

**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:	9.00am, 23 rd June 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) Mrs Judith Hardisty, Vice-Chair, HDdUHB (VC)
In Attendance:	Ms Ann-Marie Harkin, Audit Wales (VC) (part) 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, Executive Director of Finance Mrs Charlotte Beare, Head of Assurance and Risk Miss Maria Battle, HDdUHB Chair (part) Mr Steve Moore, Chief Executive (part) Ms Sarah Jennings, Director of Partnerships and Corporate Services (part) Ms Rhian Davies, Assistant Director of Finance (part) Ms Jennifer Thomas, Senior Finance Business Partner (part) Ms Julie Bowen, Finance Business Partner (part) Ms Clare Moorcroft, Committee Services Officer (Minutes)

Agenda Item	Item	
AC(20)109	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">• Cllr. Simon Hancock, Independent Member• Mrs Karen Miles, Director of Planning, Performance & Commissioning	
AC(20)110	Declaration of Interests No declarations of interest were made.	
AC(20)111	Minutes of the Meeting held on 27th May 2020 RESOLVED – that the minutes of the Audit & Risk Assurance Committee meeting held on 27 th May 2020 be APPROVED as a correct record.	

AC(20)112	Table of Actions	
	<p>An update was provided on the Table of Actions from the meetings held on 21st April, 5th May and 27th May 2020 and confirmation received that outstanding actions had been progressed. In terms of Matters Arising:</p> <p>AC(19)222 – an update on this action has been provided. A further meeting is due to take place by the end of this month, and the action will be updated at the next meeting. Mrs Judith Hardisty noted that recruitment challenges had prevented students studying within the UHB from staying on as there are no posts available, and requested assurance that this would be resolved promptly. An update on this matter would be obtained from the Director of Operations.</p> <p>AC(19)234 – it was agreed that this action be closed, as this matter is now the remit of the In-Committee Board.</p> <p>AC(19)254 – Ms Anne Beegan advised that she and Mr James Johns had met to discuss their respective audit plans and recommendations, and identify where these might be streamlined. Whilst there is a potential overlap in relation to Estates and IT most other audits are substantively different. The potential for overlap around governance has also been discussed. Audit Wales and Internal Audit will continue to liaise closely to avoid unnecessary duplication.</p> <p>AC(20)19 – in Appendix 2, Mr Maynard Davies noted the commitment to present the revised procedure for the management of safety notices and alerts to the Quality, Safety & Experience Assurance Committee (QSEAC) on 8th June 2020, and enquired whether there was any feedback from this meeting. Members heard that further revisions had been suggested, which would be made before the document was resubmitted to the next QSEAC meeting.</p> <p>AC(20)20 – referencing page 3 of Appendix 3, Mr Newman noted the change in date for Recommendation 2 from June 2020 to March 2021, and queried whether this significant deferment in a high priority recommendation was acceptable from a risk perspective. Mr Huw Thomas advised that he has discussed this with Mr Anthony Tracey and the statement reflects the reality being dealt with by the IM&T team currently. It has been agreed that support for Cyber Security will be strengthened; however, recruitment is likely to be a challenge and will take time. The revised deadline is probably a realistic timescale. An update would be provided to the next meeting.</p> <p>AC(20)22 – noting that a meeting had taken place, Mr Newman enquired as to the outcome of discussions. Mrs Joanne Wilson explained that she and Mr Johns had agreed that any future recommendations in relation to risk management would be in accordance with the Board approved risk management policy and procedure.</p> <p>It was agreed that completed actions would be removed from the Table of Actions.</p>	<p>JW</p> <p>HT</p>

AC(20)113	<p>Matters Arising not on the Agenda</p> <p>There were no matters arising not on the agenda.</p>	
AC(20)114	<p>Report on the Adequacy of Arrangements for Declaring, Registering and Handing interests, Gifts, Hospitality, Honoraria and Sponsorship</p> <p>Mrs Wilson introduced the report on Declaring, Registering and Handing interests, Gifts, Hospitality, Honoraria and Sponsorship, recognising that further work is required to raise the level of items reported. The list of Members' Interests is updated annually and includes, on page 3 of the report, high-risk groups. There has been a focus this year on Research & Development and Estates. The number of Honoraria has slightly increased this year. Mrs Wilson reminded Members that HDdUHB had been working with Betsi Cadwaladr UHB regarding the electronic system in use at the latter. Subsequently, it had been suggested that the Electronic Staff Record system might be utilised; however, evaluations and discussions were ongoing.</p> <p>Whilst recognising that the report would be sufficient in 'normal' circumstances, Mr Mike Lewis was conscious of the recent outpouring of public support and gifts for the NHS, and enquired whether this is adequately reflected. Mrs Wilson responded there will be learning taken from the COVID-19 pandemic. The Corporate Governance team has not been involved in monitoring the resulting donations or gifts, which has been managed via the Charities team and Command Centre, and recognised system improvements may be required. Referencing Appendix 4, it was suggested that a column be added to record instances where individuals have declined gifts rather than their manager. It was agreed that the information in the report is probably significantly understated, with numbers too low and not representative of UHB staff numbers. Mrs Wilson recognised that this area requires an increased focus.</p> <p>The Committee REVIEWED the adequacy of the arrangements in place for declaring, registering and handling interests, gifts, hospitality, sponsorship and honoraria during 2019/20, and NOTED the proposed actions for 2020/21 to promote and improve the adequacy of these arrangements, for onward assurance to the Board.</p>	<p>JW</p>
AC(20)115	<p>Summary of Single Tender Actions 2019/20</p> <p>Mr Thomas presented the Annual Summary of Single Tender Actions (STAs) report for 2019/20. Members were advised that the list of STAs at Appendix 1 has been split into 'maintenance', over which the UHB has little choice and 'other', where more options are available.</p> <p>Mrs Hardisty reiterated previous comments around the use of STAs for maintenance contracts and whether an alternative mechanism can be established. In response, Mr Thomas advised that he has asked Procurement to put in place a different process going forward. It was noted that a number of STAs are undertaken on an All Wales basis, for example Microsoft Office by the NHS Wales Informatics Service (NWIS). These can have significant financial implications for the organisation, and Mr Davies queried whether they are tracked/</p>	

	<p>monitored by HDdUHB. Mr Thomas advised that they are not; they would be monitored via the NWIS or Velindre NHS Trust, and reliance placed on these structures. Whilst recognising that the figures involved are relatively small, Mr Lewis queried the use of STAs for staff counselling and workforce consultancy detailed on page 4 of the report, suggesting that there would be a number of suppliers to choose from. Mr Thomas explained that the STAs for staff counselling relate to sessions offered through the Occupational Health team in Ceredigion, which were largely based on historic arrangements. There have been discussions around the need for more resilient services going forward, with the potential to deliver this 'in house' or explore other options having been encouraged. In regards to the workforce consultancy cost, Mrs Wilson advised that this related to a complex HR case, requiring the specific NHS experience offered by the consultant in question.</p> <p>Mr Newman wished to clarify that all requests for STAs are reviewed and authorised as part of a formal process. It was confirmed that all are reviewed by either Mr Thomas, Mrs Wilson or deputies. In addition, they are reported to ARAC on a quarterly and annual basis. Mr Thomas provided several examples of where STAs have been interrogated in more detail. In response to a query regarding how such tensions are managed, Members noted that certain STA requests are rejected, others are discussed further with operational staff, management or Procurement. Again, Mr Thomas gave an example of a recent request which had been rejected. Members noted that an audit trail of such discussions and challenges is recorded on the request forms, including copies of relevant email correspondence.</p>	
	<p>The Committee NOTED the Annual Summary of Single Tender Actions 2019/20 report.</p>	

<p>AC(20)116</p>	<p>Audit Wales Update</p> <p>Ms Beegan drew Members' attention to the latest communication from Audit Wales to Health Boards, which is self-explanatory.</p> <p>In response to a query regarding whether the report on the Welsh Community Care Information System (WCCIS) will be shared with all Health Boards, Ms Beegan advised that this is her understanding. The review is largely complete, aside from interviews with HB Chairs and Chief Executives. The report will then be subject to the usual clearance process through the WCCIS Leadership Board and Welsh Government (WG). Noting that the UHB will, this year, be undergoing governance reviews by both Audit Wales (as part of the Structured Assessment) and Internal Audit, Mrs Wilson requested that requirements be combined as much as possible. Acknowledging this feedback, Ms Beegan advised that Audit Wales is not planning to conduct any interviews as part of its review, and will be liaising with Internal Audit to ensure their approaches are coordinated and avoid duplication. Referencing the Counter Fraud Services review, Mr Davies requested clarification regarding the timescale for issuing reports. Ms Beegan advised that Audit Wales has begun to issue local reports, and that HDdUHB should receive theirs imminently. These will feed into the national report. The plan is to present both local and national reports to Audit Committees.</p> <p>The Committee NOTED the Audit Wales Update.</p>	
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AC(20)117	Structured Assessment 2019 – Progress to Date	
	<p>Mrs Wilson presented the Structured Assessment report, explaining that this provides an update on progress against both 2018 and 2019 recommendations. There are two recommendations outstanding from 2018; it is intended to address Recommendation 3a via the new Transformation Steering Group. There are a number of outstanding recommendations from 2019, and a number where updates have not been received from the Executive Lead. However, since this report was issued, further updates have been received, and a revised version will be circulated.</p> <p>Ms Beegan noted that Recommendation 3 for SA2019 relates to engaging the wider workforce in the transformational change agenda. As the COVID-19 pandemic has probably served to increase staff engagement, it was suggested that the UHB may wish to revisit their response to this recommendation. Mrs Charlotte Beare advised that a workshop is due to take place during July, at which this will be reviewed. Mr Lewis highlighted Recommendation 3a for SA2018, which considers whether the Holding to Account meetings and Executive Performance Reviews should be merged. Noting that the Turnaround Director post no longer exists and that Executive Performance Reviews have been stood down, Mr Lewis expressed concern that there are now no formal performance review meetings. Whilst acknowledging that this is the case. Mr Thomas emphasised that performance reviews have been postponed for a relatively short time, and advised that WG is intending to re-establish Targeted Intervention meetings in a revised form in the near future. However, Members continued to express concern regarding this matter.</p> <p>Referencing earlier discussions, Mrs Hardisty agreed that the response to Recommendation 3a for SA2018, particularly around engagement with the workforce, needs revisiting. The position has changed a great deal since the response was developed, and it does not reflect how the UHB will be operating going forward. Mr Thomas suggested that there is a need to go ‘back to basics’ and completely refresh the approach. It was agreed that Mr Thomas would discuss this with Executive Team colleagues and Audit Wales, to agree a way forward, and would provide an update under the Structured Assessment item at the next meeting.</p>	JW/CB
	<p>The Committee CONSIDERED progress made in respect of the recommendations from the Structured Assessment 2018 and 2019, and NOTED the recommendations that have been implemented to date.</p>	HT
AC(20)118	Internal Audit Plan Progress Report	
	<p>Mr Johns presented the Internal Audit (IA) Plan Progress report, drawing Members’ attention to Section 2.1, which sets out those reports finalised since the previous meeting. The one draft report mentioned in Section 2.3 has now been finalised, which concludes the 2019/20 work programme.</p> <p>Mr Davies highlighted that the picture in the table on page 3 of the main report is incorrect, as the assurance rating for the Estates Assurance Follow-up is Substantial Assurance rather than Reasonable Assurance.</p>	
	<p>The Committee NOTED the Internal Audit Progress Report.</p>	

AC(20)119	Internal Audit Plan 2020/21	
	<p>Mr Johns presented the IA Plan 2020/21, reminding Members of previous discussions regarding the need to review and update the Plan. As outlined in the document, the revised version of the plan has been prepared in conjunction with the Board Secretary and Executive Director of Finance. The original plan was reviewed and consideration given to the practicalities of completing audits and changes in risk. The work programme was revised in light of these discussions and the Plan updated accordingly. A full audit trail of the changes is included as Appendix A1, and the updated Plan is included as Appendix A2.</p>	
	<p>Referencing page 1 of the SBAR, Mrs Hardisty noted the statement that each audit had been allocated a Red, Amber or Green rating; however, there are no Amber rated audits in the Plan. Mr Johns explained that all had subsequently been rated as Red or Green, following review by the Lead Executive. Reiterating discussions at previous meetings, assurance was requested regarding delivery of the audit work programme and whether all parties are committed to meeting the required timescales. Members heard that several audits have already commenced, with the UHB requesting that IA prioritise certain areas, for example in relation to COVID-19. Mr Johns emphasised that the IA team are cognisant of this issue, and are committed to delivering the Plan as presented. Noting that a number of the timings for starting audits are 'Q1/2', 'Q2/3', Mr Lewis enquired whether it would not be better to commit to a specific quarter, which would allow early warning in the case of any slippage. Mr Johns explained that this broader indicative timescale is to provide flexibility, for example to allow for pressures from future peaks in the COVID-19 pandemic. The Internal Audit Plan Progress Report being prepared for the August 2020 meeting will contain a more specific indication of the ARAC meeting to which each IA report will be presented.</p>	
	<p>Mr Newman confirmed that this issue had been discussed with Mr Johns when reviewing the Plan. He agreed, however, that there must be a clear indication in future IA Plan Progress Reports of any instances of slippage, so that ARAC is fully aware. This is a dual responsibility – for the IA team to highlight slippage, and for ARAC to determine what action is necessary. Furthermore, it is essential that the progress reports include the quarter when the report will conclude in order that this can be matched to the ARAC work programme. Mr Johns committed to include this in future IA Plan Progress Reports. Mr Newman emphasised that this will be monitored closely against the assurance that the plan would be delivered in the timescales indicated.</p>	JJ
	<p>The Committee APPROVED the revised Internal Audit Strategy, Plan and Charter for 2020/21.</p>	

AC(20)120	Glangwili Hospital, Women & Children's Development Phase 2 (Reasonable Assurance)	
	<p>Mr Eifion Jones introduced the Glangwili Hospital, Women & Children's Development Phase 2 report, explaining that this had been a review of the processes in place to manage this project. The project is highly complex, with multiple phases and a value of circa £26m. Section 5 on page 8 of the report outlines the Assurance Summary, with one rating of</p>	

Limited Assurance for Change Management. Further detail is provided on page 12, with the current forecast being an overall delay of 31 weeks, of which 18.7 weeks is unassessed. Whilst recognising the difficulties in assessing delays, this process must be undertaken. As reflected in the recommendation, the Site Supervisor is in a unique position to provide feedback and should be utilised. Mr Jones also highlighted the issue of VAT recovery, as outlined on page 10, noting that subsequent to the audit fieldwork, WG approved the UHB's application to retain these funds. Two key weaknesses had been identified during the audit: delay damages and cost activity schedule. It is also recommended that risk management processes be strengthened. The approach taken by the UHB, whilst not necessarily consistent with best practice, reflects the lack of national guidance/consensus in this area. Steps are being taken to address this deficiency. Taking all of this into account, however, the findings of the audit are positive, with an overall rating of Reasonable Assurance having been awarded.

Mrs Hardisty was concerned that ARAC should not take this level of assurance, based on the report. The UHB remains in dispute with a key partner on the project, and there is a lack of clarity around delays, which are placing pressure and stress on staff working in this area. Mrs Hardisty was particularly concerned by the delays, of which she had not previously been aware. Also the delay damages, and the lack of financial impact/consequence for contractors. Mr Jones explained that, whilst contracts are negotiated at a local level, there is an overarching framework-level arrangement. Fee rates are agreed locally, however the total cost is not. All arrangements are agreed by both parties. The issue here relates to which fee rate should be applied; it is accepted, however, that fees should not be under dispute at this point. With regard to delays, Members were reminded that this is a phased project. There have been a number of delays as a result of access to specific areas and avoidance of disruption to existing services. These delays have not, to date, incurred any additional costs and remaining delays are unlikely to do so. In terms of a contingency position; a risk workshop had taken place at the beginning of the project to establish a risk register for the project. These risks have been managed. The issue is with emerging risks, which are being managed through the project group.

Other Members shared Mrs Hardisty's concerns, particularly around the level of delay damages being £1 per week, a total of £18.70 to date. Mr Jones explained that the national framework is 'silent' on this issue. In negotiating the contract for this project, a collaborative approach was taken, with the view being that there should be joint responsibility. In implementing a capital project of this type, Mr Lewis would expect the contractor to develop a plan and for the UHB to agree what is possible. It is accepted that if the contractor is unable to access the site as agreed, it is unreasonable for the UHB to expect recompense. However, if unrestricted access is provided, the project should be delivered on time. Mr Newman echoed the sentiment noting this agreement benefits the contractor, and that the management response to Recommendation 10 does not address the issue, pointing out that

	<p>the UHB is the client, rather than NHS Wales Shared Services Partnership (NWSSP).</p> <p>In view of the level of concern expressed, it was agreed that this matter should be flagged in ARAC's Update Report to Board, with a copy of the IA report to be appended. Mrs Wilson informed Members that an update on this project is to be provided to the People, Planning & Performance Assurance Committee (PPPAC) and suggested that this be referred to PPPAC for detailed discussion. Mr Newman emphasised the need for lessons to be learned for future capital projects, suggesting that there should be discussion at Board level when significant investment is involved. It was also noted that there are likely to be impacts from a Quality and Safety perspective, with it suggested that the Executive Director of Nursing, Quality & Patient Experience be consulted in this regard.</p> <p>The Committee NOTED the Glangwili Hospital, Women & Children's Development Phase 2 (Reasonable Assurance) report and AGREED that ARAC's concerns should be flagged to the Board.</p>	<p>PN/ JW</p> <p>JW</p> <p>JW</p>
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AC(20)121	<p>Mortality Rates (Reasonable Assurance)</p> <p>Mr Johns introduced the Mortality Rates report, outlining the main findings, which included improvements in the timeliness of mortality reviews. There are issues around documentation, and one high priority recommendation was made. The overall assurance rating was Reasonable Assurance.</p> <p>Referencing Recommendation 2, Mr Lewis highlighted findings whereby the last question on the Stage 1 form, which identifies whether a Stage 2 review is required, was not answered. He was concerned by the management response that this question does not form part of the mandatory Universal Mortality Review (UMR) questions and that 'blank entries are chased where capacity allows'. The former seems to disregard that answering this question offers an opportunity to provide important clarity/information, and the latter does not provide assurance that this will be adequately addressed going forward. Mr Newman suggested that the issue may be due to the design of the form itself. However, it was agreed that Mrs Wilson would seek further clarification from the Executive Medical Director.</p> <p>The Committee NOTED the Mortality Rates (Reasonable Assurance) report.</p>	<p>JW</p>
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AC(20)122	<p>IM&T Assurance Follow-up (Reasonable Assurance)</p> <p>Mr Johns introduced the IM&T Assurance report, stating that this was a follow-up review and is a consolidation of previous IM&T reviews. Of the 14 previous recommendations, 11 have been fully implemented and 1 partially implemented. This represents positive progress, although there are still a few recommendations outstanding. A rating of Reasonable Assurance had been awarded.</p> <p>The Committee was pleased to note the updated position.</p> <p>The Committee NOTED the IM&T Assurance Follow-up (Reasonable Assurance) report.</p>	
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AC(20)123	Health & Safety (Reasonable Assurance)	
	<p>Mr Johns introduced the Health & Safety report, which had a rating of Reasonable Assurance. The audit had identified areas of good practice, including policies and reporting structures. There was 1 high priority finding and 4 medium priority findings, with recommendations made in respect of each.</p> <p>With regards to Recommendation 5, Mrs Hardisty advised that the Health & Safety Assurance Committee (HSAC) had met on 22nd June 2020, and had received an annual report. It was also clarified that the Health & Safety Executive (HSE) report had not been presented to the Business Planning & Performance Assurance Committee (BPPAC); a summary had been included in a Health & Safety and Emergency Planning Sub-Committee report. It was suggested that the statement on page 10 of the report should be amended to reflect this. The full HSE report and recommendations had only been seen by HSAC at its meeting yesterday. Referencing the annual report, Mrs Beare clarified that this needs to be a report on compliance with Health & Safety legislation, not a report on Health & Safety activity. The same needs to apply in relation to Fire Safety. Mr Newman emphasised that these will be key documents for the UHB and that they must be in the correct format and submitted to the relevant committee(s).</p>	JJ
	The Committee NOTED the Health & Safety (Reasonable Assurance) report.	

AC(20)124	Variable Pay (Reasonable Assurance)	
	<p>Mr Johns introduced the Variable Pay report, emphasising that this had identified that the UHB has the requisite agreed policies and procedures in place. There is also a formalised process for recording overtime. Whilst there are certain weaknesses, the rating overall is one of Reasonable Assurance.</p> <p>Mr Newman indicated that the management response to Recommendation 1 does not adequately address the issue. Mr Johns agreed that there was a sense of resistance to the use of the RosterPro system without full justification. It was also felt that the management response to Recommendation 3 should be reviewed as being inadequate. Mrs Hardisty further queried why it is identified as a Workforce team responsibility to review a procedure, when it should be a management responsibility to review and monitor the hours of their staff. In light of these concerns, it was agreed that the management response should be reviewed and brought back to the next meeting.</p> <p>In view of the foregoing queries relating to IA reports and management responses with a reasonable assurance rating, it was suggested that Executive Leads should be available at future ARAC meetings to answer queries in relation to these as well as those with a limited assurance rating.</p>	JW JW
	The Committee NOTED the Variable Pay (Reasonable Assurance) report and REQUESTED that the management response be reviewed.	

AC(20)125	Business Continuity	
	DEFERRED to 25 th August 2020.	

AC(20)126	Capital Assurance Follow-up (Reasonable Assurance)	
	Mr Jones introduced the Capital Assurance report, explaining that this was a follow-up of capital recommendations. The Audit Tracker had been utilised to establish the status of recommendations; with 28 having been closed, and a summary of those remaining on page 7 of the report. An overall rating of Reasonable Assurance had been awarded. It is suggested that there should be a centralised record of lessons learned from capital projects.	
	Mrs Hardisty requested that there be consistency in titles for Mr Rob Elliott's role, noting that this is incorrect on page 2. Mr Newman queried the decision not to investigate the procurement of land for the Cardigan Integrated Care Centre, which Mrs Wilson agreed to follow-up.	EJ JW
	The Committee NOTED the Capital Assurance Follow-up (Reasonable Assurance) report.	
AC(20)127	Estates Assurance Follow-up (Substantial Assurance)	
	Mr Jones introduced the Estates Assurance report, which was another follow-up review, this time in relation to Estates recommendations. There was only 1 recommendation outstanding, resulting in a very positive assessment and a Substantial Assurance rating.	
	The Committee NOTED the Estates Assurance Follow-up (Substantial Assurance) report.	
AC(20)128	National Standards for Cleaning Follow-up (Reasonable Assurance)	
	Mr Johns introduced the National Standards for Cleaning Follow-up report, reminding Members that the original IA report had received a rating of Limited Assurance. The improved rating of Reasonable Assurance recognises the progress made in implementing recommendations, although certain actions are yet to be fully implemented. Progress is detailed in the table on page 6 of the report.	
	The Committee NOTED the National Standards for Cleaning Follow-up (Reasonable Assurance) report.	
AC(20)129	Standards of Behaviour	
	DEFERRED to 25 th August 2020.	
AC(20)130	Finance Committee Assurance Report around the Discharge of their Terms of Reference	
	Mr Thomas presented the Finance Committee Assurance report, explaining that this was the annual summary of Finance Committee activities.	
	The Committee NOTED the content of the Finance Committee Assurance report and was ASSURED that the Finance Committee has operated effectively during 2019/20.	
AC(20)131	Charitable Funds Committee Assurance Report around the Discharge of their Terms of Reference	
	<i>Ms Sarah Jennings joined the Committee meeting.</i>	

	<p>Ms Sarah Jennings introduced the Charitable Funds Committee Assurance report, advising that this was the standard annual report on the Committee's activities. It includes two elements not in previous years' reports, detailed on page 6: the change to the Charitable Funds Committee Scheme of Delegation; and approval of the Hywel Dda Health Charities Three-Year Plan 2020/23. As this would be Ms Jennings' final attendance at ARAC, she wished to recognise the significant progress in regards to Charitable Funds made in recent times. Mr Newman thanked Ms Jennings for her report and wished her well in her new role.</p> <p><i>Ms Jennings left the Committee meeting.</i></p>	
	<p>The Committee NOTED the content of the Charitable Funds Committee Assurance report and was ASSURED that the Charitable Funds Committee has operated effectively during 2019/20.</p>	

<p>AC(20)132</p>	<p>Audit Tracker</p> <p>Mrs Wilson presented the Audit Tracker report, which provides an update on progress against recommendations, including work agreed by the Board in April 2020 in respect of implementation of high priority recommendations from audits and inspections during COVID-19. Members heard that the Risk Officers have been in contact with various areas of the UHB to obtain updates, which has been challenging due to the pressures caused by COVID-19. There is an omission on page 3 of the report, where individual areas who had not provided a response were to be identified; on reflection, Mrs Wilson had felt the Executive Director of Operations should be allowed the opportunity to address this with members of his operational teams in the first instance.</p> <p>Whilst accepting that there are challenging circumstances currently, Mr Newman emphasised the need for progress in those areas where there is a lack of clarity regarding dates, as the list will continue to expand. Mrs Wilson stated that the intention is that there will be greater detail in this regard provided at the August ARAC. A meeting is planned with the Director of Operations next week. Mrs Hardisty suggested that the establishment of HSAC means that the UHB is in a better position to make more progress in regards to HSE and Mid and West Wales Fire and Rescue Service (MWWFRS) recommendations.</p> <p>The Committee TOOK ASSURANCE regarding 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 progress made on the implementation of high priority recommendations from audits and inspections, in line with the agreed timescales; • The review and assessment of all other recommendations as to whether they can be implemented within timescales as planned. 	
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<p>AC(20)133</p>	<p>Head of Internal Audit Opinion & Annual Report 2019/20</p> <p><i>Miss Maria Battle and Mr Steve Moore joined the Committee meeting.</i></p>	
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	<p>Mr Johns introduced the Head of Internal Audit Opinion & Annual Report 2019/20, advising Members that this is one of the key documents presented to the Committee on an annual basis. Mr Johns proceeded to outline the content of the report, including key messages in section 1.2, with an overall opinion of Reasonable Assurance. The mechanism for reaching this opinion is detailed in section 1.4, with 7 of the 8 assurance domains having received positive ratings, and 1 having received a rating of Limited Assurance. During the course of the year, 8 Internal Audits have received a Limited Assurance rating. The purpose of the Head of Internal Audit Opinion is outlined in section 2.2, and detailed analysis of the opinion is provided in section 2.4. Section 3 provides a summary of other work within NHS Wales relevant to the UHB. Section 4 focuses on delivery of the Internal Audit Plan, and Section 5 offers a breakdown of the assurance levels for Internal Audits conducted during the year. Mr Johns concluded by stating that the key message for ARAC is the overall opinion of Reasonable Assurance.</p> <p>Referencing Appendix C, and the 'Report turnaround: time taken for management response to draft report' Performance Indicator, Mr Newman queried the Green status. With an actual figure of 79%, versus a target of 80%, it was suggested that this should have Amber status. Mr Johns explained that a variance of 10% is allowed as part of the protocol.</p>	
	<p>The Committee RECEIVED the Head of Internal Audit Opinion & Annual Report 2019/20 and CONSIDERED the assurance provided by the overall annual opinion.</p>	

AC(20)134	<p>Overview and Performance Report (Section of HDdUHB Annual Report)</p> <p>Mrs Wilson presented, on behalf of Mrs Karen Miles, the Overview and Performance Report, which forms the 'front end' of the HDdUHB Annual Report. Members noted that Mrs Wilson had approved this on behalf of Mrs Miles and that the Chairs of BPPAC and PPPAC have also approved the document. Furthermore, it was recognised that the report had been prepared in accordance with the Manual for Accounts. Mrs Wilson wished to thank Ms Tracy Price in the Performance team for her work in supporting the preparation of the report.</p> <p>Mr Newman commended the report as well written and engaging, with an excellent presentation style. He requested that the Committee's thanks be communicated to those involved in preparing the report.</p>	
	<p>The Committee APPROVED the Performance Report chapter of the 2019/20 Annual Report for onward ratification by Board, recognising that this has been approved by the previous Chair of BPPAC and current Chair of PPPAC.</p>	JW

AC(20)135	<p>Accountability Report</p> <p>Mr Steve Moore introduced the Accountability Report, thanking Mrs Wilson and her team for all their work preparing this document, particularly at a time when they were also contributing to work relating to COVID-19 and effectively managing and operating two governance processes. Mrs Wilson advised Members that the Accountability Report has been reviewed by Welsh Government, Internal Audit and Audit Wales, with suggested amendments incorporated where appropriate,</p>	
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	<p>and had been prepared in accordance with the requirements of the Manual for Accounts. Where suggested amendments have not been incorporated, narrative to support this decision has been provided to partners. Mrs Wilson noted that the Chair of ARAC had reviewed and approved the amendments that had been made to the document since the draft report had been presented to ARAC. Mrs Wilson thanked Mrs Beare for her assistance in preparing the report.</p> <p>Mrs Hardisty welcomed the report stating that, whilst this document is always of a very high quality, to have achieved this while managing the other current pressures should be recognised. The time and effort involved in collating and drafting this report should not be underestimated. Mr Newman echoed these sentiments.</p>	
	<p>The Committee SUPPORTED the content of the Accountability Report, in order to provide assurance to the Board that a robust governance process was enacted during the year and RECOMMENDED its subsequent approval by Board.</p>	

AC(20)136	<p>Audit Enquiries to those Charged with Governance and Management – Response</p> <p>Mr Thomas presented the Audit Enquiries to those Charged with Governance and Management report, which outlines the UHB’s response to Audit Wales in this matter. Members’ attention was drawn to the inclusion of the response from 2018/19, for information.</p> <p>Mr Newman reiterated concerns expressed previously regarding the ‘unreasonable’ nature of Question 1 on page 10, stating that it is not possible to achieve this assurance level. Agreeing, Mr Thomas suggested that all the organisation can do is to provide assurance that it has taken reasonable endeavours to comply with necessary legislation and regulations.</p> <p>The Committee REVIEWED the response prepared and RATIFIED this for onward submission to Audit Wales.</p>	
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AC(20)137	<p>Audit Wales ISA 260 and Letter of Representation</p> <p><i>Ms Ann-Marie Harkin joined the Committee meeting.</i></p> <p>Ms Ann-Marie Harkin introduced the Audit Wales ISA 260 and Letter of Representation, reminding Members that Audit Wales is required to comment on specific issues, which are contained within the report. Whilst the current COVID-19 pandemic has impacted significantly, the audit process has been very smooth. Ms Harkin thanked Mr Thomas and his team for preparing the UHB’s accounts to the earlier deadline and for providing high-quality accounts. As detailed within the report, Audit Wales intends to issue a qualified audit opinion on the UHB’s accounts. Ms Harkin drew Members’ attention to point 14, which highlights an emphasis of matter resulting from a Ministerial Direction issued in December 2019 relating to NHS Clinicians’ pension tax liabilities. Whilst there is no evidence to date of take-up within HDdUHB, clinicians have until the end of July to enact this; therefore, the position may change. There are no uncorrected misstatements remaining, although some have been corrected, which are outlined in Appendix 3. Other significant issues arising from the audit are detailed in Exhibit 2,</p>	
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	<p>and include the contingent liability and emphasis of matter mentioned above and an Orthodontic accrual and contingent liability. With regard to the latter, whilst WG had a different view, HDdUHB had chosen to include this accrual in their accounts. Ms Harkin emphasised that this is not material, and suggested that it would be helpful to have further clarification going forward.</p> <p>Referencing the contingent liability relating to clinicians' pensions tax, Mr Thomas noted that the deadline for initial nomination is 31st July 2021; therefore, this will remain an issue for a couple of years. The Orthodontic accrual is a complex issue and there is a lack of clarity from WG in this regard, which will be pursued via the normal processes. Mr Newman thanked Audit Wales for their report and work, and was pleased to hear that the audit process had worked effectively.</p>	
	<p>The Committee NOTED the Wales Audit Office ISA 260 and Letter of Representation.</p>	

AC(20)138	Final Accounts for 2019/20	
	<p><i>Ms Rhian Davies, Ms Jennifer Thomas and Ms Julie Bowen joined the Committee meeting.</i></p> <p>Mr Thomas presented the Final Accounts for 2019/20, welcoming the comments from Ms Harkin and thanking both the Finance team and Audit Wales team for their efforts. Mr Thomas suggested that there is much which can be carried forward into future years. Moving onto the Annual Accounts presentation, Mr Thomas took Members through slides outlining the organisation's performance against each of the Statutory and Non-Statutory financial targets. Material changes to the draft accounts presented on 5th May 2020 were also highlighted, with some of these having been discussed already. With regard to the increase in employer pensions costs contribution, Mr Thomas explained the adjustment from the draft accounts was simply presentational to separately show the £17.529m impact for HDdUHB in the relevant notes. (The effect on the financial outturn is neutral as the expenditure has been paid by WG, the costs and funding are notional with no corresponding cash transfers to cover the adjustments.) There was, as outlined, a slight impact on last year's budget of COVID-19, mainly in relation to increased prescribing costs due to GPs issuing longer repeat prescriptions. Whilst the benefit of this will be felt in 2020/21 year's figures, there will be other significant expenditure relating to COVID-19. Members were reminded that the draft accounts were considered by ARAC in May 2020, and have also been presented to the Finance Committee for consideration.</p> <p>With regard to the clinicians' pension tax liability, Mr Lewis enquired whether this is a unique occurrence, or ongoing. In response, Mr Thomas advised that this has not yet been determined. If it is to continue, there would need to be a change in the tax regulations, which has not been enacted to date.</p> <p><i>Ms Davies, Ms Thomas and Ms Bowen left the Committee meeting.</i></p>	
	<p>The Committee APPROVED the Final Accounts 2019/20 for onward ratification by the Board at its 23rd June 2020 meeting.</p>	

AC(20)139	Audit Wales Structured Assessment 2020 – Briefing Note The Committee NOTED the Audit Wales Structured Assessment 2020 Briefing Note.	
AC(20)140	Audit & Risk Assurance Committee Work Programme 2020/21 The Committee NOTED the ARAC Work Programme. Mrs Wilson assured Members that, following earlier comments regarding the timing of IA reports, these will be incorporated into the workplan.	
AC(20)141	Counter Fraud Update Mr Thomas presented the Counter Fraud Update report, which outlines activity to date. Members were advised that the UHB has completed and submitted a NHS Counter Fraud Authority Self-Review Tool return, approved by both the Director of Finance and Chair of ARAC. Completion of this document had raised no significant issues. Certain work has not been possible due to COVID-19. Appendix 1 provides a useful summary of Fraud threats to the NHS from COVID-19. The Committee NOTED the Counter Fraud Update report.	
AC(20)142	Any Other Business There was no other business reported.	
AC(20)143	Reflective Summary of the Meeting 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: <ul style="list-style-type: none">• An update on Radiology will be provided to the next meeting;• An update on Cyber Security will be provided to the next meeting;• The Committee reviewed arrangements for Declaring and Registering Interests Gifts, Hospitality, Honoraria and Sponsorship.• The Committee reviewed the annual summary of STAs;• The Committee received an update on Audit Wales work;• The Committee received an update on progress with regard to achievement of Structured Assessment recommendations from 2018 and 2019 recognising an update was required on the re-establishment of Executive Performance Review;• The Committee approved the Internal Audit Plan for 2020/21;• An agreement to raise to the Board concerns regarding the findings of the GGH Women & Children’s Internal Audit report and to append a copy of the report;• A request for more clarity regarding certain IA reports and their management responses;• A request that Executive Directors be available to speak to IA reports in their portfolio at ARAC meetings;• The Committee was assured that the Finance Committee has operated effectively during 2019/20;• The Committee was assured that the Charitable Funds Committee has operated effectively during 2019/20;• The Committee received an update on the Audit Tracker, noting that more detailed updates will be provided at the next meeting;	

	<ul style="list-style-type: none"> • The Committee received the following Year-End documentation: <ul style="list-style-type: none"> ○ Head of Internal Audit Opinion & Annual Report 2019/20, with an overall opinion of Reasonable Assurance; ○ Overview and Performance Report (Section of HDdUHB Annual Report); ○ Accountability Report; ○ Audit Enquiries to those Charged with Governance and Management – response; ○ Audit Wales ISA260 and Letter of Representation; ○ Final Accounts for 2019/20. 	
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AC(20)144	Date and Time of Next Meeting	
	9.30am, 25 th August 2020, Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen	