

## Bundle Audit & Risk Assurance Committee 27 May 2020

2.1 Minutes of the Meeting held on 21st April and 5th May 2020

*Presenter: Chair*

Unapproved ARAC Minutes 21 April 2020

Unapproved ARAC Minutes 5 May 2020

**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, 21 <sup>st</sup> April 2020
Venue:	Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen

Present:	Mr Paul Newman, Independent Member (Committee Chair) (VC) Mr Mike Lewis, Independent Member (Committee Vice-Chair) (VC) Mr Owen Burt, Independent Member (VC) Mr Maynard Davies, Independent Member (VC) Cllr. Simon Hancock, Independent Member (VC) Mrs Judith Hardisty, Vice-Chair, HDdUHB (VC)
In Attendance:	Ms Anne Beegan, Audit Wales (VC) Mr Jeremy Saunders, Audit Wales (VC) Mr James Johns, Head of Internal Audit, NWSSP (VC) Mr Eifion Jones, Internal Audit, NWSSP (VC) (part) Mrs Joanne Wilson, Board Secretary Mr Huw Thomas, Director of Finance Mrs Charlotte Beare, Head of Assurance and Risk (VC) Mr Matthew Evans, Local Counter Fraud Specialist (part) Dr Philip Kloer, Medical Director and Deputy Chief Executive (part) Mr John Evans, Assistant Director, Medical Directorate (part) Mrs Karen Miles, Director of Planning, Performance & Commissioning (VC) (part) Mr Anthony Tracey, Assistant Director of Informatics (VC) (part) Ms Clare Moorcroft, Committee Services Officer (Minutes)

Agenda Item	Item
AC(20)32	<p><b>Introductions and Apologies for Absence</b></p> <p>Mr Paul Newman, Audit &amp; Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Apologies for absence were received from:</p> <ul style="list-style-type: none"> <li>Ms Ann-Marie Harkin, Audit Wales</li> <li>Mr Steve Moore, Chief Executive due to targeted intervention meetings having been stood down at the present time.</li> </ul> <p>Members' attention was drawn to the email circulated on 20<sup>th</sup> April 2020 regarding the proposed approach to draft Internal Audit reports. It was agreed that, due to the status of these reports and the lack of agreed management responses, they would not be discussed in detail and would be presented to a future meeting once finalised.</p>
AC(20)33	<p><b>Declaration of Interests</b></p> <p>No declarations of interest were made.</p>

<b>AC(20)34</b>	<b>Minutes of the Meeting held on 25<sup>th</sup> February 2020</b>	
	<b>RESOLVED</b> – that the minutes of the Audit & Risk Assurance Committee meeting held on 25 <sup>th</sup> February 2020 be <b>APPROVED</b> as a correct record.	

<b>AC(20)35</b>	<b>Table of Actions</b>	
	<p>Mrs Joanne Wilson provided an update on the Table of Actions from the meeting held on 25<sup>th</sup> February 2020. Members noted that there were several actions where it had not been possible to obtain an update due to pressures resulting from the COVID-19 pandemic. Members were assured that steps would be taken to address this for the next meeting.</p> <p>Mr Mike Lewis, whilst recognising and commending the efforts being made by staff to deal with COVID-19, emphasised that the onus is on ARAC to consider and assess whether there are risks which are sufficiently significant as to warrant further investigation. Mr Newman concurred, suggesting that a number of the updates supplied even before the COVID-19 pandemic had not provided evidence of progress. An example was AC(19)222, relating to the Radiology Directorate Internal Audit report. The importance of maintaining pace and momentum emphasised. Mrs Wilson reminded Members of discussions at the Extraordinary Public Board meeting on 16<sup>th</sup> April 2020, which had highlighted the need to, wherever possible, manage ‘business as usual’ and to maintain quality and safety. Mrs Wilson would feed back to Executive Team colleagues where specific updates are required. Mr Lewis suggested that it would also be helpful to have input from the auditors regarding those issues which they feel remain important. An updated table of actions would be provided to the June ARAC meeting.</p> <p>In terms of Matters Arising:</p> <p><b>AC(19)234</b> – Mrs Judith Hardisty recalled that there had been an indication at the 26<sup>th</sup> March 2020 In-Committee Board meeting of some level of resolution, and would have expected an update to reflect these discussions. Noting the commitment to obtain updates for the next meeting, clarification was sought in terms of whether this would be May or June 2020. Also, whether either of these timescales is realistic, or whether an extended deadline should be set.</p> <p>It was agreed that Mrs Wilson and Mr Huw Thomas would discuss actions AC(19)222 and AC(19)234 with Mr Andrew Carruthers. Mrs Wilson would also establish whether the resolution of AC(19)234 remains with ARAC or is now the responsibility of Board.</p> <p><b>AC(19)254</b> – Members were assured that this action would be progressed by Audit Wales and Internal Audit over the next month.</p> <p><b>AC(20)15</b> – Mr Owen Burt noted the Welsh Government (WG) target of 20% of Integrated Care Fund (ICF) funds being made available to the Third Sector and that the projected figure for the West Wales Regional Partnership Board is 8%. In view of this, Mr Burt expressed concern that the appended management response does not include a more robust and specific commitment to increasing this investment and achieving the WG target. Mr Thomas would follow this up with Ms</p>	<p style="text-align: right;"><b>JW/HT</b></p> <p style="text-align: right;"><b>JW</b></p> <p style="text-align: right;"><b>HT</b></p>

	<p>Sarah Jennings. It was agreed that any ARAC actions in relation to ICF should be led by Ms Jennings, as Mr Martyn Palfreman is not a HDdUHB employee. It was further agreed that the Responsible Officer in the management response should be Ms Jennings. Cllr. Simon Hancock noted that most capital funding has been redirected to support the COVID-19 response and queried the rationale for appointing a Capital Programme Manager. Mr Thomas suggested that this is in anticipation of capital projects after the COVID-19 pandemic. Mrs Hardisty agreed with the foregoing comments, adding that discussions with various parties had exposed that organisations are still working in silos. There is a need to re-think regional working and how inter-organisational work takes place.</p> <p><b>AC(20)16</b> – clarification was requested regarding whether the update constituted a commitment to provide this information. In response, Mr James Johns advised that Internal Audit would appreciate a further discussion around how best to provide the information. Mr Newman suggested that a draft be prepared for the June 2020 meeting, which can be discussed by the ARAC Chair, Lead Executive and Head of Internal Audit.</p> <p><b>AC(20)17</b> – Mr Johns wished to highlight that the way in which the Teammate system works does not facilitate restricting the role of Responsible Officer to Executive Director, which means that this action cannot be fully complied with.</p> <p><b>AC(20)22</b> – in view of the delay to the planned Follow-up Internal Audit caused by COVID-19, it was suggested that sending a reminder around the findings of the first audit would be appropriate. Mrs Wilson felt that the more pressing priority was the meeting between herself and Mr Johns regarding risk targets and tolerance and the need for Internal Audit recommendations to be in accordance with the Board-agreed framework. An update would be provided to the next meeting. Mr Thomas advised that the Chief Executive is currently considering a plan of work for the next 12 months, and suggested that this might be included in the review of governance.</p> <p>It was agreed that completed actions would be removed from the Table of Actions.</p>	<p><b>JW</b></p> <p><b>JJ</b></p> <p><b>JW</b></p>
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<b>AC(20)36</b>	<b>Matters Arising not on the Agenda</b>	
	There were no matters arising not on the agenda.	

<b>AC(20)37</b>	<b>Feedback from the Targeted Intervention Meeting held on 31<sup>st</sup> March 2020</b>	
	Members noted that this item was deferred due to the Targeted Intervention meeting with WG being cancelled.	

<b>AC(20)38</b>	<b>Review of offers of gifts and hospitality/Review and report upon the adequacy of arrangements for declaring, registering and handling interests</b>	
	Mrs Wilson reported that this item has been deferred due to delays in obtaining the required information. Mr Thomas observed that the UHB	

	is receiving a significant number of gifts from the general public at the moment as a result of COVID-19, and suggested that the report be further delayed to facilitate the recording of these. Members agreed that this would be sensible.	
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<b>AC(20)39</b>	<b>Annual Review of the Committee’s Self-Assessment of Effectiveness</b>	
	<p>Mrs Wilson presented the raw data relating to the Annual Review of the Committee’s Self-Assessment of Effectiveness. Aside from one or two specific issues, which would be addressed separately, the responses were not significantly different from those for 2018/19. The data will, however, be analysed further in the usual fashion.</p> <p>Referencing the question on whether Committee Members receive induction, Mr Maynard Davies felt that there was a need for an enhanced induction programme. Mrs Wilson advised that an ARAC Handbook is available, and committed to share and discuss this with Mr Davies outside the meeting.</p>	<b>JW</b>
	The Committee <b>NOTED</b> the data relating to the Annual Review of the Committee’s Self-Assessment of Effectiveness.	

<b>AC(20)40</b>	<b>Financial Assurance Report</b>	
	<p>Mr Huw Thomas introduced the Financial Assurance Report, highlighting in particular page 8 which details the highest level of aged receivables the UHB has ever had, at the end of March 2020. Members heard that the Finance function had had to change its working practices due to COVID-19 and this had caused some disruption. Whilst this level of debt was an issue at year-end, Mr Thomas did not view it as a significant risk going forward. Members were informed that Mr Thomas and Mrs Wilson have written to all Executive Directors, Directors and General Managers recognising that during the past few months, teams and individuals have been required to make extraordinary decisions, often out with the organisation’s Scheme of Delegation. There will be a need to review these decisions, although a number have been managed via normal Board processes. The letter has emphasised the expectation of compliance with the Scheme of Delegation going forward. During subsequent discussion of the report, the following comments and queries were raised:</p> <ul style="list-style-type: none"> <li>• In response to a query regarding the Single Tender Actions (STAs) detailed in Appendix 1; Members heard that, whilst the first of these is not a maintenance contract, due to the system used CHG Meridian Ltd is the only compatible supplier. The second STA was required for an interim period while a replacement supplier is sought;</li> <li>• Further clarification/information was sought regarding the delay in relation to items 4 and 5 in Appendix 3. Members noted that there is no dispute or issue with these items, the delay is due to the time taken by the Purchase Order process;</li> <li>• Referencing Appendix 5, there was a query regarding whether a ‘threshold’ exists for determining that losses are uneconomical to pursue. Members were informed that the UHB does employ a debt collection company (CCI) who advise when this point has been</li> </ul>	

	<p>reached. Other, smaller, debts are uneconomical to pursue via debt collection and would not be referred to CCI;</p> <ul style="list-style-type: none"> <li>• It was noted that the trend of aged payables in excess of £10,000 and 3 months illustrated in Figure 3 shows an increase in March 2020. The Director of Finance was not aware of any particular issue and the payments would be managed via the normal processes.</li> <li>• Noting the draft Overpayments and Underpayments policy developed by the Overpayments Task &amp; Finish group, and the statement that it will be circulated to relevant parties for consultation; it was queried whether this would include ARAC. Members were advised that the policy will be submitted to the Finance Committee for approval;</li> <li>• In response to a query regarding the atypical presentation of Pharmacy losses in Appendix 5, Members noted that this was due to the timing of a stock count/stocktake, which allows this itemisation;</li> <li>• With regard to the percentage of aged receivables owed by non Public Sector bodies, Members were informed that the vast majority is owed by NHS and Public Sector organisations.</li> </ul>	
	<p>The Committee <b>NOTED</b> the report, and <b>APPROVED</b> the losses and debtors write offs noted within.</p>	

<p><b>AC(20)41</b></p>	<p><b>WAO NHS Consultant Contract Follow-up Review Update</b></p> <p><i>Dr Philip Kloer and Mr John Evans joined the Committee meeting.</i></p> <p>Mr John Evans presented an update on the WAO NHS Consultant Contract Follow-up Review. Members' attention was drawn in particular to Appendix 2, which details job planning figures by specialty. Mr Evans highlighted that 78% of job plans had been completed before work had been halted due to COVID-19. The UHB was on trajectory to achieve a year-end figure of 93%. This represents a marked improvement on previous years and is a testament to the efforts of Service Delivery Managers, General Managers and Ms Helen Williams. The challenge will be to build on this work for next year and develop the job planning structure to ensure consistency and even spread across the year. During subsequent discussion of the report, the following comments and queries were raised:</p> <ul style="list-style-type: none"> <li>• The team were commended for their efforts, which have resulted in an improvement in the job planning position;</li> <li>• Referencing Appendix 2, it is noticeable that certain of the larger specialties have not made as much progress. Assurance was requested that learning/good practice is being shared between directorates/specialties;</li> <li>• In response, Members were reminded that Anaesthetics had previously been identified as an area of concern, due to a particular set of circumstances on a specific site. However, there had been a significant improvement in this specialty. The reason for lower compliance rates in General Surgery require further examination, and a focused effort in Scheduled Care generally is needed. This directorate is in a unfortunate position as a number of job planning meetings were scheduled for March 2020;</li> <li>• Whilst the agreed guidance for Specialty and Associate Specialist (SAS) doctors was welcomed, there was a query regarding whether</li> </ul>	
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	<p>there now will be a concerted effort to prepare and confirm job plans for this group;</p> <ul style="list-style-type: none"> <li>• The Medical Director recognised that significant progress had been made in this area, with Local Negotiating Committee (LNC) engagement playing a major part. However, due to the likelihood of COVID-19 being longer term than previously predicted, various actions have been taken which will impact on SAS doctors. For example, the General Medical Council has deferred appraisals by 6 months, which will mean less of a focus on job planning/career development, etc;</li> <li>• Whilst accepting and acknowledging this, it was suggested that the importance of job planning should continue to be emphasised, with Dr Kloer noting he would be maintain a close oversight of this,</li> <li>• Noting that the COVID-19 pandemic is requiring staff including doctors to work differently, there was a query regarding whether this will impact on job plans. The Medical Director emphasised that this is an emerging and unprecedented situation. If the pandemic and/or its effects last a year or longer, the 'new normal' (for example, different Outpatient processes) may need to be reflected in job plans. This will be reviewed at a later date;</li> <li>• Referencing Appendix 2, it was noted that there are a number of complete job plans awaiting signing. It was queried whether these could be progressed despite COVID-19 pressures. Members heard that progress has been made, with some of these job plans having been signed-off. The number completed is now 84%. The figures in the report were reflective of the year-end deadline previously set.</li> </ul>	<p>PK</p>
	<p>Mr Newman concluded by reiterating the Committee's recognition of the efforts made to improve the UHB's position in terms of job planning. Dr Kloer was asked to pass on ARAC's thanks to all of those involved.</p>	<p>PK</p>
	<p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>NOTED</b> the progress made with regards Consultant &amp; SAS Doctor Job Planning;</li> <li>• <b>NOTED</b> the efforts made with regards the online e-job planning software, Allocate.</li> </ul>	

<p>AC(20)42</p>	<p><b>Internal Audit RCP Medical Records Keeping Standards (Reasonable Assurance) Update</b></p>	
	<p>Mr Evans presented the Internal Audit RCP Medical Records Keeping Standards (Reasonable Assurance) Update report, drawing Members' attention to the establishment of a Record Keeping Audit Working Group, and their remit. The Group will consider in particular the Withybush General Hospital (WGH) audit and develop an action plan to address the report's findings. There are plans to appoint Assistant Medical Directors (AMDs) in Quality Improvement for each hospital site, and an e-learning module for clinicians is due to be released. The focus is on developing and providing support measures in the first instance. During further discussion, the following comments were made:</p> <ul style="list-style-type: none"> <li>• The report was welcomed, with it suggested that the actions outlined offer a sense that the process will be more robustly managed;</li> <li>• Noting that the recommendation suggests work be resumed after the COVID-19 pandemic, it was noted that local monitoring of the</li> </ul>	<p>CB</p>

	<p>recommendations needed to be maintained during this time. Whilst emphasising that the team would have wished to drive forward certain of the actions, such as the e-learning module and appointing to the AMD posts, the current priority for every clinician must be dealing with COVID-19.</p> <p>It was agreed that a further update would be scheduled in six months.</p> <p><i>Dr Kloer and Mr Evans left the Committee meeting.</i></p>	<p><b>PK</b></p>
	<p>The Committee <b>NOTED</b> the Internal Audit RCP Medical Records Keeping Standards Update report and <b>AGREED</b> that the Record Keeping Audit Working Group should resume work following the COVID-19 pandemic, when working arrangements return to normal.</p>	

<p><b>AC(20)43</b></p>	<p><b>WAO Clinical Coding Follow-up Update</b></p> <p><i>Mrs Karen Miles and Mr Anthony Tracey joined the Committee meeting.</i></p> <p>Mrs Karen Miles introduced the WAO Clinical Coding Follow-up Update report and briefly reported on progress. During subsequent discussion of the report, the following queries and comments were raised:</p> <ul style="list-style-type: none"> <li>• In response to a query regarding the omission of Appendix 2, referenced in Appendix 1, Members noted that this was included with the previous iteration of the report, shared at the October 2019 ARAC meeting;</li> <li>• Recognising the changes to staff duties resulting from COVID-19, there was a suggestion that clinical coding-related work could be undertaken by staff not able to carry out their usual roles;</li> <li>• Members heard that Clinical Coders have been identified as essential NHS workers. Discussions have taken place with the Clinical Coding team regarding what their priorities should be at this time;</li> <li>• Whilst there has been a (necessary) focus on ensuring digital enabling for clinicians, Members were assured that Clinical Coding remains a priority for the team;</li> <li>• Many clinical staff have been required to prioritise COVID-19 clinical preparation work, through the Gold, Silver and Bronze Command Groups;</li> <li>• Members heard that there have been discussions at a national level regarding the WG Clinical Coding percentage target. Health Boards are next due to submit returns in June 2020; WG are considering whether normal processes will be continued or whether it will extrapolate full-year figures using data up to January 2020;</li> <li>• A brief meeting to discuss Medical Records had taken place on 13<sup>th</sup> April 2020. One challenge is persuading staff to leave wards for training; therefore, consideration is being given to producing 'How To' guides;</li> <li>• It was noted that a Board Seminar session on Clinical Coding had been planned; however other priorities had prevented this being delivered. A presentation had been prepared, however, and it was agreed that this should be circulated once received from Mr Tracey.</li> </ul> <p>It was agreed that a further update would be scheduled in six months.</p>	<p><b>AT/JW</b></p> <p><b>KM</b></p>
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	<p><i>Mrs Miles and Mr Tracey left the Committee meeting.</i></p> <p>The Committee <b>NOTED</b> the contents of the WAO Clinical Coding Follow-up Update report.</p>	
<b>AC(20)44</b>	<p><b>Clinical Audit</b></p> <p>Members noted that this item was deferred due to the redeployment of Clinical Audit staff to support the COVID-19 response.</p>	
<b>AC(20)45</b>	<p><b>Audit Wales Update</b></p> <p>Mr Jeremy Saunders updated the Committee regarding Audit Wales financial audit work; advising that, whilst WG has put back certain of its year-end deadlines, HDdUHB has requested that the previous timetable be retained. The constraints caused by COVID-19 have necessitated new working practices; however, Audit Wales will endeavour to meet the UHB's deadlines and requirements. Ms Anne Beegan advised that on-site performance audit work has been suspended, with no interviews or fieldwork currently taking place. However, Audit Wales staff are continuing to take forward work remotely where possible. With regard to clinical audit reviews, Audit Wales is revisiting its messaging to assist organisations in the recovery period post-COVID-19, and to recognise the efforts/changes being made in response to COVID-19. Audit Wales is also considering where it might be able to support best practice across Wales and sharing information between Health Boards. No national reports are being published, as clearance would be an issue in current circumstances. Audit Wales will, however, circulate the national report on Counter Fraud, as Ms Beegan felt that there are a few areas within this report on which Health Boards would want to be sighted. During subsequent discussion, Members made the following comments:</p> <ul style="list-style-type: none"> <li>• Although HDdUHB wish to proceed as previously planned with financial audit work, this will be impacted by agreements with other NHS organisations;</li> <li>• The COVID-19 pandemic is causing many GPs to issue repeat prescriptions which cover longer periods. This is likely to mean the Primary Care prescribing spend is higher than anticipated. The final position will not be known until May 2020. There is a risk that the UHB's annual accounts will contain an error as a result of this; however, it will not be a material error leading to a qualification issue. Audit Wales are discussing this matter with WG;</li> <li>• Audit Wales' offer of information sharing between Health Boards was welcomed. There was an enquiry regarding whether advice or assistance could be provided around the short-term governance arrangements which have been required as a result of COVID-19. Members were advised that Audit Wales is maintaining dialogue with Board Secretaries and Ms Beegan would be discussing this issue with Mrs Wilson;</li> <li>• Members were assured that HDdUHB's COVID-19 governance arrangements are in line with other Health Boards. HDdUHB have chosen to hold a monthly Board meeting, for greater transparency in decision-making.</li> </ul> <p>The Committee <b>NOTED</b> the Audit Wales update.</p>	

<b>AC(20)46</b>	<b>Audit Wales Orthopaedic Services Follow-up</b>	
	As outlined above, Ms Beegan explained that this review will need to be re-scoped in the light of COVID-19, and had therefore been deferred.	

<b>AC(20)47</b>	<p><b>Internal Audit Plan Progress Report</b></p> <p>Mr Johns presented the Internal Audit (IA) Plan Progress report, advising that this has a slightly different format from previous reports. Due to changes in working practices resulting from COVID-19, the IA programme has had to be brought to a close without concluding all planned work. This has necessitated the presentation of a number of draft reports, most of which do not include management responses, which are provided to ARAC for information/assurance. As a result, it is likely that certain recommendations will need to change. The report highlights the work which is being progressed by NWSSP. The IA team is currently preparing the Head of Internal Audit Annual Report &amp; Opinion, with an anticipated rating of Reasonable Assurance.</p> <p>Mrs Wilson expressed concern at the number of draft reports, adding that several Executive Leads have also advised that they have not had close-out meetings to review the accuracy of the reports and have not been offered the opportunity to prepare management responses. Whilst accepting the challenging circumstances currently, these reports cannot remain as draft and need to be finalised as soon as possible. Mrs Wilson advised that Executive Leads have indicated that they are willing for IA to meet with them, by Skype, to conduct close-out meetings and agree/complete management responses. It is possible that certain timescales/deadlines in management responses will need to be extended as a result of COVID-19, however this should not preclude the completion of management responses altogether. This offer was welcomed by Mr Johns, who would proceed on this basis. Mr Thomas suggested that the draft IA reports should not have been presented to ARAC, particularly those which have not been seen or agreed by Executive Leads, as this puts ARAC in a difficult position in terms of providing assurance to the Board. A summary of reports and their anticipated assurance ratings may have been more appropriate.</p> <p>Mr Newman agreed with this view, explaining that this was the reason for his email of 20<sup>th</sup> April 2020. It would be inappropriate to discuss IA reports which are in draft form and would not be the best use of the Committee's time. It may be helpful, however, to discuss the proposed assurance ratings of the reports, and whether these seem appropriate. Making a more general point, Mr Newman highlighted that if the reports were all finalised, ARAC would have been considering 12 IA reports in a single meeting, which was far too many; and reiterated his concern from previous meetings that the delay in completing the audit programme and back-ending the audits had left ARAC in a very difficult position in being able to discharge its duties. Mr Johns explained that the time taken to make staff appointments to the team had impacted on delivering the IA programme. Appointments have been made, and steps are being taken to strengthen the team further. For this financial year, the team will have a full complement of staff, and will be in a good position to deliver the IA programme. Mrs Wilson suggested that the aim be to present the outstanding finalised IA reports, including management responses, to the 23<sup>rd</sup> June 2020 ARAC meeting, subject</p>	<b>JJ</b>
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	<p>to discussion of their assurance ratings. It was further agreed that IA reports could be circulated to Members via iBabs as soon as they are finalised in order to give Members sufficient time to be able to undertake their roles effectively.</p>	<b>CM</b>
	<p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>CONSIDERED</b> the Internal Audit Progress Report and the assurance available from the finalised Internal Audit reports;</li> <li>• <b>ACKNOWLEDGED</b> the recommended updates to the plan and changes as a result of the current circumstances;</li> <li>• <b>REQUESTED</b> that steps be taken to finalise draft reports by the June 23<sup>rd</sup> ARAC meeting</li> </ul>	

<b>AC(20)48</b>	<p><b>Internal Audit Plan 2020/21</b></p> <p>Mr Johns presented the Internal Audit Plan 2020/21, advising that a similar approach had been taken to preparing this as in previous years. Various sources and factors had been taken into account during the planning process. The IA team had been a substantial way through the process prior to COVID-19. The Plan has been based on a 12 month period, as required by the Public Sector Internal Audit Standards. Due to the changed circumstances, it is likely that IA work will be impacted, particularly during the early part of the year. There will need to be a number of changes in respect of the changing priorities and risks facing the UHB. No changes have been made to the Internal Audit Strategy and Charter. During further discussion of the Plan, the following comments and queries were raised:</p> <ul style="list-style-type: none"> <li>• It is not appropriate to request approval of an Internal Audit Plan which will require significant amendment;</li> <li>• The plan as it stands is already heavily back-ended, and will become even more so as a result of COVID-19 which will for the third year running leave ARAC in a difficult position at year end;</li> <li>• There are various new COVID-19 related reviews which will need inclusion, such as Governance in regard to the decision making at various field hospital sites;</li> <li>• In response to a query regarding who the Strategic Programme Director mentioned on page 7 is, Members noted that this is Mrs Libby Ryan-Davies, it was noted Mrs Ryan-Davies is not an member of the Executive Team and therefore these discussions may not have been appropriate;</li> <li>• The Plan had been prepared and presented as it would have been, had the COVID-19 pandemic not taken place;</li> <li>• The Strategy and Charter need to be checked for accuracy as there are several mistakes and typos in the document;</li> <li>• Whilst a Financial Plan had also been presented to Board in the knowledge that it could not be approved, the IA Plan needs to take account of how the organisation has responded to COVID-19, perhaps by means of a separate piece of work in each discipline. This may be a more measured way of reflecting the pandemic;</li> <li>• Consideration needs to be given to how to pull together a Plan which reflects COVID-19 at its core, whilst examining a series of various different elements;</li> <li>• Whilst acknowledging that the Plan as presented does not reflect the changed landscape resulting from COVID-19, the IA team had not</li> </ul>	<b>JJ</b>
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	<p>felt able to do so at the point of preparation/submission. There had also been concerns about their ability to commit to delivering with the uncertainty around timescales for COVID-19. The team will be considering various scenarios during the next month and will update Health Boards and Audit Committees accordingly;</p> <ul style="list-style-type: none"> <li>• The following statement on page 6 was queried ‘In developing the Plan.... the Head of Internal Audit has met with Health Board Executives and Independent Members’. As not all IMs had been involved in such a meeting, it was noted that this needed correcting;</li> <li>• On page 7, ‘Director of Therapies and Health Sciences’ should read ‘Director Of Therapies &amp; Health Science’;</li> </ul> <p>The Committee considered whether there is any impediment to deferring approval of the Internal Audit Plan to June 2020, given the level of uncertainty and need to make amendments to the Plan itself. Alternatively, whether it could be approved as provisional, on the basis that a revised Plan will be submitted. Mr James advised Members that there needs to be an Internal Audit Plan in place prior to the start of the year. It was, however, suggested that there is limited value in approving a Plan which is not the one which will be delivered, and that it would be preferable to agree that further work is required. Members acknowledged that the IA team had wished to present a Plan to the meeting and show that proper process has been followed. It was suggested that the revised Plan could be prefaced with a summary of the work which has been undertaken to date and the reasons why the Committee had chosen not to approve the plan. The ARAC Chair and Lead Executive offered to discuss this further with the Head of Internal Audit and Director of Audit &amp; Assurance. This arrangement would not preclude ARAC requesting specific urgent IA work outside the agreed Plan with these being approved via Chair’s Action. The Committee should acknowledge that it had received an Internal Audit Plan to the prescribed timetable, whilst noting that this had been prepared prior to COVID-19.</p> <p>It was agreed that it should be highlighted to Board that the UHB is operating without an Internal Audit Plan at present. A revised Plan would be presented to the 23<sup>rd</sup> June 2020 ARAC meeting.</p> <p>The Committee <b>ACKNOWLEDGED</b> the Internal Audit Strategy, Plan and Charter for 2020/21 presented and <b>REQUESTED</b> that a revised Plan be submitted to the June 2020 ARAC meeting.</p>	<p>JJ</p> <p>JJ</p> <p>PN/JW</p>
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<p><b>AC(20)49</b></p>	<p><b>Glangwili Hospital, Women &amp; Children’s Development Phase 2 (Limited Assurance) - Draft</b></p> <p><i>Mr Eifion Jones joined the Committee meeting.</i></p> <p>The Committee were reminded of the earlier decision that draft IA reports would not be discussed in detail, and that only queries regarding the proposed assurance rating would be considered.</p> <p>No queries were raised regarding the assurance rating for the Glangwili Hospital, Women &amp; Children’s Development Phase 2 report. It was agreed that a management response would be prepared, and that the finalised report would be presented to the 23<sup>rd</sup> June 2020 meeting.</p>	
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<b>AC(20)50</b>	<b>Estates Assurance – Water BGH</b> This report was deferred to 23 <sup>rd</sup> June 2020.	
<b>AC(20)51</b>	<p><b>Estates Assurance – Control of Contractors (Limited Assurance) - Draft</b></p> <p>Members were advised that, whilst the report includes a management response, this is not finalised; and heard that work will be undertaken with Mr Carruthers and Mr Rob Elliott to ensure that it is finalised for the 23<sup>rd</sup> June 2020 meeting.</p> <p>Referencing Recommendation 3, relating to insurance cover, Mr Mike Lewis expressed concern that the priority level is only medium. Mr Jones explained that the UHB re-employs the same contractors on a regular basis and that, whilst their insurance cover is checked initially, it is not necessarily re-checked. It was agreed that Mr Jones would review the testing relating to this recommendation and would reflect on the priority rating before finalising the report. Mrs Hardisty also felt that the priority rating of medium for Recommendation 6, relating to site access, was questionable in view of its potential seriousness, also highlighting the out of hours issue. Mr Jones advised that there is a reliance on key individuals' knowledge of who is on site. Whilst they were able to verbalise this, the formal Health &amp; Safety Executive requirement is for it to be documented. It was again agreed that Mr Jones would review the priority rating of this recommendation when finalising the report. In view of the findings, Cllr. Hancock requested assurance that the UHB have not been breaching any Health &amp; Safety legislation in this regard. Mr Jones reiterated the reliance on individuals to provide verbal assurances; whilst no evidence of breaches was identified, documentation was not forthcoming. In this respect, it is difficult to provide the requested assurance. Mr Newman suggested that the UHB is indeed at risk of prosecution if the issues identified were to result in a Health &amp; Safety incident on any of its sites.</p> <p>No queries were raised regarding the assurance rating for the Estates Assurance – Control of Contractors report. It was agreed that the management response would be confirmed, and that the finalised report would be presented to the 23<sup>rd</sup> June 2020 meeting.</p>	<p><b>CB</b></p> <p><b>EJ</b></p> <p><b>EJ</b></p>
<b>AC(20)52</b>	<p><b>Contracting</b></p> <p>Members heard that the Lead Executive for this report is the Director of Finance. Mr Thomas offered to work with Internal Audit, with the aim of finalising this report as soon as possible.</p>	<b>HT</b>
<b>AC(20)53</b>	<p><b>Health &amp; Safety (Reasonable Assurance) - Draft</b></p> <p>Mrs Hardisty expressed concern at the assurance rating for the Health &amp; Safety (H&amp;S) report, in view of the recent issues identified which have led to the establishment of a Health &amp; Safety Assurance Committee. Members were reminded that the Board have not been receiving an annual H&amp;S report, which is a requirement, however it was noted this had been reported through the Business Planning &amp; Performance Assurance Committee. Mr Johns explained that the report reflects the work the IA team had been able to complete, given that they had needed to conclude this earlier than planned. The assurance rating was</p>	



	<p>based on the findings obtained. As an example of her concerns, Mrs Hardisty highlighted that the HSE had identified issues of training not being up to date; while the Internal Audit report suggests otherwise. As Chair of the newly-established H&amp;S Assurance Committee, Mrs Hardisty was not convinced that the report reflects reality within the UHB. Acknowledging the limitations of the testing conducted, Mr Johns agreed to reflect further on the assurance rating as part of the finalisation process.</p> <p>It was agreed that the assurance rating for the Health &amp; Safety report would be reviewed, that a management response would be prepared, and that the finalised report would be presented to the 23<sup>rd</sup> June 2020 meeting.</p>	JJ
<b>AC(20)54</b>	<p><b>Core Financial Systems – Financial Reporting Arrangements (Substantial Assurance)</b></p> <p>Mr Johns introduced the Core Financial Systems – Financial Reporting Arrangements report. Members noted that this was a finalised report and that the findings of the audit had been extremely positive, resulting in a Substantial Assurance rating.</p> <p>The Committee <b>NOTED</b> the Core Financial Systems – Financial Reporting Arrangements (Substantial Assurance) report.</p>	
<b>AC(20)55</b>	<p><b>Rostering (Reasonable Assurance)</b></p> <p>Mr Johns introduced the Rostering report, advising that this is, again, finalised, with a rating of Reasonable Assurance. The audit findings had highlighted that the majority of departments are compliant with rostering guidance. Six recommendations had been made, one being high priority.</p> <p>Mr Newman reported that the information on Nurse Staffing Levels which had been presented to the previous ARAC meeting had since been submitted to the Quality, Safety &amp; Experience Assurance Committee (QSEAC). Discussions there had suggested that statements that the Act is not being complied with might be as a result of the professional judgements of staff on wards. There is a significant difference between calculations for the Nurse Staffing Levels (Wales) Act and the testing conducted for Internal Audit. Greater assurance is required around the decisions being made and how decisions are being made. It was agreed that the report would be shared with Ms Anna Lewis, Chair of QSEAC, with Mr Newman and Ms Lewis to discuss this matter further.</p> <p>The Committee <b>NOTED</b> the Rostering (Reasonable Assurance) report.</p>	JW
<b>AC(20)56</b>	<p><b>Variable Pay (Reasonable Assurance) - Draft</b></p> <p>In considering the Variable Pay report, Mrs Hardisty agreed that Recommendation 1 should be rated high priority, and queried whether the instances of erroneous payroll claims have been referred elsewhere, to assess whether they constitute fraud. Mr Johns advised that no evidence of fraud had been found. It was suggested, however, that Mr Matthew Evans could be requested to conduct testing of a random sample as part of the Counter Fraud Annual Plan.</p>	HT



	No queries were raised regarding the assurance rating for the Variable Pay report. It was agreed that the management response would be confirmed, and that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.	
<b>AC(20)57</b>	<b>Nursing Medication Administration &amp; Errors (Reasonable Assurance) - Draft</b>	
	Referencing Recommendation 3, that 'The Pharmacy Department should ensure that full stock controlled drug reconciliations are undertaken on all applicable wards a minimum of every three to six months...', Mr Lewis suggested that the stated timescale is too vague, and enquired whether there is a standardised process/timetable for Pharmacy departments. Mr Johns acknowledged this comment and committed to make checks in this regard. Cllr. Hancock felt that the Reasonable Assurance rating could be viewed as generous, taking into account the concerns raised. Mr Newman agreed with this assessment, highlighting in particular Finding 1, that 11 of the 13 wards visited did not maintain a Pharmacy agreed stock list of controlled drugs. Mr Johns advised that the assurance rating for this report had been considered. Due to the examples of good practice identified, it had been felt that a Reasonable Assurance rating was appropriate. Members agreed, however, that this should be reviewed during the finalisation process, with further evidence provided to support the Reasonable Assurance rating if this is still considered apposite.	<b>JJ</b>
	It was agreed that the assurance rating for the Nursing Medication Administration & Errors report would be reviewed, that a management response would be prepared, and that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.	<b>JJ</b>
<b>AC(20)58</b>	<b>Review of PADR Process Follow-up</b>	
	Mr Johns advised that this report has now been issued in draft. It was agreed that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.	
<b>AC(20)59</b>	<b>Mortality Rates (Reasonable Assurance) - Draft</b>	
	No queries were raised regarding the assurance rating for the Mortality Rates report. It was agreed that the management response would be confirmed, and that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.	
<b>AC(20)60</b>	<b>IM&amp;T Assurance Follow-up (Reasonable Assurance) - Draft</b>	
	No queries were raised regarding the assurance rating for the IM&T Assurance Follow-up report. It was agreed that the management response would be confirmed, and that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.	
<b>AC(20)61</b>	<b>Standards of Behaviour</b>	
	Mr Johns explained that this IA report is unlikely to be on the agenda for 5 <sup>th</sup> May 2020, as it will not be possible to clear the report. The work will be concluded as soon as possible. Mrs Wilson advised that this audit requires liaison with her team, who are happy to proceed as soon as	

	possible, and suggested that Mr Johns contact Ms Alison Gittins, Head of Corporate & Partnership Governance.	JJ
<b>AC(20)62</b>	<b>Business Continuity (Reasonable Assurance) - Draft</b> No queries were raised regarding the assurance rating for the Business Continuity report. It was agreed that the management response would be confirmed, and that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.	
<b>AC(20)63</b>	<b>Health &amp; Care Standards (Reasonable Assurance) - Draft</b> Mrs Hardisty felt that the assurance rating for this report should, perhaps, be Substantial Assurance, as it compares favourably with others rated Reasonable Assurance and there is only one medium priority recommendation. Mr Johns agreed to reflect further on the assurance rating as part of the finalisation process.  It was agreed that the assurance rating for the Health & Care Standards report would be reviewed, that a management response would be prepared, and that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.	JJ
<b>AC(20)64</b>	<b>Estates Directorate Governance Review Follow Up (Reasonable Assurance) - Draft</b> No queries were raised regarding the assurance rating for the Estates Directorate Governance Review Follow Up report. It was agreed that the management response would be confirmed, and that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.	
<b>AC(20)65</b>	<b>Capital Follow-up (Reasonable Assurance) - Draft</b> No queries were raised regarding the assurance rating for the Capital Follow-up report. It was agreed that the management response would be confirmed, and that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.	
<b>AC(20)66</b>	<b>Estates Assurance Follow-up (Reasonable Assurance) - Draft</b> No queries were raised regarding the assurance rating for the Estates Assurance Follow-up report. It was agreed that the management response would be confirmed, and that the finalised report would be presented to the 23 <sup>rd</sup> June 2020 meeting.  <i>Mr Jones left the Committee meeting.</i>	
<b>AC(20)67</b>	<b>Audit Tracker</b> Mrs Wilson presented the Audit Tracker, which had been discussed at the Board meeting on 16 <sup>th</sup> April 2020. Referencing discussions with the Mid and West Wales Fire and Rescue Service (MWWFRS), Mr Burt noted the expectation that this position would be confirmed in the next few days, and enquired regarding an update. Members heard that a letter from MWWFRS had been received on 20 <sup>th</sup> April 2020 and that they plan to extend certain timelines. Mr Steve Moore has requested that Mr Rob Elliott prepare an urgent response, and further detail will be provided following this. The Committee <b>NOTED</b> the Audit Tracker.	

AC(20)68	<b>Management of Operational and Corporate Risks during the COVID-19 Pandemic</b>	
	The Committee <b>NOTED</b> the Management of Operational and Corporate Risks during the COVID-19 Pandemic, as presented to Board on 16 <sup>th</sup> April 2020.	
AC(20)69	<b>Audit &amp; Risk Assurance Committee Work Programme 2020/21</b>	
	The Committee <b>NOTED</b> the ARAC Work Programme, and that this will be amended in line with earlier discussions.	
AC(20)70	<b>Counter Fraud Annual Report</b>	
	<p><i>Mr Matthew Evans joined the Committee meeting.</i></p> <p>Mr Matthew Evans presented the Counter Fraud Annual report, explaining that this represents an analysis of the work undertaken during the year. The Counter Fraud strategy is based around four core work activity areas: Strategic Governance; Inform &amp; Involve; Prevent &amp; Deter; Hold to Account. There has been a significant increase in scams as a result of COVID-19, with a 400% increase reported by Action Fraud. Counter Fraud is pursuing a programme of targeted communications to high-risk staff, which will continue as new threats emerge. Risk assessments have been reviewed; a great deal of residual risk is increasing; however, controls are being maintained, as they offer the best opportunity for mitigation. Whilst Mr Evans is confident in regards to the robustness of processes, this will be reviewed in conjunction with NWSSP, as they have a system which can be utilised. No local cases of COVID-19 related fraud have occurred yet; however, Mr Evans was of the opinion that no quarter will be given to offenders by the courts, with a number of significant sentences already handed down nationally.</p> <p>Focusing on this issue, Mr Newman enquired whether there is any indication from the Crown Prosecution Service that the threshold for prosecution in relation to COVID-19 related fraud would be lower. Whilst Mr Evans did not feel that this would be likely, he suggested that it would probably be heavily emphasised in any court case. During this period when the local police force are extremely busy, the Local Counter Fraud Service (LCFS) plan to log instances of theft for later prosecution. In view of the foregoing discussion, Cllr. Hancock queried whether there is any justification for reallocation of resources to fight fraud. Mr Evans did not feel that this is currently necessary, emphasising that the focus is on Prevent &amp; Deter, Inform &amp; Involve and Hold to Account. The situation can, however, be reviewed.</p>	
	The Committee <b>RECEIVED</b> the Counter Fraud Annual Report update for information.	
AC(20)71	<b>Counter Fraud Workplan</b>	
	Mr Evans introduced the Counter Fraud Workplan, which reflects a renewed focus on Inform & Involve. Mr Thomas advised Members that he and Mr Evans had discussed how the implications of COVID-19 would feed into the Workplan. Whilst the LCFS is not necessarily actively seeking out COVID-19 related fraud; where the LCFS becomes	

	<p>aware of instances of fraud, conflicts of interest and thefts, these will be investigated. Members noted that there will be learning across Wales. It is not yet known whether current Counter Fraud resources will be adequate, as this depends on various other agencies, including police, HMRC, Trading Standards, etc.</p> <p>The Committee <b>APPROVED</b> the Counter Fraud Work Plan presented.</p>	
<b>AC(20)72</b>	<p><b>NHS Counter Fraud Authority Draft SRT Return</b></p> <p>Mr Evans presented the NHS Counter Fraud Authority Draft SRT Return report, advising that HDdUHB had achieved Green status for every standard. The SRT Return is due for approval by the Director of Finance and ARAC Chair, prior to its submission to the NHS Counter Fraud Authority by 31<sup>st</sup> May 2020. Feedback would be appreciated. Mr Thomas welcomed the Green rating across all standards.</p> <p>On a separate note, Mr Thomas wished to inform ARAC that Mr Evans has secured a new, more senior role, at Swansea Bay UHB, which represents a significant career development. Whilst congratulating Mr Evans on this achievement, Members were sorry to lose him from HDdUHB. Mr Newman thanked Mr Evans for his help, support and advice during his tenure; Mr Evans advised that he was happy to provide support to the next incumbent.</p> <p><i>Mr Evans left the Committee meeting.</i></p> <p>The Committee <b>DISCUSSED</b> the Self Review Against NHS Counter Fraud Standards for 2019/20 return, prior to approval by the Director of Finance and Audit &amp; Risk Assurance Committee Chair.</p>	
<b>AC(20)73</b>	<p><b>Any Other Business</b></p> <p>There was no other business reported.</p>	
<b>AC(20)74</b>	<p><b>Reflective Summary of the Meeting</b></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"> <li>• The Committee requested updates on Radiology and Operating Theatres at the next meeting;</li> <li>• The Committee received data from the Annual Review of the Committee's Self-Assessment of Effectiveness;</li> <li>• The Committee received the Financial Assurance Report, and approved the losses and special payments detailed therein;</li> <li>• The Committee welcomed progress around Job Planning;</li> <li>• Approval of the Internal Audit Plan for 2020/21 was deferred due to the need for amendments reflecting COVID-19 pressures;</li> <li>• The ARAC Lead Executive would write to all Executive Directors requesting their assistance with finalising Internal Audit reports by June 2020;</li> <li>• The Committee is giving full consideration to its position in relation to both last year's and this year's Workplan, and is taking steps to manage this under the constraints resulting from COVID-19.</li> </ul>	

<b>AC(20)75</b>	<b>Date and Time of Next Meetings</b>	
	<p>9.30am, 5th May 2020, Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen (Review of Draft Annual Accounts and Draft Accountability Report)</p> <p>9.30am, 27th May 2020, Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen (Sign-off Annual Accounts)</p>	

**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, 5 <sup>th</sup> May 2020
Venue:	Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen

Present:	Mr Paul Newman, Independent Member (Committee Chair) (VC) Mr Mike Lewis, Independent Member (Committee Vice-Chair) (VC) Mr Owen Burt, Independent Member (VC) Mr Maynard Davies, Independent Member (VC) Cllr. Simon Hancock, Independent Member (VC) Mrs Judith Hardisty, Vice-Chair, HDdUHB (VC) (part)
In Attendance:	Ms Anne Beegan, Audit Wales (VC) Mr Jeremy Saunders, Audit Wales (VC) Mr James Johns, Head of Internal Audit, NWSS (VC) Mrs Joanne Wilson, Board Secretary Mr Huw Thomas, Director of Finance Mrs Charlotte Beare, Head of Assurance and Risk Ms Rhian Davies, Assistant Director of Finance (part) Ms Jennifer Thomas, Senior Finance Business Partner (part) Ms Clare Moorcroft, Committee Services Officer (Minutes)

Agenda Item	Item	
AC(20)76	<b>Introductions and Apologies for Absence</b> Mr Paul Newman, Audit & Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. No apologies for absence were received. Members noted that Mrs Joanne Wilson would present the Annual Quality Statement on behalf of Mrs Mandy Rayani.	

AC(20)77	<b>Declaration of Interests</b> Mr Maynard Davies declared an interest in item AC(20)80 and specifically WHC 053-15, advising that he had previously worked with the NHS Wales Informatics Service (NWIS).	
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AC(20)78	<b>Internal Audit Plan Progress Report</b> Mr James Johns presented the Internal Audit (IA) Plan Progress report, advising that this is somewhat shorter than the usual report, however outlines key actions since the previous meeting. A number of IA reports have been finalised since the meeting on 21 <sup>st</sup> April 2020, and work has commenced on the Standards of Behaviour audit. The IA team is working through management responses, and progress in this regard is outlined within the report. During discussion of the report, the following comments were made:  <ul style="list-style-type: none"> <li>It was suggested that there should be reference to the lessons learned in terms of timing of audits/spread of audits across the year.</li> </ul>	<b>JJ</b>
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	<p>In response, Members were advised that this learning would be applied to the 2020/21 IA Plan;</p> <ul style="list-style-type: none"> <li>• With regard to current restrictions to working practices resulting from COVID-19, and the impact of these on IA activity; Members heard that this will be covered in the later item AC(20)84;</li> <li>• Whilst noting that the timescale for the Standards of Behaviour audit will be different as this has only just commenced, there was a query regarding the anticipated timescales for finalisation of the other outstanding draft IA reports. In response, Members were informed that the IA team are taking steps to ensure that as many of these are finalised as possible for the 27<sup>th</sup> May 2020 meeting. To this end, a number of discussions are taking place with UHB management, in order to finalise management responses;</li> <li>• It was agreed that a further update on progress, to include expected completion dates, will be provided to the Board Secretary in 7 days;</li> <li>• Members were informed that an email had been sent to all UHB Executives following the ARAC meeting on 21<sup>st</sup> April 2020, emphasising the need to work with Internal Audit to finalise reports. The Executive Team had raised concerns that draft reports had been submitted to ARAC without individual Directors having had the opportunity to review these. It was noted this would be raised at the close out meetings with the Internal Audit team.</li> </ul>	JJ
	<p>The Committee <b>CONSIDERED</b> the Internal Audit Progress Report and the assurance provided by the overall annual opinion.</p>	

AC(20)79	<p><b>Compliance with Ministerial Directions</b></p> <p>Mrs Joanne Wilson presented the NHS Non-Statutory Instruments Update (Ministerial Directions) report, advising that it is intended to provide assurance that the UHB has a process in place to comply with Ministerial Directions and provide an update on progress. The report details those Ministerial Directions received and information regarding compliance. Of the 13 issued, 3 were not applicable to the UHB, 9 have been implemented and 1 remains in progress due to the fact it has only recently been received.</p> <p>In response to a query regarding the Ministerial Direction in progress, Members were informed that the Mental Health Act team are reviewing this directive, and will refer any requirements directly to Board should this be necessary. Mr Newman noted that the Committee is not provided with evidence of implementation for Ministerial Directions, and was advised that the process is different to that used for Welsh Health Circulars. Currently, the Governance team work with service leads to monitor/ensure compliance. Mrs Wilson suggested that Ministerial Directions could be aligned to Board committees or the Executive Performance reviews for monitoring (once committees are back in operation), if it was felt that this would provide greater assurance.</p> <p>The Committee <b>NOTED</b> the Non-Statutory Instruments (Ministerial Directions) which have been issued and <b>ENDORSED</b> the confirmation that the UHB is compliant with these.</p>	JW
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AC(20)80	<p><b>Compliance with Welsh Health Circulars</b></p> <p>Mrs Wilson introduced the Welsh Health Circulars (WHCs) report, reminding Members that Executive Team Performance Reviews have</p>	
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	<p>been stood down for the time being. The report, however, is more to do with providing assurance regarding the process for management of WHCs, which is via Board committees, specifically the Quality, Safety &amp; Experience Assurance Committee (QSEAC) and the former Business Planning &amp; Performance Assurance Committee (BPPAC). During discussion of the report, the following comments were made:</p> <ul style="list-style-type: none"> <li>• WHC 018-17 – whilst there is a detailed explanation, there is no sense of when compliance might be achieved. An update/further detail would be obtained;</li> <li>• WHC 034-17 – there is a statement that ‘after full consultation this will be reported to the Written Control Group meeting for ratification (hopefully November 2019 meeting)’. An update was requested. Members were advised that this policy does not yet appear as approved on the UHB’s policy webpage. Progress will be monitored by means of the relevant risk review; however, an update regarding this delay would be obtained;</li> <li>• WHC 053-15 – although attempts have been made, no update has been received from NWIS. However, checks will be made within the UHB to establish whether there is any further progress.</li> </ul> <p>Mrs Wilson assured Members that the Governance team is working with Executives and their teams to obtain updates on operational matters, as discussed at the previous meeting.</p> <p>The Committee was <b>ASSURED</b> that there is a process in place within the UHB to monitor the implementation of WHCs and that outstanding WHCs will be reviewed with Services to ascertain the impact of COVID-19 on delivery.</p>	<p>CB</p> <p>CB</p> <p>CB</p>
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<p><b>AC(20)81</b></p>	<p><b>Draft Audit &amp; Risk Assurance Committee Annual Report 2019/20</b></p> <p>Mr Newman presented the Draft Audit &amp; Risk Assurance Committee Annual Report 2019/20, and requested feedback from Members, with the following comments made:</p> <ul style="list-style-type: none"> <li>• In respect of the Private Meeting with Auditors detailed on page 20, it was suggested that the meeting with one body had not been as useful as it might have been. Members were assured that all participants had been fully informed with regards to the purpose of the meeting;</li> <li>• In response to a query regarding the notes from this meeting, Members were reminded that with this being a private meeting, no UHB officers are permitted to be present and no notes are, therefore, produced;</li> <li>• It was agreed that those Independent Members present at the Private Meeting should be recorded, together with the fact that this meeting is not minuted.</li> </ul> <p>Subject to the above amendments, the Committee <b>ENDORSED</b> the content of the ARAC Annual Report for onward submission to the Board.</p>	<p>JW</p>
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<p><b>AC(20)82</b></p>	<p><b>Assurance Report on Board Effectiveness</b></p> <p>Mrs Wilson presented the Assurance Report on Board Effectiveness, explaining that Board self-assessment is a requirement of the annual</p>	
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	<p>Accountability Report. Members heard that the UHB had intended to pilot a new approach to self-assessment, and as part of this, it had been envisaged that there would be discussion at the April 2020 Board Seminar. However, as a result of COVID-19, the Board Seminar was cancelled and replaced with a formal Board meeting. The report before the Committee represents the view of the Chair and Chief Executive in terms of their assessment of the organisation's position. Members were asked to recognise that, whilst this process has not been as inclusive as intended or desired, current circumstances have precluded full Board involvement. During further discussion, the following points were raised:</p> <ul style="list-style-type: none"> <li>• The process applied is reasonable under the circumstances and the assessment level is appropriate;</li> <li>• In response to a query with regard to whether there will be any reflection on the Board's effectiveness in responding to COVID-19, Members were informed that this will probably form part of next year's self-assessment, together with the Audit Wales Structured Assessment;</li> <li>• Audit Wales will be providing an independent assessment of the UHB's emergency governance arrangements. To this end, Ms Anne Beegan will be observing at a number of UHB meetings, including the Recovery, Learning &amp; Innovation Group and will be liaising regularly with the Board Secretary;</li> <li>• Whilst agreeing that Assessment Matrix Level 3 is appropriate for the organisation, it was suggested that the UHB is a 'strong 3';</li> <li>• There was uncertainty around how the organisation would demonstrate adequate evidence for Matrix Level 4;</li> <li>• The Chief Executive shares the view that HDdUHB is a 'strong 3' and had suggested that more stability in services would be required before Level 4 could be evidenced.</li> </ul>	
	<p>Whilst the process has not been as inclusive as planned due to COVID-19, the Committee was <b>ASSURED</b> by the process that has been undertaken this year to review the Board's effectiveness.</p>	

<p><b>AC(20)83</b></p>	<p><b>Draft Accountability Report</b></p> <p>Mrs Wilson thanked Mrs Charlotte Beare for her work preparing the Accountability Report, together with other year-end documentation. Whilst WG have extended deadlines for submission of year-end documentation, HDdUHB would prefer to adhere to the original timescales, to allow a greater focus on COVID-19. Mrs Wilson advised that WG had requested that Health Boards include reference to COVID-19 in their Accountability Report; checks have been conducted and Members were assured that HDdUHB has exceeded WG requirements in terms of detail around COVID-19. Members were informed that the draft Accountability Report will be circulated to all Board Members for comment, following review by the Chief Executive Officer. Following today's meeting, the report would be submitted to Audit Wales and Welsh Government. During subsequent discussion, the following feedback was received:</p> <ul style="list-style-type: none"> <li>• Page 34 – should 'Hywel Dda Regional Partnership Board' read 'West Wales Regional Partnership Board';</li> </ul>	
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	<ul style="list-style-type: none"> <li>• Page 77/78 – lines in column ‘Attendance at Meetings’ for Simon Hancock’s entry need realigning with previous column;</li> <li>• The ‘Risk Heat Map’ on page 39 is an extremely useful summary of the UHB’s key risks, and consideration should be given to publishing this more widely.</li> <li>• The report was an accurate reflection of the Health Board</li> </ul> <p>Members were requested to forward any further feedback/comments to Mrs Wilson, who would produce a summary of these for Mr Newman to approve.</p>	<p><b>JW</b></p> <p><b>ALL</b></p>
	<p>The Committee <b>DISCUSSED</b> and <b>SUPPORTED</b> the content of the Accountability Report, and <b>AGREED</b> to provide any feedback that is relevant to its objective, to the Board Secretary by 13<sup>th</sup> May 2020, in order to provide assurance to the Board that a robust governance process was enacted during the year.</p> <p>The Committee <b>AGREED</b> that the final version of the report be approved via ARAC Chair’s action, prior to onward submission to the Board for final ratification.</p>	

<p><b>AC(20)84</b></p>	<p><b>Draft Head of Internal Audit Annual Report &amp; Opinion 2019/20</b></p> <p>Mr Johns presented the Draft Head of Internal Audit Annual Report &amp; Opinion 2019/20, outlining the purpose, structure and content of the report. Various individual sections of the report were highlighted, including:</p> <p>Section 1.2 – details the overall audit opinion for 2019/20 (Reasonable Assurance), representing a positive outcome for the UHB.</p> <p>Section 1.3 – includes additional narrative around the impact of COVID-19. It was noted that Internal Audit had still been able to provide an overall audit opinion in line with the requirements of the Public Sector Internal Audit Standards, although in determining the overall audit opinion, it had been necessary to take into account certain reports which are/were in draft form.</p> <p>Section 1.4 – provides a summary of audit assignments.</p> <p>Section 2.1 – outlines roles and responsibilities.</p> <p>Section 2.4.2 – supplies further narrative on the rationale behind the overall audit opinion, including key considerations. The Capital and Estates Management domain had presented a challenge in terms of determining the overall assurance rating. Internal Audit had taken into consideration the balance of audits undertaken and their outcomes, together with improvements delivered in-year, for example in Water Safety Management.</p> <p>Section 3 – details other audit work undertaken across NHS Wales.</p> <p>Section 4 – outlines delivery of the Internal Audit Plan during the year.</p> <p>Section 5 – provides a summary of audit results.</p>	
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	<p>Appendices – supply further detail/information for the Committee.</p> <p>Noting reference to Capital and Estates Management, Mr Newman suggested that the final outcome for this domain must have been finely balanced. Mr Johns accepted that this was the case, whilst explaining that more recent Internal Audit work, particularly follow-up audits, improvements made and discussions with management had resulted in the Reasonable Assurance rating for this domain. In response to a query regarding the impact on the overall audit opinion should this domain have been rated Limited Assurance, Members heard that the overall opinion would still have been Reasonable Assurance. This is because, to qualify for a rating of Reasonable Assurance, 5 out of the 8 domains must be rated Reasonable Assurance or more. Even if the Capital and Estates Management domain had been rated Limited Assurance, 6 out of 8 domains would have been rated Reasonable Assurance. Mr Newman highlighted that, whilst the Capital and Estates Management domain had occupied almost a third of the IA work programme (12 out of 40 audits), no weighting had been applied to reflect this. Mr Johns reiterated that the Internal Audit team had determined that a Reasonable Assurance rating was, on balance, appropriate for this domain.</p> <p>Referencing Section 3 and audit work undertaken with other NHS organisations, Mr Thomas enquired why Health Education &amp; Improvement Wales (HEIW) is not included. It was also suggested that it would be reasonable for HDdUHB to have sight of issues which might impact upon the organisation. For example, the two NWIS Limited Assurance reports in Supplier Management and GDPR were highlighted as potentially serious risks for the UHB, with a potential material impact on its position. In response to the first query, Mr Johns acknowledged that HEIW has not yet been included among the NHS organisations covered by Internal Audit work. However, he committed to discuss this with the Director of Audit and Assurance. With regard to the second query, Members were informed that IA reports on other NHS organisations are issued to Health Board management for information, and that consideration is given to the material impact of findings on Health Boards, when reports are finalised. However, as it was unclear to whom in the UHB these reports are sent, it was agreed that this would be discussed further by Mr Johns, Mrs Wilson and Mr Thomas. Mr Newman agreed that it was important to be aware of Limited Assurance reports issued to other NHS organisations which might impact upon the UHB. It was requested that such detail be included in the Internal Audit Plan Progress Report, with the relevant reports to be provided should ARAC deem this necessary.</p> <p>Concluding discussions, Mr Newman looked forward to receiving the finalised report, and requested that this include anticipated completion dates for any IA reports which remain in draft at that point. ARAC also requested that the aforementioned reference to the impact of back-loading the IA plan and the issues this had caused be included.</p>	<p>JJ</p> <p>JJ/JW/ HT</p> <p>JJ</p>
	<p>The Committee <b>NOTED</b> the Draft Head of Internal Audit Report and Opinion 2019/20.</p>	



AC(20)85	<b>Annual Quality Statement</b>	
	<p>Mrs Wilson introduced the Annual Quality Statement (AQS), explaining that this is presented to the Committee to provide assurance that it has been prepared in compliance with the relevant WHC. Members noted that the AQS has been considered in detail by QSEAC, and by a ‘virtual’ Stakeholder Reference Group. Due to COVID-19 pressures, it had not been possible to utilise a Readers’ Panel and translation time restraints and concerns were highlighted. Although WG has extended the deadline for submission, HDdUHB is planning to comply with the original deadline. Mr Owen Burt confirmed that the AQS had been circulated to the Stakeholder Reference Group, and hoped that Members had provided feedback/comments. During further discussion, the following comments were made:</p> <ul style="list-style-type: none"> <li>• It was suggested that the tables such as that on page 10 are not especially clear in terms of evidencing that the UHB achieved what it set out to;</li> <li>• On page 22, it should be clarified that the Learning Disabilities Charter was signed by those Executives and IMs in post at that point in time, and that others have joined the organisation since.</li> </ul> <p>Mrs Wilson would feed back these comments to the report’s authors.</p>	JW
	<p>The Committee was <b>ASSURED</b> that, in the drafting of the Annual Quality Statement for 2019/20, the University Health Board has complied with the requirements of Welsh Health Circular (WHC) Annual Quality Statement 2019/2020 Guidance.</p>	
AC(20)86	<b>Audit Enquiries to those Charged with Governance and Management</b>	
	<p><i>Ms Rhian Davies and Ms Jennifer Thomas joined the Committee meeting.</i></p> <p>Mr Thomas presented the standard annual letter from Audit Wales Audit Enquiries to those Charged with Governance and Management, advising that it had not been possible to prepare a response yet, as this had not been received until 1<sup>st</sup> May 2020. The Finance team will draft a response for consideration at the ARAC meeting on 27<sup>th</sup> May 2020.</p> <p>Noting the requirement to state whether the UHB is compliant with relevant laws and regulations; Mr Newman enquired whether there is a central list of these, and whether the UHB has ensured its compliance against every one. Members were advised that, whilst there is a central list, compliance has not been checked against every entry. Mrs Wilson reminded Members that a similar query was raised last year in relation to the Legislative Assurance Framework, and suggested that the wording utilised in this respect be reviewed, as it may be applicable. Mr Thomas explained that the question is more concerned with whether the UHB has a route/process in place to ensure compliance with relevant legislation and regulations, which was confirmed by Mr Jeremy Saunders on behalf of Audit Wales. Whilst acknowledging this, Members were reminded that there have been recent issues around UHB compliance with legislation, the European Working Time Directive and Health &amp; Safety Act being just two examples. Mrs Beare assured</p>	



	<p>Members that both of these issues are included in the Legislative Assurance Framework and are ranked as Limited Assurance.</p> <p>Mr Thomas assured Members that the UHB has a process in place to provide reasonable assurance that it is compliant with laws and regulations.</p> <p>The Committee <b>NOTED</b> the evidence requested by Audit Wales and that a response would be drafted for consideration at the next meeting.</p>	
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<b>AC(20)87</b>	<p><b>Draft Annual Accounts 2019/20</b></p> <p>Mr Thomas outlined the Draft Annual Accounts 2019/20, explaining that the preparation of these had been challenging for a variety of reasons.</p> <p>Members received a presentation summarising the key elements of the 2019/20 Annual Accounts, with the following highlighted:</p> <p>Slide 3 (Performance against Financial Targets; Revenue Resource Performance) – target not achieved. The year-end deficit for 2019/20 was £34.9m, contributing to a cumulative 3 year deficit of £139.8m.</p> <p>Slide 4 (Performance against Financial Targets; Capital Resource Performance) – target achieved. Expenditure had not exceeded the funding allocation. £400k had been spent on COVID-19 preparations, however this is being reimbursed by WG.</p> <p>Slide 5 (Performance against Financial Targets; Duty to prepare a 3 Year Plan) – target not achieved.</p> <p>Slide 6 (Performance against Financial Targets; Prompt Payment Code) – target achieved, with 96.2% of invoices paid within 30 days.</p> <p>Slide 7 (Key Issues; Impact of COVID-19) – there was an increased revenue spend at the end of the year of £1.6m, which it has been confirmed will be funded by WG. Returns regarding Annual Leave accrual have had to be estimated, based on an extrapolation of last year’s data. Certain stocktaking levels have had to be estimated, although others had already been completed or are automated. The impact of COVID-19 on Primary Care prescribing is not currently known, and there are national discussions on the likely impact of this.</p> <p>Slide 8 (Key Movement) – this summarises the areas which have seen key change from last year.</p> <p>Slide 9 (Expenditure on Healthcare from Other Providers) – the increase in costs resulting from the WHSCC Integrated Commissioning Plan was highlighted.</p> <p>Slide 10 (Expenditure on Hospital and Community Health Services) – the increase in pay costs and in employer’s pension contributions (£17m) were highlighted. It was noted that the number of UHB staff has increased by more than 400 since last year. Increased capital schemes have also led to increases in costs.</p>	
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Slide 11 (Provisions) – Clinical Negligence claims have increased significantly, although this is an increase in value of claims rather than an increase in number of claims, as evidenced by the cases summary.

Slide 12 (Next Steps) – Audit Wales is currently conducting a ‘virtual’ audit of the UHB’s accounts; HDdUHB is further ahead in this respect than other Health Boards, as a similar process was used last year.

Conscious that there had been a delay in sending annual accounts papers, Mr Thomas stated that he would be happy to have separate discussions with individual Members if they wished to clarify specific queries. If required, a summary of questions and answers could be prepared.

In conclusion, Mr Thomas wished to highlight in particular the reduction in year-end deficit, whilst acknowledging that there had been a £27m WG allocation following the Zero Based Review. Members’ attention was also drawn to the significant increase in Capital Resource Limit, IT and Estates in particular, which reflects in particular the efforts of Mrs Karen Miles’ team. In terms of COVID-19, whilst it would be desirable to distinguish COVID-19 stock impact, it is not currently possible to separate this out. During subsequent discussion of the report, the following points were raised:

- With regards to the almost £140m cumulative 3 year deficit, is there any expectation from WG that the UHB will repay any of this? In response, Members were advised that the more significant deficit is the cash deficit, which WG has been supporting;
- Whilst this is regarded as repayable, WG has not to date broached enforcing this. To do so would make achieving any medium-term plan extremely difficult;
- It was noted that an announcement had been made in one of the UK Government daily COVID-19 briefings that historical NHS debt was to be written off. However, Members were reminded that in England, historic deficits resulted in loans from the Department of Health, which have now been written off. In Wales, the cash impact of deficits have always been funded and, therefore, there is nothing to write off;
- Members noted that the Chair of the Finance Committee has not yet seen the draft annual accounts. It is not intended to present them to the Finance Committee;
- With regard to Provisions, and Clinical Negligence claims specifically, it was suggested that there needs to be a greater focus on learning from these events, to avoid repetition and future claims;
- It was noted that the Clinical Negligence caseload includes a considerable number of aged cases; this suggests a need to learn lessons more quickly;
- Whilst it was recognised that Clinical Negligence represents a significant opportunity for preventing future costs, this topic needs to be discussed with the Director of Nursing, Quality & Patient Experience and the Medical Director, to ensure that work is not duplicated;

ALL

	<ul style="list-style-type: none"> <li>• The UHB Chair is keen to focus on this area, and has raised it with the Director of Nursing, Quality &amp; Patient Experience and Assistant Director of Nursing (Legal and Patient Support). It is intended to establish a Listening and Learning Sub-Committee, which will report via the formal governance structure;</li> <li>• In terms of timescales, the final accounts were due to be submitted to ARAC on 27<sup>th</sup> May 2020. The presentation suggests 23<sup>rd</sup> June 2020. The actual timing will depend on Audit Wales' ability to meet the deadline for submission to the May meeting;</li> <li>• If it is not possible to present the accounts to ARAC on 27<sup>th</sup> May 2020, an update on progress will be provided at that meeting.</li> </ul>	<b>HT/JS</b>
	The Committee <b>DISCUSSED</b> the draft annual accounts.	

<b>AC(20)88</b>	<b>Any Other Business</b>	
	There was no other business reported.	

<b>AC(20)89</b>	<b>Date and Time of Next Meetings</b>	
	9.30am, 27 <sup>th</sup> May 2020, Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen (Sign-off Annual Accounts)	
	9.30am, 23 <sup>rd</sup> June 2020, Boardroom, Corporate Offices, Ystwyth Building, St David's Park, Carmarthen (standard business)	