowed to spread it</p>	

	<p>across the whole year. In response, Mr Thomas suggested that the impact of requiring staff to take accrued leave in a reduced time period would be significant and lead to further costs for cover. For that reason, staff would be allowed to take the leave across two years. Members heard that the UHB is planning to undertake an exercise to better understand the impact of annual leave on the organisation. Noting the additional 702 WTE staff appointed during the pandemic, Mr Weir queried whether these are permanent posts or whether the UHB will need to re-appoint/manage appointments further. In response, Mr Thomas advised that the appointments had been predominantly temporary, in catering and Health Care Support Worker roles. A number had been extended into Quarter 1 of this year and will be reviewed at a later date. There have been, however, new roles which were developed in response to the pandemic, such as the Family Liaison Officers, which the organisation should consider mainstreaming as part of a more general staffing review. Mr Weir highlighted that the impact of the Field Hospitals in terms of cost is also apparent from the accounts, and suggested that this might appropriately form the subject of a local inquiry. Members were reminded that Welsh Government had commissioned KPMG to conduct a review of Field Hospitals, including decision-making and governance. The findings had been presented at ARAC and required actions addressed. Internal Audit had also undertaken an audit around the governance relating to Field Hospitals. The UHB is in the process of extricating itself from the majority of its Field Hospital contracts. Mrs Hardisty enquired whether the expenditure on additional staff has offset previous spending on Bank and agency staff, or whether further costs will be seen in the coming year. Mr Thomas suggested that this should form part of the staffing review mentioned, and that it would be unfortunate to lose staff resources which will be required in the future.</p> <p>Mr Newman thanked Mr Thomas and his team, recognising the significant effort involved in preparing the annual accounts.</p> <p>The Committee <b>DISCUSSED</b> the draft annual accounts for 2020/21.</p>	
<b>AC(21)94</b>	<p><b>Any Other Business</b></p> <p>Mrs Wilson wished to place her thanks on record to Ms Moorcroft for the continued excellent support to the committee which ensures the committee operates effectively and in accordance with its terms of reference. The committee members echoed these thanks.</p>	
<b>AC(21)95</b>	<p><b>Date and Time of Next Meeting</b></p> <p>9.30am, 10<sup>th</sup> June 2021 (Sign-off Annual Accounts)</p> <p>9.30am, 22<sup>nd</sup> June 2021 (Routine Meeting)</p>	