

**COFNODION Y CYFARFOD PWYLLGOR ARCHWILIO A SICRWYDD RISG
HEB EU CYMERADWYO / UNAPPROVED MINUTES OF THE AUDIT AND RISK
ASSURANCE COMMITTEE MEETING**

Date and Time of Meeting:	9.30am, 15 th December 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:	Mr Jeremy Saunders, Audit Wales (VC) Mr James Johns, Head of Internal Audit, NWSSP (VC) Mr Huw Richards, Internal Audit, NWSSP (part) (VC) Mr Martyn Lewis, Internal Audit, NWSSP (part) (VC) Mrs Joanne Wilson, Board Secretary Mr Huw Thomas, Director of Finance Mr Ben Rees, Head of Local Counter Fraud Services (part) Mrs Charlotte Beare, Head of Assurance and Risk Mr Andrew Carruthers, Director of Operations (part) Mr Rob Elliott, Director of Estates, Facilities & Capital Management (part) (VC) Mr Anthony Tracey, Assistant Director of Digital Services (part) (VC) Mrs Lisa Gostling, Director of Workforce & OD (part) Mrs Mandy Rayani, Director of Nursing, Quality & Patient Experience (part) Ms Jill Paterson, Director of Primary Care, Community & Long Term Care (part) Mr Martyn Palfreman, Head of Regional Collaboration, West Wales Care Partnership (part) (VC) Ms Clare Moorcroft, Committee Services Officer (minutes)

Agenda Item	Item	
AC(20)204	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"> • Ms Anne Beegan, Audit Wales • Mr Eifion Jones, Internal Audit, NWSSP 	
AC(20)205	Declaration of Interests	
	Mrs Judith Hardisty declared in interest in agenda item AC(20)229 KPMG Review of Transformation Fund , having taken over as Chair of the West Wales Regional Partnership Board on 29 th October 2020.	

AC(20)206	<p>Minutes of the Meeting held on 20th October 2020</p> <p>RESOLVED – that the minutes of the Audit & Risk Assurance Committee meeting held on 20th October 2020 be APPROVED as a correct record.</p>	
AC(20)207	<p>Table of Actions</p> <p>An update was provided on the Table of Actions from the meeting held on 20th October 2020 and confirmation received that outstanding actions had been progressed. In terms of matters arising:</p> <p>AC(19)222 and AC(20)112 – Members noted that an update on Radiology had been deferred to February 2021.</p> <p>AC(20)176 and AC(20)177 – Members noted that a detailed update on suggested improvement opportunities from the Audit Wales Structured Assessment 2020 and the Internal Audit Advisory Review: Governance Arrangements during the COVID-19 Pandemic was appended to the Table of Actions.</p> <p>AC(20)191 – further clarification was requested with regards to the discussions outlined. As Ms Anne Beegan, the provider of the update, was not in attendance it was suggested that this query be held over until the February 2021 meeting.</p> <p>AC(20)124 – concern was expressed that the update appears to suggest progress is effectively deferred for two years. It was agreed that there should be clarification regarding when Pathology rostering is scheduled to be converted to the Allocate system.</p> <p>AC(20)186 – clarification was requested with regard to the update provided. Members heard that the Director of Operations had requested a longer timescale in view of pressures associated with the COVID-19 pandemic. Whilst committed to a full review, he is content with the current arrangements in place. It was agreed that ‘To be addressed by April 2021’ should be added to the update.</p> <p>It was agreed that completed actions would be removed from the Table of Actions.</p>	<p>JW</p> <p>CM</p>
AC(20)208	<p>Matters Arising not on the Agenda</p> <p>There were no matters arising not on the agenda.</p>	
AC(20)209	<p>All Wales NHS Audit Committee Chairs’ Meeting</p> <p>Mr Newman presented the All Wales NHS Audit Committee Chairs’ Meeting report, which provides a summary of topics discussed at the meeting held on 3rd November 2020. Members noted that Mrs Joanne Wilson has taken over as the nominated Board Secretary supporting the forum.</p> <p>Referencing page 2 and the NHS Wales Informatics Service (NWIS) transition to Digital Health and Care Wales, Mr Maynard Davies advised that Mr Bob Hudson has been appointed as Interim Chair.</p>	

	The Committee NOTED the All Wales NHS Audit Committee Chairs' Meeting report.	
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AC(20)210	Annual Review of Standing Orders/Standing Financial Instructions	
	<p>Mrs Wilson introduced the Annual Review of Standing Orders/Standing Financial Instructions report, advising that there are no material changes to these. Work is being undertaken across Wales on the Scheme of Delegation, and Directors of Finance are leading work on the Standing Financial Instructions. The report and documents are being presented for consideration by ARAC prior to their submission for ratification to Public Board in January 2021.</p> <p>Mrs Judith Hardisty enquired whether the work being undertaken by Audit Wales around Regional Partnership Boards/Integrated Care Fund/Transformation Fund should impact upon the Standing Orders for all Health Boards. Mrs Wilson explained that, as the source of Standing Orders, it would be Welsh Government rather than Audit Wales who would lead on this matter, however was not aware of work being progressed in this area.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • CONSIDERED the previously agreed local amendments to HDdUHB's Standing Orders and Standing Financial Instructions as approved by the Board in November 2019. • CONSIDERED whether any further local amendments are required and AGREED that none were. • RECOMMENDED the revised version of the Standing Orders and Standing Financial Instructions to the Board on 28th January 2021 for approval. 	

AC(20)211	Financial Assurance Report	
	<p>Mr Huw Thomas introduced the Financial Assurance Report, highlighting the following key issues:</p> <p>Appendix 1 outlines two significant Single Tender Actions (STAs); for the British Red Cross and Field Bay. The former is an arrangement led by Welsh Government, which is a key contract to support discharge pathways. While work is undertaken to establish a formal procurement route, the UHB has had to procure this service locally via an STA. The Field Bay STA partly relates to COVID-19 and winter pressures. It is to provide care to patients with complex health needs – both physical and mental.</p> <p>Appendix 5 outlines a significant tax issue, around staff being provided with free accommodation during the COVID-19 pandemic. This is viewed, for tax purposes, as a benefit in kind. If this cost is paid by the UHB rather than the employees, the liability until September 2020 alone will amount to approximately £230k.</p> <p>Referencing the latter, Mrs Hardisty highlighted that this would not be an issue unique to HDdUHB and queried whether any representations are being made to HMRC. Mr Thomas confirmed that KPMG is working with HDdUHB and other Health Boards in this regard. It is possible that HMRC will waive this charge; however, it should be assumed and</p>	

accounted for in the meantime. Mr Owen Burt noted the statement in Appendix 1 that the British Red Cross service is monitored and reviewed by the Carmarthenshire Association of Voluntary Services, with performance outcome metrics supplied to Welsh Government. In response to a query regarding whether the UHB has any role or involvement in monitoring performance, Mr Thomas explained that the overall contract is awarded across Wales, with performance metrics monitored centrally by Welsh Government. There is, however, local monitoring in place also. It was emphasised that this has been a successful arrangement for a number of years, which was previously provided via Welsh Government, negating the need for a local waiver/ STA. Health Boards are working with Welsh Government to explore future procurement arrangements. Mr Burt also enquired as to the location of the Field Bay property, and Mr Thomas advised that this is a new 8 bed unit co-located with the current property.

Highlighting section 2.2.1, Cllr. Simon Hancock observed that there are still a significant number of breaches of the No PO, No Pay policy, and enquired whether an improvement is anticipated. Mr Thomas felt that the UHB had been in a much improved position prior to the COVID-19 pandemic, whilst acknowledging that this issue requires focus during the forthcoming year. Referencing section 2.6.2, and the overpayment of PAYE tax, Mr Davies enquired whether any further feedback has been received from the UHB's tax advisors. Members noted that the HMRC team dealing with this issue has been disbanded due to the pandemic, and the Relationship Manager has recently changed. Although HMRC are aware that the UHB is monitoring the situation and is seeking resolution, there is no real opportunity to escalate the issue without making a formal complaint. Mr Mike Lewis highlighted that this matter has been ongoing for a period of 12-18 months, suggesting that this is highly unsatisfactory. In regards to the tax payable on the free accommodation for staff, Mr Lewis supported the proposed approach, whilst noting that some of the doctors involved may be higher-rate tax payers, and querying whether this has further implications. Mr Thomas confirmed that calculations have been made based on the individuals involved and their income/tax bandings. The priority at this stage was to ensure that no member of staff was concerned about potential personal tax implications as a result of UHB decisions.

With regard to the Field Bay STA, Mr Newman requested clarification of whether this refers to the building/unit or services. Mr Newman also noted that the contract was until the end of March 2021 and enquired whether this is anticipated to be an ongoing need. In response, Mr Thomas advised that the contract is to commission services, and that going forward this will be managed via the newly established Commissioning Group. Consideration will be given to whether the UHB needs to regularise or extract itself from the contract, as appropriate, however it was noted that this is an essential part of the winter plan. There will also need to be discussion around provision of a more sustainable service in this area. Mr Newman highlighted that, should the UHB not recommission this provider/contract, any patients in that unit would need to be relocated, which would not be ideal. In response to a query regarding the tax implications relating to free staff accommodation, Members were assured that this cost has been

	factored into the year-end financial forecast position. It is not anticipated that there will be any support from Welsh Government to offset this cost.	
	The Committee NOTED the report and APPROVED the losses and debtors write offs noted within.	
AC(20)212	Audit Wales Update	
	Mr Jeremy Saunders presented an update on Audit Wales' work, advising that Financial Audit work and Charitable Funds Audit work are both complete, with the latter due for sign-off by the Auditor General today. Two national reviews are planned as a result of Structured Assessment 2020 output: 'Governing through a Crisis' and 'Supporting Staff Wellbeing during COVID-19'. The first of these may be published before Christmas, however the second requires further field work. The Audit Wales review of Test, Trace, Protect will be shared with Welsh Government prior to Christmas, and more widely in the New Year. Further local governance work is planned, which will be discussed with the Board Secretary.	
	The Committee NOTED the Audit Wales Update.	
AC(20)213	Audit Wales Annual Audit Report 2020	
	Mr Saunders introduced the Audit Wales Annual Audit Report 2020, emphasising that this is largely positive. It is intended to present the report at the January 2021 HDdUHB Public Board meeting. Members noted that the report has been discussed in detail by the Chair, Chief Executive, Director of Finance and Board Secretary. The majority of the findings derive from the 2020 Structured Assessment, which has already been presented to the Board. Mr Saunders advised that this is likely to be his final ARAC meeting, as he is taking partial retirement from Audit Wales. He may, however, attend the January 2021 Public Board meeting to present the Annual Audit Report. Mr Newman, on behalf of the Committee, thanked Mr Saunders for his assistance and support, with this sentiment echoed by other Members.	
	The Committee NOTED the Audit Wales Annual Audit Report 2020, which would be presented to the January 2021 Public Board.	
AC(20)214	Audit Wales Structured Assessment 2019 – Progress to Date	
	Mrs Wilson presented the Structured Assessment 2019 report, reminding Members that at the previous meeting, a review of the outstanding 2018 and 2019 recommendations was requested. This exercise has now been completed as a meeting had been held with Ms Beegan from Audit Wales, the Board Secretary and the Head of Assurance and Risk, where all recommendations were reviewed, noting that a review with the relevant Executive Lead had been undertaken prior to this meeting. It was suggested that the four outstanding recommendations and both reports be closed, recognising that these areas will be reviewed by Audit Wales in future Structured Assessments.	
	Mr Newman felt that this was a sensible approach, in view of the significantly changed environment within which the UHB is working.	
	The Committee SUPPORTED the closure of the four outstanding recommendations from the Structured Assessment 2018 and 2019 and	

	closure of both reports, RECOGNISING that these areas will be reviewed by Audit Wales in future Structured Assessment reviews.	
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AC(20)215	<p>Audit Wales: Refurbishment of Ysbyty Glan Clwyd (Glan Clwyd Hospital)</p> <p><i>Mr Huw Richards and Mr Rob Elliott joined the Committee meeting.</i></p> <p>Mr Thomas introduced the Audit Wales: Refurbishment of Ysbyty Glan Clwyd (Glan Clwyd Hospital) report, noting that he had been working at Betsi Cadwaladr UHB during this time. The project in question had been extremely challenging, as it involved refurbishing a building which contained asbestos, while it was still operating as a hospital. Audit Wales completed their review into the programme of work in September 2020 and, following discussion at the Capital, Estates and IM&T (CEIM&T) Sub-Committee, an Internal Audit was commissioned to establish whether any learning could be gained for HDdUHB. This was regarded as particularly important in view of upcoming capital projects including the new Urgent and Planned Care hospital and with ongoing Fire Safety reviews. The 8 recommendations are outlined on page 11 of the Internal Audit report; many of these are concerned with ensuring that learning is embedded into future business cases, etc. Mr Rob Elliott explained that the review undertaken by Internal Audit had examined systems in HDdUHB, with a largely positive outcome. Whilst the issues experienced in Betsi Cadwaladr UHB are not necessarily so relevant for HDdUHB, certain areas for improvement/focus had been identified, including internal reporting around capital management. The concerns around the performance of the external cost advisor for the Ysbyty Glan Clwyd project would not occur in HDdUHB due to differences in reporting structures. Mr Elliott acknowledged, however, that the Ysbyty Glan Clwyd refurbishment had been a challenging project.</p> <p>Mr Huw Richards reiterated the above comments, adding that the Shared Services Unit (SSU) had conducted two audits on the Ysbyty Glan Clwyd project, the second of which returned a ‘no assurance’ audit opinion. The report made 40 recommendations, of which 37 were classed as high priority. These had been revisited during this latest Internal Audit, and it had been determined that HDdUHB is not in the same position as Betsi Cadwaladr UHB had been. HDdUHB takes a more proactive approach to audit, with regular reports on projects, which is key to ensuring that any significant issues are identified, enabling appropriate and timely management action. Having worked in both organisations, Mr Thomas was able to confirm that there is a different approach in HDdUHB. HDdUHB is also more amenable to learning from any mistakes. It was emphasised, however, that it is important to grasp any opportunity for learning. For example, the failure in independence of the external cost advisor and compromised relationship with the project manager is something which might occur in any contractual framework. It is important, therefore, to ensure that all the relevant governance processes are robust.</p> <p>Mrs Hardisty suggested that the fact that there are lessons to be learned is clear from issues identified in the recent Internal Audit on the Women & Children’s Phase II project. In terms of governance arrangements for major capital investments, Mrs Hardisty felt that there</p>	
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	<p>is insufficient scrutiny at Committee level and that a focus should be maintained throughout the project, from business case, through execution, to sign-off. Whilst acknowledging that this would represent a significant commitment for Executives, it was suggested that this level of oversight is required. In response, Mr Richards highlighted that the first Internal Audit recommendation advocates inclusion of an Integrated Assurance and Approval Plan in all future major project/programme business cases, and that the SSU is working with the UHB to implement this recommendation. Mr Davies welcomed consideration of this report at ARAC, noting that the above discussions broadly reflected those at CEIM&T Sub-Committee; in that, whilst the two Health Boards have significant differences, there are still lessons to be learned. Mr Thomas emphasised the importance of distinguishing between delivery arrangements and assurance arrangements.</p> <p>Concluding, Mr Newman suggested that the Audit Wales report highlights the challenge of ‘getting a project back on track if it starts out wrong’. This emphasises the importance of investing time to ensure that the ‘foundations’ and governance arrangements for capital projects are robust and fit for purpose.</p> <p><i>Mr Elliott left the Committee meeting.</i></p>	
	<p>The Committee CONSIDERED the advisory report, the recommendations for the strengthening of UHB capital governance and the initial management responses, which will be subject to further consideration and development via the CEIM&T Sub-Committee.</p>	

AC(20)216	<p>Internal Audit Plan Progress Report</p> <p>Mr James Johns presented the Internal Audit (IA) Plan Progress report, which summarises the current position, outcomes, and provides an update on the IA Plan 2020/21. Mr Johns drew Members’ attention to the table on page 2, which details audits finalised since the previous ARAC meeting, and highlighted the positive ratings of these reports. Section 3 details discussions around progress of audits and discussions/decisions/proposals regarding changes to the IA Plan, the latter being outlined in section 3.2. ARAC is requested to consider and approve these proposed changes. Members heard that the Head of Internal Audit meets on a weekly basis with the Board Secretary to discuss progress on and delivery of the IA Plan. There were two audits scheduled to be presented to this meeting which have not been finalised in time (Quality & Safety Governance Arrangements and IM&T – Response to COVID-19); however, one other (Welsh Risk Pool Claims) has been completed early and brought forward.</p> <p>The Committee CONSIDERED the Internal Audit Progress Report, the assurance available from the finalised Internal Audit reports and APPROVED the proposed updates to the plan.</p>	
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AC(20)217	<p>IM&T Control and Risk Assessment (No Assurance Rating)</p> <p><i>Mr Anthony Tracey and Mr Martyn Lewis joined the Committee meeting.</i></p> <p>Mr Johns introduced the IM&T Control and Risk Assessment report, advising that this audit has been replicated at most Health Boards. The different approach taken has been reflected in the style of report. The audit findings are outlined in section 4, with the diagram and table on</p>	
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page 6 representing percentage compliance with objectives. There are two areas which require action, these being management of compliance with external requirements and management of cyber security services. An action plan to address these was being developed and agreed with UHB management.

Mr Davies queried the audit's use of COBIT (Control Objectives for Information and Related Technologies) standards rather than nationally recommended standards. Mr Martyn Lewis explained that, whereas Information Technology Infrastructure Library (ITIL) is the service management framework for IT, COBIT is the governance framework for IT, is more extensive and is regarded as the best practice framework. Mr Davies expressed concern that the organisation is being audited against a standard which has not previously been identified as a priority, and with which it may not be compliant. Mr Martyn Lewis advised that COBIT is not mandated; however, the priority is to ensure a governance framework is in place. In response to a request for an update regarding the cyber security recommendations, Mr Anthony Tracey reported that the UHB has advertised a Cyber Security post on two occasions without recruiting. Additional funding has now been allocated in order to increase the pay banding and the post will be re-advertised in the New Year. Other Health Boards are experiencing similar recruitment issues, as individuals with cyber security qualifications and experience are a sought-after resource. To address this, the UHB is investing in its own human resource by facilitating a number of staff to undertake a degree course in cyber security. The use of agency staff is also being explored.

With reference to Finding 6, Mr Martyn Lewis was asked whether information from other Health Boards can offer any solutions to the practical challenges of conducting uninterruptible power supply tests. In response, Members heard that many coordinate these with generator tests, although this is not without risk. In terms of age of equipment in the main data centres, Mr Tracey advised that this is under 3 years old. Revisiting Finding 7 and the issue of cyber security resource, Mr Burt enquired with regards to the potential employment of agency staff mentioned earlier. Members were informed that candidates are being interviewed next week, in the hope that they will begin work in January or early February 2021. Noting that the review had been undertaken elsewhere, Mr Thomas enquired whether a similar review has been undertaken at NWIS. In response, Mr Martyn Lewis advised that it had not, and reminded Members that NWIS is not a full statutory organisation. When this changes, the Internal Audit workplan will be amended accordingly. Whilst acknowledging this, Mr Thomas observed that the new organisation, NHS Digital and Innovation Wales, is being established, and queried how assurance can be taken regarding NWIS, which does operate almost as an independent entity. Members were reminded that this concern has been raised on a number of occasions.

Mr Newman noted that the management response to Finding 6 was only partially agreed; Mr Tracey explained that this was due to resolution requiring a joint approach from both the Digital and Estates teams, to co-ordinate generator and power supply testing. It was agreed that the management response should be amended to reflect this

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	clarification. Likewise, earlier discussions regarding the organisation's actions to address Finding 7 have provided additional assurance in this matter, and should be reflected in the management response.	AT
	The Committee NOTED the IM&T Control and Risk Assessment report.	

AC(20)218	Implications of COVID-19 on Information Governance (Substantial Assurance)	
	Mr Johns introduced the Implications of COVID-19 on Information Governance report, drawing Members' attention to the overall conclusions detailed in section 4. This was a positive report, with several examples of good practice identified and an overall rating of Substantial Assurance awarded.	
	The Committee NOTED the Implications of COVID-19 on Information Governance (Substantial Assurance) report.	

AC(20)219	Welsh Community Care Information System (WCCIS) (Reasonable Assurance)	
	Mr Johns introduced the Welsh Community Care Information System (WCCIS) report, highlighting that findings were generally positive, with certain areas identified as requiring strengthening. One high priority recommendation had been made, regarding benefits realisation. A rating of Reasonable Assurance had been awarded.	
	Mrs Hardisty felt that the high priority recommendation was somewhat harsh, in view of the fact that HDdUHB are piloting WCCIS on instruction, as part of an All Wales scheme, and particularly in view of the considerable work undertaken and positive feedback received. Mr Martyn Lewis emphasised that benefits realisation is key, noting that HDdUHB had chosen to pilot WCCIS in Ceredigion, a county with no existing similar system. There needs to be an assurance that benefits would also be realised in areas which already have systems in place. Mrs Hardisty emphasised that these concerns had been expressed prior to the implementation of the WCCIS pilot, despite which the UHB had been encouraged to continue, as part of the ongoing digital strategy. It was suggested that this matter should be discussed in more detail at the CEIM&T Sub-Committee and the People, Planning & Performance Assurance Committee (PPPAC). Mr Thomas agreed that the recommendation is high for this scheme; whilst noting that the priority of developing and tracking benefits of digital schemes generally is high priority.	HT
	Mr Davies enquired how the issue of benefits realisation was being taken forward. Mr Tracey acknowledged that this probably represents the most significant challenge for digital services in many years. The UHB has now developed a Benefits Tracker, and hopes to work with the IT Finance Business Partner to add a financial element to this. Work has begun to analyse benefits of various systems, including WCCIS, and these will be added to the Benefits Tracker. Members were assured that steps are being taken to improve processes.	
	<i>Mr Tracey and Mr Martyn Lewis left the Committee meeting.</i>	
	The Committee NOTED the Welsh Community Care Information System (WCCIS) (Reasonable Assurance) report.	

AC(20)220	Information Technology in Response to COVID-19	
	DEFERRED to 23 rd February 2021 meeting.	

AC(20)221	Agility to Flex Workforce to COVID-19 Planning (Substantial Assurance)	
	<p><i>Mrs Lisa Gostling joined the Committee meeting.</i></p> <p>Mr Johns introduced the Agility to Flex Workforce to COVID-19 Planning report, explaining that it was intended to provide assurance regarding the workforce plan put in place in response to COVID-19. Section 4 details the overall conclusion, with a rating of Substantial Assurance awarded. Overall, controls put in place were sound and the strategic approach being applied was robust. Several examples of good practice were identified, including the training of new staff and governance processes.</p> <p>Mrs Hardisty suggested that the achievements of the Workforce team should be commended, both in terms of the Internal Audit report and rating received, and in their response to the pandemic in general. This was echoed by other Members, including Cllr. Hancock, who fed back comments from two new members of staff indicating that the induction training they had received was the most comprehensive they had ever experienced. Cllr. Hancock congratulated all of those involved. Noting in particular the significant numbers of staff appointed in response to the pandemic, Mr Newman endorsed the achievements of the Workforce team. Mrs Lisa Gostling thanked Members for their comments and praised the commitment and efforts of her team. It was suggested that the report be shared with Professor John Gammon as Chair of the People, Planning & Performance Assurance Committee, with Ms Moorcroft committing to include it with papers for the next meeting.</p> <p><i>Mrs Gostling left the Committee meeting.</i></p>	CM
	The Committee NOTED the Agility to Flex Workforce to COVID-19 Planning (Substantial Assurance) report.	

AC(20)222	Welsh Risk Pool Claims (Substantial Assurance)	
	<p><i>Mrs Mandy Rayani joined the Committee meeting.</i></p> <p>Mr Johns introduced the Welsh Risk Pool Claims report, advising that this audit is undertaken on an annual basis. There has been a slight change in processes required by the Welsh Risk Pool, which is reflected in the report. The audit identified that the required documentation was in place, in line with the required timescales. Section 4 details the overall opinion, with a rating of Substantial Assurance awarded.</p> <p>Mrs Mandy Rayani welcomed the report, its findings and the overall rating. Members were assured that the recommendations made were addressed immediately and Mrs Rayani was confident that standards will be maintained.</p> <p><i>Mrs Rayani left the Committee meeting.</i></p>	

	The Committee NOTED the Welsh Risk Pool Claims (Substantial Assurance) report.	
AC(20)223	Quality & Safety Governance	
	DEFERRED to 23 rd February 2021 meeting.	
AC(20)224	Finance Team Transformation (Substantial Assurance)	
	<p>Mr Johns introduced the Finance Team Transformation report, which had identified that appropriate and detailed plans and arrangements were in place. Processes to manage the Transformation Programme were in place and satisfactory. Arrangements were developed and embedded to capture lessons learned. One area had been identified that could be strengthened, relating to the project management process and suggested introduction of a continuous quality improvement model. Overall, however, this was a positive report, with a Substantial Assurance rating awarded.</p> <p>Mr Thomas welcomed the report, and advised Members that the recommendation will feed into discussions on 'quality as a business strategy' planned for the next Board Seminar. Mrs Hardisty again recognised the significant achievement involved, and congratulated Mr Thomas and his team. This sentiment was echoed by Mr Newman, who stated that progress during recent years has been impressive and has provided much needed assurance. Mr Thomas thanked Members for their comments, which he would pass on to the Finance team. It was suggested that the report be shared with Mr Michael Hearty, as Chair of the Finance Committee, with Mr Thomas committing to include it in papers for the next meeting.</p>	HT
	The Committee NOTED the Finance Team Transformation (Substantial Assurance) report.	
AC(20)225	Backlog Maintenance (Reasonable Assurance)	
	<p><i>Mr Andrew Carruthers and Mr Rob Elliott joined the Committee meeting.</i></p> <p>Mr Richards introduced the Backlog Maintenance report, explaining that the audit had examined the methods and arrangements in place to manage the maintenance backlog at HDdUHB, one of the highest in Wales currently. The report made 10 recommendations, all of which had been agreed by UHB management. A key consideration is the impact of the backlog on other areas of investment. Recent increases in backlog at the UHB have largely arisen from changes in requirements from the Fire Authority, for which specific business cases were being developed. The UHB needs to outline a resourcing strategy to address the backlog issues. Most of the recommendations relate to general management processes, and the audit returned a Reasonable Assurance rating.</p> <p>Mr Andrew Carruthers welcomed the report, and reminded Members that the Major Infrastructure Programme Business Case had been considered and approved at the November 2020 Public Board meeting. This had since been submitted to Welsh Government, and initial feedback has been fairly positive. Mr Elliott emphasised that regardless</p>	

	<p>of how Discretionary Capital is allocated, it is insufficient to meet requirements in terms of the maintenance backlog. Hence the need to take a strategic approach, at scale and at pace. Whilst the findings of the report are important, this move away from a 'short-term bidding process' for Discretionary Capital is key. Whilst the latter may address high priority items, it will never truly reduce the maintenance backlog, as the estate will continue to age and deteriorate and risk levels will continue to increase. The Major Infrastructure Programme Business Case has been under development for some time, and represents the culmination of the 'at scale/strategic' approach. Mr Elliott was not confident of a back-up option, should the business case fail.</p> <p>Emphasising the significance of this comment, Mrs Hardisty highlighted the need for Board to monitor this situation. Agreeing that this issue represents a major risk, Mr Thomas suggested that a five year (or more) strategy needs to be developed. Whilst this will be dependent on funding from Welsh Government which may or may not be forthcoming, such a strategy may be helpful for Board. Mr Elliott felt that a more detailed programme is required, for the next 1, 2, 3, 4 and 5 years. It was emphasised that the need to link the business case to the UHB's future strategy, including the new hospital, had resulted in a longer than anticipated development time. Mr Newman noted the backlog issues rated as 'significant risk', and enquired whether there is the added possibility of these escalating to 'high risk' over time. Mr Elliott confirmed that this was a possibility, which is why a more strategic approach is required.</p> <p>Noting the need for clarification of dates, in order to facilitate effective use of the Audit Tracker, Mr Newman requested that Mr Elliott liaise with the Head of Assurance & Risk regarding this matter.</p> <p>It was also agreed that the issue of backlog maintenance should be highlighted to Board.</p> <p>In light of previous discussions on this matter at the CEIM&T Sub-Committee and PPPAC, it was further agreed that the report should be shared with the Chair of PPPAC.</p> <p><i>Mr Richards, Mr Carruthers and Mr Elliott left the Committee meeting.</i></p> <p>The Committee NOTED the Backlog Maintenance (Reasonable Assurance) report.</p>	<p>RE/ CB</p> <p>PN/JW</p> <p>JW</p>
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<p>AC(20)226</p>	<p>Audit Tracker</p> <p>Mrs Charlotte Beare presented the Audit Tracker report, which provides a progress update in relation to the implementation of recommendations from audit and inspection. Members were informed that there have been no significant changes with regards to the high priority recommendations, although Healthcare Inspectorate Wales checks, which are COVID-19 related, have been added to the tracker. As a result of regulators amending compliance dates in recognition of the COVID-19 pandemic, certain recommendations have changed in rating from Red to Amber. However, services are finding it challenging to provide alternative dates, due to current pressures and difficulty in predicting likely completion dates. As of 23rd November 2020, there are</p>	
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	<p>131 reports currently open, 70 of which have recommendations that have exceeded their original completion date. The number of recommendations where the original implementation date has passed has increased from 149 to 156 and there has been a decrease in recommendations that have gone beyond six months of their original completion date from 123 to 92 as reported in October 2020. Mrs Beare emphasised that the Assurance and Risk team will work through the outstanding recommendations with services as quickly as possible.</p> <p>Referencing page 2/3, and the improvement plan for Tregaron Hospital, Mr Davies noted that the recommendation would now be beyond its due date. Mrs Beare advised that this is a timing issue due to preparation dates for reports and that further clarification will be available in the next report to ARAC. Mr Newman highlighted that certain of the Audit Wales recommendations will be removed due to the closing of the 2018 and 2019 Structured Assessments. As it stands, the organisation is in a 'holding position' due to the pandemic. Mrs Beare suggested that a recovery plan is being developed, advising that all recommendations have been discussed with the Director of Operations. The majority of these relate to compliance rather than patient safety issues; however, Mr Carruthers has committed to discuss these with his team.</p>	
	<p>The Committee TOOK ASSURANCE on the following:</p> <ul style="list-style-type: none"> • Executive Directors and Lead Officers understand that there is still the expectation that outstanding recommendations from auditors, inspectorates and regulators should continue to be implemented during COVID-19, to ensure services are safe and the risk of harm to patients and staff is managed and minimised. • The rolling programme to collate updates from services on a bi-monthly basis in order to report progress to the Committee. • A risk based prioritised workplan is being progressed in respect of the outstanding recommendations for presentation to the Committee in February 2021. 	

<p>AC(20)227</p>	<p>Counter Fraud Update</p> <p><i>Mr Ben Rees joined the Committee meeting.</i></p> <p>Mr Ben Rees presented the Counter Fraud Update report, highlighting that the team has delivered several Fraud Prevention sessions. The recent International Fraud Awareness Week resulted in a number of referrals, which the team is examining. A new website has been developed. Two Fraud Risk Assessments have been generated by the Counter Fraud department and will be discussed with the relevant Service Lead for monitoring and review. The department has received training in a new Case Management programme, and it is hoped that this will be rolled out to Health Boards at the end of Quarter 4. Copies of the Counter Fraud Newsletters are attached, which serve to raise the profile of Counter Fraud and provide contacts for staff.</p> <p>Mr Newman enquired with regards to the timescale for finalisation of the Recovery of Overpayments and Management of Underpayments Policy. Members heard that this needs to be submitted to a panel, including staff representatives, for review. Mr Rees committed to clarify the timescale involved. Cllr. Hancock queried whether there had been any necessity to reallocate resources between the 4 areas of Counter Fraud</p>	<p>BR</p>
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	<p>activity (for example, increasing hours allocated for Prevent and Deter) to address those seeking to exploit circumstances during the COVID-19 pandemic. In response, Mr Rees acknowledged that the pandemic has created a number of obstacles, particularly around how Counter Fraud have been able to engage with individuals in terms of interviews, etc. A reduction in team members for part of the year has also meant that there will be a reduction in the number of hours allocated. Mr Rees agreed that Prevent and Deter activities are crucial, and emphasised that reallocation of resources can be accommodated if necessary. This will also be examined as part of the Counter Fraud Annual Review.</p>	
	<p>The Committee NOTED the Counter Fraud Update report.</p>	

AC(20)228	<p>Counter Fraud Update – Collaborative Working</p> <p>Mr Rees introduced the Counter Fraud Update – Collaborative Working report, advising that there are a number of instances where collaborative working is undertaken, for example in safeguarding. In response to a request from the Committee, an exercise had been conducted to explore how similar processes could be developed around core functions. Mr Rees emphasised that any such processes must be lawful and in accordance with data protection. Following this exercise, it is now the Counter Fraud team’s ambition to develop Information Sharing Protocols (ISPs) with various parties, as detailed within the report. Once a suitable ISP template has been developed, this can be replicated for wider use. The template will need to be approved by a panel before it can be implemented. One of the key requirements will be to establish whether there is a single individual/team with whom the Counter Fraud team can engage. This process will take time, and will be incorporated into next year’s Counter Fraud Workplan. It will lead to improved collaboration, identification of potential system weaknesses and sharing of good practice.</p> <p>Mr Newman welcomed the report, which represents a sensible approach. Noting the example of beneficial collaborative working highlighted on page 5 (safeguarding), Cllr. Hancock enquired whether there are plans to extend information sharing to others, such as the Mid and West Wales Fire and Rescue Service, which regularly undertakes safety checks for vulnerable people. Mr Rees advised that the team will engage with any parties identified as appropriate partners for collaborative working.</p> <p><i>Mr Rees left the Committee meeting.</i></p> <p>The Committee NOTED the Counter Fraud Update – Collaborative Working report.</p>	
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AC(20)229	<p>KPMG Review of Transformation Fund</p> <p><i>Ms Jill Paterson and Mr Martyn Palfreman joined the Committee meeting.</i></p> <p>Mr Thomas presented the KPMG Review of Transformation Fund report, explaining that an independent evaluation of the work and benefits of Transformation Fund projects was a requirement of funding allocation. As a result, a process to appoint a reviewer was undertaken, with KPMG appointed. The report produced was intended for the</p>	
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Regional Partnership Board (RPB), rather than its constituent organisations, which represents a potential area for learning in terms of governance. On page 2 of the SBAR, four key areas for improvement are highlighted:

- Design and implement an evaluation framework for each of the programmes to provide a strong evidence base for management and operational decisions in the future.
- Document and communicate the overarching service model within which the programmes exist.
- Develop a policy or position statement outlining how service users and other stakeholders will be systematically involved in the delivery and evaluation of each programme.
- WWCP and senior leaders across the region to set a level of tolerance for what they would accept as variation across programmes.

Mr Thomas welcomed the attendance of Ms Jill Paterson and Mr Martyn Palfreman, recognising that there are unique challenges involved in this environment and offering the UHB's support in strengthening governance arrangements as required. Whilst Ms Jill Paterson suggested that parts of the report's findings were somewhat underplayed and limited, she suggested that Mr Martyn Palfreman provide background to the Committee in terms of the Transformation Fund. Mr Palfreman welcomed the report, stating that it conveys several useful messages, even if its construction is not necessarily as would be desired. Members were reminded that Welsh Government had allocated £12m to the West Wales RPB in Transformation Fund monies by to support three programmes, initially for two years:

Programme 1 - Proactive Technology Enabled Care (Delta Connect)
Programme 3 - Fast-tracked Consistent Integration
Programme 7 - Creating Connections for All

These three programmes are viewed as integral to the region's service model, and align with the UHB's Health & Care Strategy. The bids had been compiled jointly by all of those agencies which comprise the RPB. Leads for each programme had been identified, as follows:

Programme 1 - Jake Morgan
Programme 3 - Jill Paterson
Programme 7 - Hazel Lloyd Lubran

Representatives from each delivery group had engaged closely with KPMG during the review. Each programme reports regularly on progress to the RPB and Integrated Executive Group (IEG). Whilst there is clearly scope for improvement in terms of strengthening the reporting structures, and Mr Thomas' offer to explore how this might be achieved was welcomed, Mr Palfreman emphasised that reporting processes are in place.

Mr Newman noted that the report contains 13 recommendations, and that the SBAR refers to the report being submitted to the RPB in December 2020. If a similar report was being presented to ARAC, a

management response to each recommendation would be expected; Mr Newman enquired whether this is the approach envisaged by the RPB. If not, Mr Newman queried who will be taking ownership of monitoring the recommendations, noting that there are issues specific to the UHB. Ms Paterson explained that this refers back to previous discussions regarding RPB governance, advising Members that there is now a quarterly enhanced governance meeting of the IEG. A management response will be presented to the RPB, and this is already being drafted. The UHB does contribute to this process via Executive dialogue, however it is managed by the RPB. Ms Paterson highlighted the recommendation citing lack of continuous regional oversight, stating that she would disagree that this is the case, with discussions having taken place at both the RPB and Transformation Groups. It is anticipated that this will also be a matter for future consideration by the Transformation Steering Group. Ms Paterson also expressed concern that she had not been interviewed as part of the KPMG review. It was suggested that Members be mindful of the context, with delivery of these programmes during the COVID-19 pandemic. The Transformation Fund programmes have assisted with delivery of a number of COVID-19 related requirements; the need for proper evaluation was, however, recognised.

Mr Thomas expressed concern regarding the foregoing comments, suggesting that if the RPB are dissatisfied or disagree with the report's findings, it may not be appropriate for ARAC to consider it further. However, Mrs Hardisty highlighted that the report was presented to the RPB in October 2020 and that the recommendations were agreed at that time. Whilst accepting this, together with the fact that the report's findings and recommendations had been discussed and reviewed with KPMG, Ms Paterson stated that no management response had been presented to the RPB. Ms Paterson emphasised, however, that the response to the report should not be defensive. Members heard that the timescale involved with production of the report had been changed, which had resulted in a number of challenges. Mr Palfreman felt that engagement with those members of the delivery teams available had been as effective as possible under the circumstances. The fieldwork for the report had been completed within 3 weeks, and the process outlined above had then been undertaken. Whilst the review met Welsh Government requirements, Mr Palfreman accepted Ms Paterson's concerns. It was emphasised that none of the recommendations came as a surprise.

Mrs Hardisty advised that there is no RPB meeting scheduled for December 2020 and that, due to a clash with the HDdUHB Board meeting, the RPB is unlikely to meet before February 2021. Mrs Hardisty suggested that there needs to be a conversation with regards to re-establishing the leadership group previously agreed by the UHB and Local Authorities. Furthermore, the KPMG report should be considered by the audit committees of the RPB constituent organisations. Mrs Wilson agreed, reiterating the comments above, and offered to discuss the IEG and wider governance arrangements with Mr Palfreman. Mr Thomas noted that there are two different funding streams supported by the RPB: the Transformation Fund, with monies administered by Carmarthenshire County Council, and the Integrated

	<p>Care Fund (ICF), with monies administered by HDdUHB. Concern was expressed that, should an issue arise in relation to funding arrangements for the ICF, the HDdUHB Chief Executive is the accountable officer. There is a need, therefore, to ensure that assurance can be provided regarding this funding, equivalent to that for any standard UHB funding allocation. Ms Paterson suggested that accountability does not sit with the HDdUHB, but with all four of the RPB constituent organisations. The 'host organisation' in terms of funding is just that. It was agreed that this requires further clarification, as it is the understanding of the Director of Finance that the HDdUHB Chief Executive is the accountable officer for monies hosted by their organisation, as the RPB is not a statutory organisation. The same would apply to the Chief Executive for Carmarthenshire County Council in regards to the Transformation Fund monies. It was agreed that this matter should be discussed outside the meeting. Mr Palfreman advised Members that there is a national network of RPB Chairs, and suggested that it would be sensible for this group to discuss the issue of governance and assurance arrangements.</p> <p>Mrs Wilson highlighted that, from an assurance perspective, it is necessary to recognise that the report has been accepted, together with the recommendations therein. Recognising that the management response will be presented to the RPB, it is necessary to ensure updates against the management response through the Statutory Partnerships Update report to Board. ARAC members will then be able to assess progress. It was agreed that the governance arrangements should be reviewed outside the meeting.</p> <p><i>Ms Paterson and Mr Palfreman left the Committee meeting.</i></p> <p>The Committee NOTED the KPMG Review of Transformation Fund.</p>	<p>HT/JP</p> <p>JH</p> <p>JW</p>
<p>AC(20)230</p>	<p>Audit & Risk Assurance Committee Work Programme 2020/21</p> <p>The Committee NOTED the ARAC Work Programme.</p>	
<p>AC(20)231</p>	<p>Any Other Business</p> <p>There was no other business reported.</p>	
<p>AC(20)232</p>	<p>Reflective Summary of the Meeting</p> <p>A reflective summary of the meeting was captured which will form the basis of the ARAC Update Report, and highlight and escalate any areas of concern to the Board. This would include a summary of discussions, together with the following specifically:</p> <ul style="list-style-type: none"> • Approval of the Standing Orders/Standing Financial Instructions for onward ratification by Board. • The Audit Wales Annual Audit Report 2020, which would be presented to the January 2021 Public Board, was noted. • The Committee's support for closure of the four outstanding recommendations from the Structured Assessment 2018 and 2019 and closure of both reports, recognising that these areas will be reviewed by Audit Wales in future Structured Assessment reviews. 	

	<ul style="list-style-type: none"> • The Committee received the Backlog Maintenance (Reasonable Assurance) Internal Audit report and agreed that the issue of backlog maintenance should be highlighted to the Board. • The Committee received the KPMG Review of Transformation Fund report and agreed that concerns regarding RPB governance arrangements should be highlighted to the Board. 	
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AC(20)233	Date and Time of Next Meeting	
	9.30am, 23 rd February 2021, Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen	