

**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, 25 th February 2020
Venue:	Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen

Present:	Mr Paul Newman, Independent Member (Committee Chair) Mr Mike Lewis, Independent Member (Committee Vice-Chair) Mr Owen Burt, Independent Member Cllr. Simon Hancock, Independent Member Mrs Judith Hardisty, Vice-Chair, HDdUHB
In Attendance:	Ms Ann-Marie Harkin, Wales Audit Office Ms Anne Beegan, Wales Audit Office Mr Jeremy Saunders, Wales Audit Office Mr James Johns, Head of Internal Audit, NWSSP Mr Gareth Heaven, Internal Audit, NWSSP Mrs Joanne Wilson, Board Secretary Mr Huw Thomas, Director of Finance Mrs Charlotte Beare, Head of Assurance and Risk Mr Matthew Evans, Local Counter Fraud Specialist (part) Mr Martyn Palfreman, Head of Regional Collaboration, West Wales Care Partnership (part) Dr Leighton Phillips, Deputy Director for Research and Innovation (part) Mr Andrew Carruthers, Director of Operations (part) Ms Clare Moorcroft, Committee Services Officer (Minutes)

Agenda Item	Item	
AC(20)01	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"> • Mr Maynard Davies, Independent Member • Mr Steve Moore, Chief Executive • Mr Simon Cookson, Director of Audit & Assurance, NWSSP • Dr Philip Kloer, Medical Director & Director of Clinical Strategy • Ms Sarah Jennings, Director of Partnerships & Corporate Services 	
AC(20)02	Declaration of Interests No declarations of interest were made.	
AC(20)03	Minutes of the Meeting held on 19th December 2019 RESOLVED – that the minutes of the Audit & Risk Assurance Committee meeting held on 19 th December 2019 be APPROVED as a correct record.	

AC(20)04

Table of Actions

An update was provided on the Table of Actions from the meeting held on 19th December 2019 and confirmation received that outstanding actions had been progressed. In terms of Matters Arising:

AC(19)138 – Members noted that this issue had been escalated to Board. As detailed under **AC(19)234**, it had been agreed that a report would be prepared for the In-Committee Board meeting on 26th March 2020.

AC(19)168 – the Wales Audit Office (WAO) Structured Assessment is to be discussed as part of the agenda for today’s meeting.

AC(19)173 and **AC(19)250** – the WAO NHS Consultant Contract Follow-up Review is due to be revisited at the 21st April 2020 ARAC meeting. Updates regarding the Internal Audit into Consultant & Specialty and Associate Specialist (SAS) Doctors Job Planning are attached as appendices to the Table of Actions.

AC(19)222 – an update is provided within the Table of Actions, which references additional meetings due to take place; a further update will be requested for the next meeting.

AC(19)234 (AC(19)200) – assurance has been provided that the new switchboard infrastructure will resolve the lone working and European Working Time Directive (EWTD) issues previously of concern to ARAC.

AC(19)234 (AC(19)207) – Mr Anthony Tracey had, as requested, enquired whether other Health Boards had conducted a ‘whole system’ test. It was agreed that the associated action be closed.

Mrs Judith Hardisty noted the intention to revisit Job Planning at the next meeting, and requested that the update presented include data around variation across sites and steps being taken to introduce consistency; for example, the sharing of good practice. Mrs Joanne Wilson agreed to feed this back to Dr Philip Kloer. Mr Newman, whilst pleased to note the progress on Job Planning outlined via the Table of Actions, emphasised the need to fulfil the commitment regarding levels of compliance by year end.

Members noted that the updated management response relating to the WAO Review of Primary Care was also included within the appendices to the Table of Actions. Although a number of the actions, for example 5b and 3a, are constrained by national issues; making the setting of timescales challenging, Mrs Wilson has requested that Ms Jill Paterson liaise with the national group to identify dates for the Audit Tracker. Mrs Hardisty advised that the Health Board Vice-Chairs receive regular briefings on Primary Care. Whilst there are dates nationally which are being worked towards, these can be impacted by delays in other parts of Welsh Government (WG). Mr Newman enquired whether WAO frequently note issues with All Wales processes around a lack of clear timelines. In response, Ms Anne Beegan suggested that perhaps the UHB is over-complicating recommendation 5b by focusing on the national workforce tool, highlighting that the actual recommendation

JW

	<p>relates to ensuring that local primary care workforce plans are aligned with its Health & Care Strategy. Mrs Wilson agreed to discuss this with Ms Paterson.</p> <p>It was agreed that completed actions would be removed from the Table of Actions.</p>	JW
AC(20)05	Matters Arising not on the Agenda	
	There were no matters arising not on the agenda.	
AC(20)06	Feedback from the Targeted Intervention Meeting	
	Members noted that there had been no Targeted Intervention meetings since the one held on 18 th December 2019, which had been reported to the previous ARAC meeting.	
AC(20)07	Audit & Risk Assurance Committee Self-Assessment of Performance 2019/20	
	Mrs Wilson introduced the ARAC Self-Assessment of Performance 2019/20 report, reminding Members of this annual process. Subject to ARAC's approval, the questionnaire will be circulated within the next couple of weeks.	CM
	The Committee CONSIDERED the proposed Self-Assessment of Committee Effectiveness Questionnaire template and SUPPORTED its use for 2019/20.	
AC(20)08	Annual Review of the Committee Terms of Reference and Membership	
	Mrs Wilson presented the Annual Review of the Committee Terms of Reference and Membership, drawing Members' attention to the two minor changes detailed within the report.	
	The Committee APPROVED the Audit & Risk Assurance Committee's Terms of Reference for onward ratification by the Board on 26 th March 2020.	
AC(20)09	Financial Assurance Report	
	<p>Mr Huw Thomas outlined the Financial Assurance Report, advising that its format is consistent with previous reports. Members noted that, as detailed under 2.6.1, two tax issues relating to the HMRC Accounts Receivable inspection and Home Technology Salary Sacrifice scheme had now been concluded. Mr Thomas reported that the UHB's relationship with HMRC is considerably improved, and that its risk rating has reduced, which are both positive developments. During further discussion of the report, the following points were raised:</p> <ul style="list-style-type: none"> • Clarification was requested regarding the reason for the UHB's improved relationship with HMRC. Members heard that a member of staff with specific experience of tax and revenue work had been appointed to the Finance team approximately two years ago. This had improved communication between the UHB and HMRC, and the member of staff had also been proactively identifying and addressing tax risks; • Referencing the two Single Tender Actions (STAs) for Medical Imaging Systems Ltd detailed in Appendix 1, it was noted that STAs 	

seem to be utilised regularly for equipment, particularly in Radiology, and there was a query regarding whether an alternative mechanism would be more appropriate. Members heard that these STAs relate to replacement rather than maintenance of equipment, and that the UHB is restricted to the same supplier. Future reports should include further detail around why an STA was used and how value for money has been achieved. It was agreed, however, that there should be an alternative mechanism for approving planned replacements such as this, and Members noted that this has been raised by the Director of Finance;

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- With regard to the £39k loss relating to an overseas patient outlined in Appendix 5, it was queried whether such instances are 'flagged' on NHS/immigration systems, in case the patient returns to seek further treatment. Members were assured that there is a system in place, such that amounts owing for treatment beyond a certain financial threshold are flagged on Home Office systems;
- It was noted that the 'No PO No Pay' graph showed a 'spike' in February 2019, with the reason for this queried. Compliance with this process is variable; however, there is a lack of associated narrative/assurance in this report, compared with previous reports. Members heard that the 'spike' was likely to be connected to year-end and/or the policy being implemented. Compliance with the 'No PO No Pay' policy has improved significantly, particularly since targeted training was introduced;
- There is reference in the Counter Fraud update to underpayment, as well as overpayment, of salaries. It was suggested that ARAC should receive details of underpayments of salary as part of the Financial Assurance report. Members were reminded that the purpose of the report is to highlight financial risks; overpayment of salaries is a financial risk for the organisation. Underpayment of salaries, whilst unsatisfactory for the staff concerned, is not a financial risk to the organisation;
- In terms of presentation/consistency of reporting, it was noted that 2.2.2 (Aged Payables), references unpaid supplier invoices **over 30 days old**, whereas 2.3.1 (Aged Receivables), references debt owed to the Health Board **under 30 days old**;
- There is a statement on page 9 that 'the All Wales Overpayment policy being developed by NWSSP is not forthcoming; this is key to ensuring stronger controls are in place'. Members heard that a Task & Finish group has been established to draft a HDdUHB policy, to ensure that work in this area is not impacted due to delays in the issuing of an All Wales policy;
- Disappointment was expressed regarding the situation outlined on page 11, in relation to an overpayment made to HMRC due to interface issues between IT systems. Members were informed that this is a UK-wide issue;
- The justification provided for two of the STAs presented (RCGP and eConsult) appear more suited to why the UHB might award the contract to these suppliers following a tendering process, rather than for the use of STAs. Members heard that the full STA form does include a greater level of detail, which should probably be included in future reports;

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	<ul style="list-style-type: none"> • Whilst it would be difficult to contemplate using a supplier other than the RCGP for one STA, due to the specialist expertise offered, these concerns were accepted in relation to eConsult. This procurement should have been subject to a formal tendering process, and this matter has been discussed with the relevant department; • In response to a query regarding what steps are being taken to avoid a repeat of this situation, Members heard that work is required to ensure that Primary Care Cluster funding is integrated/regularised into the core financial business of the UHB. Processes have been put into place with Cluster Leads to ensure improved future financial planning; • Increases in Medical Negligence and Personal Injury provisions detailed on page 13 were noted, with it queried whether this will result in a financial impact for the UHB in terms of the Welsh Risk Pool (WRP). Also, whether it is intended to analyse cases and take steps to avoid recurrence in the future. In response, Members heard that there are a number of cases due to be considered as part of a 'round table discussion' in March 2020. It is likely that the UHB's WRP risk share will be reduced to £600k, which should result in an underspend on the forecast budget for this. The increases in provision do raise questions in terms of the 'volatility' of WRP processes, and Health Boards need to ensure that lessons are learned from cases/claims. Members were reminded that a Listening and Learning Sub-Committee is being established, which will provide a forum for such discussions, and which will report to the Quality, Safety & Experience Assurance Committee (QSEAC). <p><i>Mr Martyn Palfreman joined the Committee meeting.</i></p> <p>The Committee NOTED the Financial Assurance report, and APPROVED the losses and debtors write offs noted within.</p>	
AC(20)10	<p>Annual Statement of Financial Procedures</p> <p>Mr Thomas introduced the Annual Statement of Financial Procedures report, which details the proposed programme for planned reviews of financial procedures during 2020/21.</p> <p>The Committee NOTED the Annual Statement of Financial Procedures report.</p>	
AC(20)11	<p>Wales Audit Office Update Report</p> <p>Mr Jeremy Saunders and Ms Beegan presented the WAO update report, with Members advised that work on the Orthopaedics Follow-up Review is slightly behind schedule, due to the amount of data required. All fieldwork for the Counter Fraud Phase 2 Review has been completed and a short summary for NHS bodies is being prepared. Scoping has been completed for the national Quality Governance Review, and fieldwork will commence in the next couple of weeks. Following discussion with the UHB, it had been agreed that the proposed Clinical Equipment Review would be replaced with a Review of the Sustainable use of Referral to Treatment (RTT) Monies.</p> <p>The Committee NOTED the Wales Audit Office Update.</p>	

AC(20)12	<p>Wales Audit Office Audit Plan 2020</p>	
	<p>Ms Ann-Marie Harkin presented the WAO Audit Plan 2020, which sets out the work WAO intend to conduct during the forthcoming year. The plan consists of Financial Audit work, led by Mr Saunders and Performance Audit work, led by Ms Beegan. In terms of Financial Audit, this is determined by a risk-based approach, as outlined in Exhibit 2. None of the risks detailed/identified are unusual, they are common across Health Boards, and no issues or difficulties are anticipated. The planned work in terms of Performance Audit is set out in Exhibit 3. Members were informed that Audit Fees show a slight decrease of £20k, which is a reflection of efficiencies offered by the excellent working relationship between the UHB Finance team and WAO. There has been one change to the local Audit team, with Eleanor Bowdler appointed as Audit Lead (financial audit). A WAO trainee accountant is currently seconded to the UHB Finance team, and is finding the experience both worthwhile and enjoyable. The proposed timetable for 2020/21 is largely unchanged from previous years. Ms Beegan advised Members that the planned Performance Audit work relating to a governance review of the Welsh Health Specialised Services Committee (WHSSC) is already underway. It is intended that an All Wales report will be published in early Spring. A phased approach will be applied to the All Wales Thematic Review into Unscheduled Care. With regard to next year's Structured Assessment, it is possible that this will be 'light touch/high level'. If so, findings would be reported to an earlier Board Seminar. WAO also plan to work with Health Education and Improvement Wales (HEIW) to examine how they engage and interact with Health Boards.</p> <p>Referencing Exhibit 2, and the statement around potential future liability for pensions, Mrs Hardisty enquired with regard to the timescale for further information. Members heard that WAO is awaiting a steer from WG, and is also liaising with the National Audit Office in England. Mr Thomas, whilst agreeing that a national conversation was required once further information is forthcoming, suggested that this is a matter for WG to decide. Concern was expressed in terms of potential risks to the UHB which might result from NHS Wales Informatics Service (NWIS) becoming a Special Health Authority. Members noted that WAO is observing/shadowing during the transitional period, and is considering the format for any future audit of this organisation. This is likely to take the form of a Structured Assessment/governance review. The Velindre WAO team is liaising with WG and is observing the various NWIS workstreams to ensure a seamless transition. Ms Harkin assured Members that extremely close attention is being paid to this issue.</p>	
	<p>The Committee NOTED the Wales Audit Office Audit Plan 2020.</p>	
AC(20)13	<p>Wales Audit Office Structured Assessment Report and Management Response for Structured Assessment 2019 and Revised Responses to Previous Recommendations that are 'not yet complete'</p>	
	<p>Mrs Wilson introduced the WAO Structured Assessment Report 2019 and Management Response, reminding Members that the WAO Annual Report and Structured Assessment Report had been presented to the Public Board meeting on 30th January 2020. Members' attention was</p>	

	<p>drawn to the management responses at Appendix 2 and Appendix 3. Mrs Charlotte Beare informed Members that the timescales for completion of Recommendations 3a, 3c and 4 have been revised to June 2020.</p> <p>Referencing pages 4 and 5 of Appendix 2, Mr Newman queried the responsible officer for various actions relating to Transformation/the Health & Care Strategy. Members were informed that this is as a result of changes to Executive Director portfolios, with responsibility for Transformation/delivery of the Health & Care Strategy having been transferred to the Director of Planning, Performance & Commissioning.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • RECEIVED the Structured Assessment Report 2019; • AGREED that the management response provides assurance that the new recommendations within the report will be addressed appropriately; • AGREED that the revised management responses to previous years' recommendations provide assurance that these areas will be addressed in the coming year. 	
AC(20)14	<p>Wales Audit Office Orthopaedic Services Follow-up</p> <p>Deferred to 21st April 2020 meeting.</p>	
AC(20)15	<p>Wales Audit Office Integrated Care Fund (ICF) Review Update</p> <p>Mr Martyn Palfreman was welcomed to the meeting, and outlined the WAO Integrated Care Fund (ICF) Review Update report; reminding Members of the background to this item, and the key findings of the WAO Reviews, both national and local. The local report had been presented to the West Wales Regional Partnership Board (RPB) in January 2020, together with details of the various steps being taken to address the issues identified. These are outlined in the report presented to ARAC, and include:</p> <ul style="list-style-type: none"> • Improvements in programme management processes; • Strengthening of reporting arrangements and evidence required; • Increased alignment of ICF funded projects with those funded through other means, via enhanced regional governance; • Facilitating access to ICF funding for the Third Sector, with a target of 25% of funds being allocated to this; • Appointment of a Capital Programme Manager, due to the specialist nature of this work. <p>With regards to the need to develop exit strategies, Mr Palfreman emphasised that this is a significant challenge, and is an issue across Wales. A number of current services are funded through ICF monies and other transitional funding, which brings with it inherent risks. The West Wales RPB is in discussion with other RPBs and WG on this matter. WG does recognise the issue and is aware of the need for successor funding. Mr Palfreman hoped that the report provides ARAC with assurance around steps being taken to address the findings of the WAO reviews. The Committee considered the report and made the following observations:</p>	

	<p>form part of a much wider discussion regarding the Health and Social Care budget/system. It was noted that the UHB is probably more ‘fastidious’ in its assurance processes than the Local Authorities, which is helpful in terms of scrutiny.</p> <p><i>Mr Palfreman left the Committee meeting.</i></p>	
	<p>The Committee NOTED the Wales Audit Office Integrated Care Fund Review Update report as assurance that governance arrangements are in place and that the West Wales RPB is monitoring implementation of the recommended areas for improvement.</p>	

<p>AC(20)16</p>	<p>Internal Audit Plan Progress Report</p> <p>Mr James Johns presented the Internal Audit Plan Progress report, drawing Members’ attention to the key messages outlined in Section 2. It was noted that 5 Internal Audits have been completed since the previous meeting, including 2 with Limited Assurance ratings, which are being considered on the agenda today. Work is progressing on a number of other audits; however, it had not been possible to finalise the reports in time for today’s meeting. Due to changes in timescales for delivery of certain national documents, it has been necessary to alter the scheduling of delivery of some audits, as detailed in paragraph 3.3 of the report. The planning process for next year is underway, with the Internal Audit (IA) Plan 2020/21 due to be presented to the April ARAC meeting. Two new appointments have been made to the Internal Audit team, which will increase capacity and help to progress the workload in a more timely fashion.</p> <p>Mrs Wilson emphasised that prior to presenting the IA Plan to the Committee, it will need to be discussed with and approved by the Chair of ARAC. Mr Newman expressed concern regarding the number of deferred IA reports on today’s agenda, which will result in an extremely congested year-end workload, and potentially compromise the scrutiny of reports. It is important to ensure that this situation does not persist in future years. Mr Johns acknowledged these concerns, whilst suggesting that the new appointments to the IA team will assist going forward. Mrs Wilson highlighted that if there are a number of Limited Assurance reports close to year-end, preventing remedial actions, these could potentially impact on the Head of Internal Audit Opinion. Mr Johns was also reminded that an indication of time spent on audits had been requested on a number of occasions; it was suggested that this information be included within Appendix A as a permanent addition. Members were also reminded that it is important for Internal Audit to focus on high-risk areas; timely scheduling and delivery of IA reports allows the UHB to address issues identified by audits. Mrs Hardisty shared concerns regarding the Committee’s ability to effectively scrutinise a backlog of IA reports in April, and suggested that consideration be given to deferring those awarded Reasonable or Substantial Assurance ratings to a future meeting.</p> <p>The Committee CONSIDERED the Internal Audit Progress Report and the assurance available from the finalised Internal Audit reports, and ACKNOWLEDGED the recommended updates to the plan.</p>	<p>JJ</p>
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Research & Development Department Governance Review (Limited Assurance)

Dr Leighton Phillips joined the Committee meeting.

Mr Johns introduced the Research & Development (R&D) Department Governance Review report, outlining the scope of this audit, which had examined both the governance and management of the R&D department in a similar manner to audits of other UHB directorates, and R&D itself. The assurance rating awarded was Limited Assurance, with a number of recommendations made; however, it should be recognised that the scope of the audit was extensive. Key messages are set out in the conclusion of the report, with the high priority issues identified. Examples of good practice are also noted in the report, which reflects a department undergoing a period of change. Explaining that he is relatively new to the R&D function (having been in post 7 months), Dr Leighton Phillips stated that he is intending to treat the findings of the audit as valuable diagnostic data, whilst taking steps to address the issues identified. A number of actions are already underway. Members heard that the department has recently been subject to an Organisational Change Process, which has been somewhat unsettling. It has, however, addressed the gaps in structure which previously existed, together with a number of the concerns. The report was discussed in more detail, with the following points raised:

- When asked whether he had recognised the R&D department from the way it was described within the report; Dr Phillips confirmed that he recognised a number of the issues identified, particularly the gaps within the organisational structure;
- It has been possible to respond to a number of the issues raised by the audit already, with the department also able to put in place actions to address other concerns relatively promptly;
- The appointment of an experienced Operational Lead Manager will assist, as will an improved reporting structure and a stronger financial function. The challenge is how quickly such actions can be progressed;
- In response to a suggestion that the report gives an impression of the R&D department having been 'semi-detached' from the UHB, Dr Phillips agreed that the department operates differently from others within the UHB. It receives funding from, reports to and is accountable to Health & Care Research Wales, whilst being part of the UHB;
- Statements in the management response regarding a Senior Management Team meeting on 17th February 2020, at which various documents were due to be presented, were noted. Members were assured that this meeting had taken place, along with the actions outlined;
- Clarification was requested regarding the wording of the management response to Recommendation 3, in relation to the former Director of R&D and whether they have stood down from their role. In response, Members heard that the previous Director of R&D had a 2 sessional commitment, in a joint academic/clinical post. Whilst their decision to stand down has initiated a recruitment process, interim clinical cover is still required at a Director level. 1

	<p>session is being provided by another research-qualified clinician, and 1 session by the former Director of R&D;</p> <ul style="list-style-type: none"> • It has not yet been determined whether the new Director of R&D will be a joint post with the University of Swansea. There is a 4 month timescale for this appointment, which is already underway; • Members noted that the focus of the recommendation was around existing arrangements, whilst acknowledging that changes were anticipated; • It was agreed that junior management staff should not be identified as the responsible officer within management responses to any Internal Audit reports. This role should be restricted to Executive Directors or Deputy/Assistant Directors; • It would be possible to address all of the issues identified by the audit, and still not achieve proper assurance around R&D. There needs to be detailed consideration of how the UHB takes the R&D function forward; • Members noted that the wider Organisational Change Process had been instigated to ensure a clearer organisational structure. Whilst this has taken time, it has now reached a conclusion. Dr Phillips feels that the R&D department is now the correct size and structure, with strong functions in place, and is more robust as a result. The changes made put the department in a better position, and should reduce the chances of issues arising in the future; • Improvements have also been made, with the help of the Board Secretary, to scrutiny and governance processes within R&D; • It is possible that the above points have not been communicated sufficiently within management responses to the specific recommendations. <p>Summarising, Mr Newman agreed that, in focusing on the detail of the internal audit recommendations, there is a risk that the wider viewpoint has been disregarded. Members agreed that it would be useful to receive a report outlining the broader R&D position, including recent, current and planned changes. Dr Phillips welcomed the opportunity to present such a report, emphasising that there is a positive narrative around R&D which deserves to be recounted. It was agreed that this report would be presented to the June ARAC meeting.</p> <p><i>Dr Phillips left the Committee meeting; Mr Andrew Carruthers joined the Committee meeting.</i></p> <p>The Committee NOTED the Research & Development Department Governance Review (Limited Assurance).</p>	<p>JJ</p> <p>PK/LP</p>
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<p>AC(20)18</p>	<p>Preparedness & Compliance with the Nurse Staffing Act – Additional Testing</p> <p>Mr Johns introduced the Nurse Staffing Level Compliance – Additional Testing briefing paper. Members were reminded that the Committee had requested that further testing be conducted, following the presentation of the original IA report to the ARAC meeting on 29th May 2019. Internal Audit had sampled nurse staffing levels on a number of wards across the UHB. Members were assured that there is a prescribed process in place, which wards are following, and that those wards sampled are taking reasonable steps to ensure adequate staffing</p>	
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levels. The additional sampling had, however, identified more instances than the original report of wards unable to demonstrate compliance with the Act, for various reasons. The report was considered further, with the following points raised:

- Clarification was requested regarding the number of shifts sampled. Members heard that figures were based on a total of 42 shifts;
- This could potentially mean that, on one ward, non-compliance was at 50% during two of the weeks sampled; however, it was recognised that this needed to be validated;
- Members reiterated comments made at a previous ARAC meeting regarding the Substantial Assurance rating of the original report, citing the above as justification for their concern;
- It was highlighted that the UHB does have plans in place to achieve compliance with the Nurse Staffing Levels Act; its rosters are compliant. The issue is the UHB's difficulties in staffing these rosters, which is well-acknowledged by the organisation;
- Whilst not dismissing the concerns raised, there is a broader matter which is not being recognised: the judgements made by nursing managers in risk assessing every shift. No spot check audit would ever adequately acknowledge this process;
- It was suggested that the Director of Nursing, Quality & Patient Experience should have been offered the opportunity to provide a response to the findings of the additional testing;
- Members were reminded that the scope of the Internal Audit had been around processes, which are in place. The issues highlighted by the additional testing relate to staff shortages. There is a need for further information with regards to how wards are filling gaps in rotas, and potential clinical implications if gaps cannot be filled;
- Members were further reminded that there are regular reports on Nurse Staffing Levels to QSEAC, Finance Committee and Board;
- Evidence suggests that some wards are over-staffing, and the sampling data for certain wards offers more assurance;
- The additional sampling was intended to address specific queries and concerns; in doing so, it has raised others;
- Whilst there was not necessarily an issue in accepting the Substantial Assurance rating awarded for processes around the Nurse Staffing Levels Act, there remain concerns in terms of clinical assurance;
- This topic is probably more suited for discussion by QSEAC, as it involves professional clinical judgement. Members were assured that information on staffing of all wards covered by the Act is collated centrally. The new rostering system will also assist in providing much clearer information.

It was agreed that the original and additional sampling reports would be remitted to QSEAC in order to provide supplementary information for their discussions on the Nurse Staffing Levels Act.

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CM/MR

The Committee **NOTED** the Nurse Staffing Level Compliance – Additional Testing briefing paper.

<p>AC(20)19</p>	<p>Medical Devices (Reasonable Assurance)</p> <p>Mr Johns introduced the Medical Devices (Reasonable Assurance) report. The findings of the audit had been satisfactory, with a proactive approach applied by the Medical Devices team, and appropriate policies and procedures in place. A Reasonable Assurance rating had been awarded, with four recommendations made.</p> <p>Cllr. Simon Hancock noted that in the management response to Recommendation 2, a lack of administrative support for the Medical Devices Trainer is identified as an issue; however, it is not clear whether steps are being taken to address this situation. Mrs Wilson agreed to clarify this with the Director of Workforce & OD. In response to a query regarding who the Medical Devices Trainer reports to, Members noted that this post reports to the Workforce & OD team. Mrs Hardisty queried the rating of the report, in view of the significance of the two high priority recommendations, and the fact that there are also two medium priority recommendations. In response, Mr Johns indicated that a Reasonable Assurance rating had been considered appropriate, particularly in view of the proactive approach being taken by the Medical Devices team. On balance, the position is more positive than would be suggested by a Limited Assurance rating.</p> <p>In view of the concerns raised, it was agreed that the management response should be revisited/updated to provide further detail on whether plans are in place to address the audit findings. It would then be decided whether a representative from the department should attend the next meeting to speak to the management response.</p> <p>The Committee NOTED the Medical Devices (Reasonable Assurance) report and REQUESTED that an updated management response be provided to the next meeting.</p>	<p>JW</p> <p>CB</p>
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<p>AC(20)20</p>	<p>Cyber Security (Stratia Report) (Reasonable Assurance)</p> <p>Mr Johns introduced the Cyber Security (Stratia Report) (Reasonable Assurance) report, stating that whilst a number of matters are being progressed, work is still required in this area.</p> <p>Whilst noting that the ratings for Governance and External Review Awareness were reasonable and substantial respectively, Mr Thomas suggested that a rating of limited assurance for Implementing Actions was potentially more significant and should be weighted accordingly. The overall rating of the report was, therefore, queried. In response, Mr Johns felt that the Assurance Summary table is not always helpful considered in isolation. Members were assured that a number of actions are being progressed; however, others do need to be completed. Mr Newman expressed concern that the management response appears to identify various risks, only to state that the organisation is not in a position to address these, and suggested that this does not provide the Committee with assurance. Members also heard that the original cyber security assessment, conducted by Stratia Consulting in October 2017, does not currently appear on the Audit Tracker.</p> <p>In view of the concerns raised, it was agreed that the management response should be revisited/updated to provide further detail on</p>	
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	whether plans are in place to address the audit findings. It would then be decided whether a representative from the department should attend the next meeting to speak to the management response.	CB
	The Committee NOTED the Cyber Security (Stratia Report) (Reasonable Assurance) report and REQUESTED that an updated management response be provided to the next meeting.	

AC(20)21	Internal Audit Reports	
	<p>The following Internal Audit Reports were deferred to the 21st April 2020 meeting:</p> <ul style="list-style-type: none"> • Glangwili Hospital, Women & Children's Development Phase 2 • Bronglais Hospital Front of House Development and Fire Lift – Final Account • Core Financial Systems • Variable Pay • Commissioning and Contracting • Rostering • Closure of Actions • IT Follow-up • Health & Safety <p>The following Internal Audit Reports were deferred to 2020/21:</p> <ul style="list-style-type: none"> • Collaborative Development Support – Major Strategic Investment Programmes • IT Service Management • Health & Care Strategy • Medical Leadership & Aspiring Leaders Programme 	

AC(20)22	Bronglais General Hospital Directorate Governance Review (Limited Assurance)	
	<p>Mr Johns introduced the Bronglais General Hospital (BGH) Directorate Governance Review (Limited Assurance) report, drawing Members' attention to the key messages in Section 4. Whilst there is a mixture of good practice and areas for concern, the overall assurance rating is one of Limited Assurance.</p> <p>Mrs Wilson expressed concern regarding the risk targets and tolerance, reminding Members that there is a Board-agreed approach to this issue, which differs from the one applied in this report. It was suggested that the resulting mixed messages are unhelpful. Whilst it was emphasised that staff at BGH recognise there is work required around risk management processes, this needs to be managed within the Board-agreed framework. Mrs Wilson requesting a further discussion in this regard. Mr Andrew Carruthers welcomed the Directorate Governance Review of BGH, which has proved helpful in terms of his new role, and was keen to continue the programme of directorate reviews. In terms of the report's numerous recommendations, Members heard that the Risk Register entries have been reviewed and that, as Mrs Wilson has indicated, there are processes in place around performance reviews. With regard to recommendations relating to staff sickness, appraisals and objectives, Mr Carruthers highlighted that a number of Band 7 Ward Managers have been appointed, who are relatively inexperienced in terms of these processes. It is, therefore, vital to ensure that the</p>	JJ/JW

	<p>necessary support is provided to these staff, with a number already on career development programmes within the UHB. Members were assured that all recommendations are on track to be implemented by the timescales indicated in the management response.</p> <p>Referencing Mr Carruthers' statement regarding support for staff, Mrs Hardisty enquired what development opportunities are being offered to Band 6 staff who will be the UHB's potential Band 7 staff in the future. Mrs Hardisty suggested that certain of the management responses had felt a little like excuses rather than explanations for the issues identified; however, Mr Carruthers' additional narrative today has been helpful. Accepting this feedback, Mr Carruthers highlighted that the overall workforce position at BGH is challenging, with a limited pool of potential staff. Regarding Recommendation 7, Mrs Wilson wished to record a point of accuracy, emphasising that there are entries of gifts, sponsorship and hospitality on the UHB Register of Interests.</p> <p>Mr Newman's main concern on reading the report was that it was identifying issues which management should already have been aware of. However, the management response reflects a lack of 'ownership', a sense that these findings were not known to the General Manager and there was not sufficient capacity to respond to these recommendations, Mr Newman also echoed Mrs Hardisty's comments regarding explanations and suggested that it would have been helpful if a member of the BGH hospital management had attended today's meeting. Members noted that the BGH General Manager had been alerted to this item and invited to attend. Mr Carruthers stated that, with his background in the role of Turnaround Director, he was fully able to appreciate the Committee's concerns, and shared these. Having not yet seen any other Internal Audit Directorate Reviews, Mr Carruthers was reluctant to set this as a threshold; however, he intends to clearly 'set out his stall' in terms of how he will operate going forward.</p> <p>Whilst BGH may comply with specific UHB requirements/requests, in other respects it does not feel entirely integrated. Ms Beegan agreed with these comments, and highlighted that issues around BGH's quality governance need to be addressed. Mrs Hardisty suggested that there are services and individuals within BGH and Ceredigion who are championing integration, and stated that her last visit had offered assurance in this regard. In view of the concerns raised, it was agreed that a Follow-up Internal Audit would be conducted in the early part of 2020/21, and that following publication, the BGH management team would be required to attend ARAC to speak to the findings of these reports, including the cultures and values.</p>	<p style="text-align: right;">JJ</p>
	<p>The Committee NOTED the Bronglais General Hospital Directorate Governance Review (Limited Assurance).</p>	
<p>AC(20)23</p>	<p>Update on Private Practice (Response to IA and WAO Reviews)</p> <p>Mr Carruthers presented the Update on Private Practice report, stating that this was intended to be a closing report, which details progress and actions taken since the previous report to ARAC in August 2018. Members were assured that governance processes continue to be reviewed on a monthly basis.</p>	

	The Committee RECEIVED the Update on Private Practice report as a final iteration and source of assurance that the required progress has been made to ensure control and governance of private practice work.	
AC(20)24	<p>Mental Health Legislation Assurance Committee Assurance Report around the Discharge of their Terms of Reference</p> <p>Mr Carruthers introduced the Mental Health Legislation Assurance Committee (MHLAC) Assurance report, advising that he has attended one meeting to date. The subject matter and remit of this Committee mean that discussions can be challenging. Mrs Hardisty, Chair of MHLAC, noted two inaccuracies in the report:</p> <ul style="list-style-type: none"> • The Mental Health Programme Group, referenced on pages 2 and 6, no longer exists; this Group was disbanded during the year; • The Quality Safety Experience Sub-Committee does not report to MHLAC, as indicated by the diagram on page 4. <p>It was agreed that these issues should be raised with the report author for correction.</p> <p>The Committee NOTED the content of the Mental Health Legislation Assurance Committee Assurance report, and was ASSURED that the Mental Health Legislation Assurance Committee has been operating effectively during 2019/20.</p>	CM
AC(20)25	<p>Audit Tracker</p> <p>Mrs Wilson outlined the UHB Central Tracker report, advising that since the previous meeting a further 10 reports have been closed with 20 new reports received by the UHB, leaving 101 reports currently open, 41 of which have recommendations that have exceeded their original completion date, as outlined in Appendix 1.</p> <p><i>Mr Evans joined the Committee meeting.</i></p> <p>Mrs Hardisty suggested that those instances of the statement 'cannot implement outside Health Board' should be examined to confirm that this is the case. In terms of further scrutiny by ARAC, the Community Health Council (CHC) report into the A&E Department at Withybush General Hospital (WGH) was identified as a potential subject. In response to a query from Mr Newman, Members were assured that such reports feature in Executive Director Performance Reviews; however, difficulties in terms of resources, finances and staff all contribute to the challenging position. Whilst acknowledging this, Mr Newman requested that ARAC's concerns regarding outstanding recommendations be fed back to the Executive Team. Mr Carruthers emphasised that these concerns are shared by Executive Directors. A workshop is due to take place on 26th February 2020 to consider the UHB Operational Model and how the Performance Management Framework might be strengthened. Mrs Hardisty noted that the CHC recognise that individual services are part of a larger system, and queried whether the UHB is over-thinking report expectations. It may be more constructive to consider findings in terms of strategic direction. Mr Carruthers indicated that he would also want to revisit the report from the viewpoint of winter pressures. The Committee agreed that, due to the number of IA reports due to be presented at the next meeting, it would not</p>	JW

	<p>be prudent to add additional areas to the list and a decision would be made to review an area at the June 2020 meeting.</p> <p><i>Mr Carruthers left the Committee meeting.</i></p> <p>The Committee:</p> <ul style="list-style-type: none"> • NOTED the tracker presented to ARAC demonstrates where progress of implementing recommendations is behind schedule, and asked that the appropriate action is taken to address these areas. • NOTED that 10 reports have been closed on the audit tracker since ARAC December 2019 and 101 reports are currently open, 41 of which have now passed their original completion date. 	
AC(20)26	<p>Counter Fraud Update</p> <p>Mr Evans presented the Counter Fraud Update report, drawing Members' attention particularly to the statistics included within the report. It is likely that the Counter Fraud team will exceed the resource (days) allocated to Hold to Account. As it is not possible to cancel or postpone this work, the days will need to come from elsewhere. The position in terms of resource allocated will be reviewed at year-end; however, it is anticipated that all of the Counter Fraud standards and Work Plan contents will be delivered. Members heard that the request that Counter Fraud Awareness e-learning be made mandatory has been rejected by the Mandatory Training Group Panel. The Panel has, however, requested further information, including costings, which the Counter Fraud team will provide.</p> <p>Cllr. Hancock emphasised the importance of fraud prevention, noting that this function is critical. He commended the Counter Fraud team on their work with Learning Disability Services Staff to protect vulnerable patients. Cllr. Hancock enquired whether all members of staff working with people with Learning Disabilities are provided with training around the associated financial risks. Whilst all staff certainly undergo training in Safeguarding, Mr Evans would check whether the topic of financial risk is specifically covered.</p> <p>The Committee NOTED the Counter Fraud Update report.</p>	ME
AC(20)27	<p>NHS Counter Fraud Authority Draft SRT Return</p> <p>Deferred to 21st April 2020 meeting.</p>	
AC(20)28	<p>Audit & Risk Assurance Committee Work Programme 2019/20</p> <p>The Committee NOTED the ARAC Work Programme.</p>	
AC(20)29	<p>Any Other Business</p> <p>There was no other business reported.</p>	
AC(20)30	<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"> • The Committee noted the updates provided on Consultant and SAS Doctor Job Planning and requested for the next meeting that the 	

	<p>update presented include data around variation across sites and steps being taken to introduce consistency;</p> <ul style="list-style-type: none"> • The Committee noted the updated management response in relation to the WAO Review of Primary Care, noting this still required further updating; • The Committee reviewed and approved the revised Terms of Reference, for onward ratification by the Board on 26th March 2020; • The Committee received the Financial Assurance Report, and approved the losses and special payments detailed therein; • The Committee received an update on WAO work; • The Committee received and noted the WAO Audit Plan 2020; • The Committee noted the update regarding the WAO Integrated Care Fund (ICF) Review, and requested a profile of expenditure across the year; an indication of the proportion of monies provided to the Third Sector; and that future updates be provided in the normal format and with SMART responses; • The Committee received an update on Internal Audit work, and requested that the time allocated to individual audits be recorded and presented going forward; • The Committee received a briefing paper on additional testing conducted to assess preparedness and compliance with the Nurse Staffing Act. Following discussion, it was agreed that this and the original IA report would be remitted to QSEAC; • The Committee received two Reasonable Assurance IA reports, on Medical Devices and Cyber Security. Following discussion, updated management responses were requested for these reports; • A Limited Assurance IA report on R&D Department Governance was received. This prompted a detailed discussion, with it agreed that a further, broader report on R&D would be provided to the June 2020 ARAC meeting; • A Limited Assurance BGH Directorate Governance Review IA report was received. Following discussion, it was agreed that a Follow-up Internal Audit would be conducted in the early part of 2020/21; • The Committee received an update on Private Practice (Response to IA and WAO Reviews) as a final iteration and source of assurance that the required progress has been made to ensure control and governance of private practice work; • The Committee was assured that the Mental Health Legislation Assurance Committee has operated effectively during 2018/19. 	
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AC(20)31	Date and Time of Next Meeting	
	9.30am, 21 st April 2020, Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen	