



**PWYLLGOR ARCHWILIO A SICRWYDD RISG  
AUDIT AND RISK ASSURANCE COMMITTEE**

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	14 December 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Audit & Risk Assurance Committee (ARAC) Self-Assessment 2020/21 – Action Plan
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Paul Newman, ARAC Chair Joanne Wilson, Board Secretary
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Karen Richardson, Corporate & Partnership Governance Officer

**Pwrpas yr Adroddiad (dewiswch fel yn addas)**

**Purpose of the Report (select as appropriate)**

Er Sicrwydd/For Assurance

**ADRODDIAD SCAA  
SBAR REPORT**

**Sefyllfa / Situation**

The purpose of this report is to present to the Audit & Risk Assurance Committee (ARAC) progress on the ARAC Self-Assessment 2020/21 Action Plan, and to consider whether this meets the expectations of the Committee.

**Cefndir / Background**

For 2020/21, a new approach to self-assessment was introduced to elicit greater feedback which can shape and influence the agenda of ARAC going forward.

Members of ARAC completed a questionnaire to consider the Committee's effectiveness during 2020/21 and, in addition to specific domain questions, comments were invited on any improvements for consideration to assist the Committee in drawing up its own plan for improvement. The recognition of what has worked well has been a helpful platform to move forward, and the greater focus on organisational risks to inform the agenda and work of the Committee will enable a further move towards providing a strategic outlook.

**Asesiad / Assessment**

Each question started with a statement, which set out 'what good looks like'. In response, Members described at least one example from 2020/21 in which the Committee had been effective in this domain and shared at least one idea for improving the Committee's effectiveness in this domain over the coming year.

The responses included a number of useful suggestions regarding ways in which the governance and operation of ARAC might be improved. Following presentation of the responses and suggested improvements to the ARAC meeting on 22<sup>nd</sup> June 2021, it was agreed that an update on the progress of actions be presented to a future meeting of the Committee.

## Question 1

The Committee's purpose is to advise and assure the Board and the Accountable Officer on whether effective arrangements are in place, through the design and operation of the UHB's system of assurance, to support them in their decision taking and in discharging their accountabilities for securing the achievement of the UHB's objectives, in accordance with the standards of good governance determined for the NHS in Wales.

<b>Suggestions Made for Improvement</b>	<b>Health Board Response</b>	<b>Progress</b>
To systemise this consideration of whether report findings should be shared more widely with other committees, not only the Board, a specific item could be included on the agenda at the reflective summary point as an aide memoire for this to be specifically considered.	This could be shared for information with the relevant committee to ensure committee agendas do not become overloaded. This will be an item for consideration at the Committee Chairs' meeting which will be established in the near future.	Where a specific governance issue arises which falls within the Committee's terms of reference this will be forward planned as part of the Committee's forward work programme. This needs to be a balanced approach in order to ensure the Committees' work programmes are not focussing purely on audit reports.  In terms of IA reports that provide assurance on principal risk and achieving POs, these will be shared for inclusion to the relevant Committee.  Complete - Committee Chairs' meetings commenced September 2021.
More strategically, there could be a discussion with other committee chairs as to any areas they may wish to see covered as part of the annual work plan for IA/ARAC.	Through Committee Chairs' meetings, the ARAC Chair could potentially highlight areas to add to the annual work plan to other Committee Chairs. Reports that impact upon the work programme of other committees are already shared for information purposes.	Please see above comment. Complete - Committee Chairs' meetings commenced September 2021 and this area will be covered in future agendas.
When conditions allow, re-establishing the Committee Chairs meetings	The Committee Chairs' meeting will be formally established in the near future.	Complete - Committee Chairs' meetings commenced September 2021.

<p>Ensuring the effective management of the IA programme – achieved this year so it should be possible every year.</p>	<p>Weekly meetings have been established with the Head of Internal Audit and the Board Secretary which have enabled the internal audit plan to be monitored on a weekly basis these and will continue going forward.</p>	<p>Complete – meetings continue to be held on a weekly basis where progress against plan is reviewed. Furthermore, regular catch ups are held with the ARAC Chair, Head of Internal Audit and the Board Secretary.</p>
<p>Avoiding draft reports with incomplete management responses being presented to the Committee.</p>	<p>In agreement, and linked to the point above, there is now an improved working relationship with IA. This is also part of the Internal Audit Service Level agreement recognising only final reports with complete management responses should be presented to the Committee.</p>	<p>Complete</p>
<p>One suggestion for improvement might be the attendance of the Chair of other committees at in-committee ARAC when considering their report on the discharge of the duties of that committee to allow them to express any concerns freely and openly</p>	<p>This would not represent good governance as it is essential the distinct roles of Independent Members and Executive Directors are maintained. The Health Board also needs to ensure that it continues to operate in an open and transparent way and this would not be an appropriate use of an In Committee meeting.</p>	<p>No update required.</p>
<p>An annual meeting between the Chair, HB’s Fraud Champion and Lead LCFS to discuss key objectives relating to this area.</p>	<p>Agreed. Regular meetings are held between the Fraud Champion and the LCFS; however, an annual meeting including the Chair of ARAC will be scheduled.</p>	<p>Meeting yet to be arranged, this will be established on a quarterly basis.</p>
<p>Build clear links with assurance provided to other committees through a board assurance framework.</p>	<p>This is part of the programme of work to reinvigorate the BAF which will be discussed at the Board Seminar and</p>	<p>Complete - the refreshed BAF process was presented to Board on 22<sup>nd</sup> June 2021 and will be a standing item on all future Board agendas.</p>

Public Board in June 2021.

## Question 2

The Committee works strategically. This means it reviews the adequacy of the UHB's strategic governance and assurance arrangements and processes for the maintenance of an effective system of good governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical) that support the achievement of the organisation's objectives, providing the Board with the assurance necessary to have confidence in its ability to deliver.

<b>Suggestions Made for Improvement</b>	<b>Health Board Response</b>	<b>Progress</b>
The Committee could seek to align its work plan for future years to the 6 strategic objectives of the Health Board and seek assurance that selected planning objectives towards achieving those strategic objectives are on target to be met	Following development of the BAF, linking in with IA, a half year review could be undertaken.  This will be more important for the next financial year when the BAF is more embedded and there is more awareness of areas to test and gain assurance.  It should be recognised that the strategic objectives are only one mechanism to measure success. Assurance is still required on the 'here and now'	This has been forward planned on ARAC Work Programme for April 2022 and then biannually moving forward.
There have been some areas where progress has been slow (e.g. Radiology Review) and therefore the expectations from ARAC as to reasonable timescales for responses needs to be clear. When allowed, it would be good to see clinical leads attend for specific items.	In agreement – as we exit the COVID-19 pandemic, there will be a reversion to inviting Executive Leads and key officers to ARAC.	Complete – when required, the ARAC Committee Services Officer will invite Executive Leads and key officers to meetings.  Due to the ongoing global pandemic and pressures within the system it has been agreed to limit attendance at Board and the Committees for the foreseeable future. This will be reviewed on a regular basis.

Avoiding getting too concerned about detail	This represents a meeting management issue, which the Chair will control during meetings when the discussion becomes too operational.	No update required.
One area for improvement would be to clearly identify where each Audit fits within the strategic plans of the Health Board in order that discussion could be focused on the impact of poor reports on the Health Board	To link to the BAF and ensure clear identification of which of the internal audits links to the planning objectives.	Complete - the refreshed BAF process was presented to Board on 22 <sup>nd</sup> June 2021.  Audit reports are a key part of the assurance mechanisms within the BAF
Ensure that it receives the assurance it requires from clinical audit	Already included within the work programme of the committee and reviewed at regular intervals.  Concerns in respect of outcomes from a national perspective are already considered by a Sub-Committee of QSEC.  Suggestion that the tracker could be shared for information at QSEC.	Incorporated within work programmes of both committees. Update provided at the October 2021 QSEC meeting.
Focuses its time on the high-risk matters brought to its attention	Through the ARAC Chair who manages agenda timings effectively and apportions time to each item as part of the agenda setting process and feedback from the regulators.	No update required.

### **Question 3**

The Committee works systemically. This means it works effectively with the Board, other Board Committees and other relevant parts of the organisation's governance and assurance system, in order to ensure that we spot connections and themes which have an impact on risk and assurance. It guards against silo working. It gives balanced and meaningful 'air time' to the full range of the Health Board's service portfolio.

Suggestions Made for Improvement	Health Board Response	Progress
<p>There could be greater discussion and liaison between the Chairs of each Board-level committee to identify areas of concern for ARAC to investigate. This could turn what tends to be a one-way street of ARAC passing issues of concern to other committees to oversee into a two way street. It would also help to foster an even greater 'Team Hywel Dda' approach to governance and the greater sharing of information, thoughts and concerns. It would also reduce dependence on a small number of people to design the work plan</p>	<p>This will be an item for consideration at the Committee Chairs' meeting which will be established in the near future. Regular meetings are already held with the ARAC Chair and Board Secretary to review this area.</p> <p>It should be noted that ARAC has a unique role in the governance system which needs to be protected.</p>	<p>Complete - Committee Chairs' meetings commenced September 2021.</p>
<p>Some specific audit reports may highlight issues which could apply across a range of areas. Some exploration of how assurance is gained to ensure lessons learnt are spread across all areas, not only the one which has been subject to an audit</p>	<p>Further work is required in relation to ensuring lessons are learnt across the Health Board. This will be an item for consideration at the Committee Chairs' meeting which will be established in the near future.</p>	<p>Complete – items for consideration are being monitored at the Committee Chairs' meetings which commenced September 2021.</p> <p>This has partly been addressed through the Directorate Governance Reviews – these have been quite narrow to date and focussed on governance but could be widened to include lessons learnt.</p> <p>Internal Audit have agreed to include the benefits of wider learning across the Health Board in reports, when appropriate.</p>
<p>Perhaps the committee should regularly ask the question on each audit report finding – could this be relevant elsewhere in the organisation.</p>	<p>Further work is required in relation to ensuring lessons are learnt across the Health Board. This will be an item for consideration at the Committee Chairs' meeting which will be</p>	<p>Whilst the Committee Chairs' meetings will review findings from a governance perspective; as above Internal Audit have agreed to include the benefits of wider learning across the Health Board in reports, when appropriate.</p>

	established in the near future.	
	Work will be undertaken with the Head of Internal Audit to review how recommendations are worded and could be of relevance wider than the individual audit area.	This action has yet to be progressed
Promote a reporting mechanism to raise concerns outside of ARAC meetings.	Further work is required in relation to ensuring lessons are learnt across the Health Board. This will be an item for consideration at the Committee Chairs' meeting which will be established in the near future.	Complete – items for consideration are being monitored at the Committee Chairs' meetings which commenced September 2021.

#### **Question 4**

The Committee works intelligently. This means it draws on a diverse range of reliable data (both quantitative and qualitative) to triangulate information and reveal themes or patterns in regard to risk and assurance. It uses internal and external sources to inform improvement. This relies on accurate interpretation of the data, which requires skill from both the providers and readers of the data.

<b>Suggestions Made for Improvement</b>	<b>Health Board Response</b>	<b>Progress</b>
All ARAC meetings take place at Hafan Derwen. This results in a corporate approach to gaining assurance. The onset of the COVID-19 pandemic has resulted in meetings taking place virtually. The method adopted of calling people into meetings has probably previously necessitated meetings being held at Hafan Derwen. Is this still the case when more normal working arrangements return? When circumstances allow could ARAC meetings move around Hywel Dda with certain officer attending virtually where it would be most efficient for them to do so but affording IMs the opportunity to	This links to the site visits work that is being undertaken and will be reported back to a future Board Seminar meeting. The schedule could link to an IA report or Directorate review, or aligned to the patient safety walkabouts that are reported through QSEC.	A programme of site visits commenced in October 2021. At the present time Audit reports are not linked to site visits as the aim of the visits are pastoral and more of a check in. This will be considered once formal patient safety walkabouts commence.

combine attendance at ARAC meetings with a walkround?		
If this could be coordinated in order that an item featuring on the ARAC agenda for that meeting could be used as a focus for the walkround so much the better but simply affording members the opportunity to talk to staff about issues discussed at the meeting earlier in the day would add to the assurance (or not!) provided	See above. This links to the site visits work that is being undertaken and will be reported back to a future Board Seminar meeting.	See above
The downside is that it may turn what is typically a half-day time commitment into one which probably lasts all day. The upside is it would be more fulfilling, rewarding and add to the knowledge of members. It might also serve to raise the profile of the committee and IMs.	See above. This links to the site visits work that is being undertaken and will be reported back to a future Board Seminar meeting	See above
There is probably an opportunity to show greater use of triangulated data going forward	This will be reflected in the work in relation to the Board Assurance Framework and the revised performance monitoring arrangements.	Complete - the refreshed BAF process was presented to Board on 22 <sup>nd</sup> June 2021.
As the HB moves to more local supply chains, it will be important for ARAC to ensure decisions made are scrutinised.	In agreement - ARAC needs assurance on the procurement processes; this will be included in IA programme.	In agreement to be included in the future Internal Audit work programme
More examination of learning (successes and failures) from outside of the organisation	Through Audit Wales, there are a number of all Wales reports which allow comparisons. In addition there have been some examples from COVID-19 from IA.	No update required.

### **Question 5**

The Committee facilitates learning. This means it works openly and honestly, encouraging contributions from attendees which are a fair and reasonable reflection of the realities faced across all services. The Chair sets the leadership tone and is supported by other Independent Members and the Executive to hold this learning space. The style is one of high support/high challenge.

Suggestions Made for Improvement	Health Board Response	Progress
<p>The suggestion above about enabling committee members to visit different sites would foster a greater understanding and add to the range of evidence available to members of the committee. This more anecdotal evidence would need to be balanced with the more forensic nature of evidence that might be obtained from, for example, Audit Wales reports but would add to the depth and range of evidence available to members and help inform the questioning at future meetings of not just ARAC but at other committees and at Board. Members would however need to weigh the quality of evidence received from a range of sources but could well stimulate a richer and more informed discussion of issues.</p>	<p>This links to the site visits work that is being undertaken and will be reported back to a future Board Seminar meeting. The schedule could link to an IA report or Directorate review, or aligned to the patient safety walkabouts that are reported through QSEC.</p> <p>The potential to rotate meetings with the option for officers to still join meetings virtually. The rotating of meetings will be limited by environment and availability of rooms.</p>	<p>See above</p> <p>The option to rotate meetings will be considered in future, however currently this is not a viable option.</p>
<p>There aren't opportunities for managers to learn from each other as they only attend for their own item. Maybe for the future, it would be beneficial for managers to stay for the section where IA reports are received and scrutinised</p>	<p>Not supported and relates to conversations in Board Seminar regarding the best use of officers' time.</p>	<p>No update required.</p>
<p>Presentations/reports about the services being audited could be included from time to time</p>	<p>Internal Audit undertake the Directorate reviews – on hold during the COVID-19 pandemic these are being restarted during the current financial year.</p>	<p>Directorate reviews have recommenced.</p>
<p>Promote a reporting mechanism to raise concerns / learning areas outside of ARAC meetings</p>	<p>Mechanisms are currently in place to raise concerns/learning outside of ARAC meetings formally; this is undertaken in accordance with the Standing Orders and the Board Secretary would raise with the Chair</p>	<p>No update required.</p>

	<p>and ARAC Chair any concerns.</p> <p>Other mechanisms to raise concerns – speaking up safely, whistle blowing, through regulators etc.</p>	
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**Question 6**

The Committee champions continuous improvement. This means it uses an improvement mindset, as well as methodologies, which enable it to lead and oversee a clear journey of improvement in respect of risk and assurance.

<b>Suggestions Made for Improvement</b>	<b>Health Board Response</b>	<b>Progress</b>
Returning to a position by bringing in directorates or departments with the most or most serious overdue management responses should help to ensure these issues remain the focus of management attention. C/f the walkround ideas above	<p>In agreement – as we exit the COVID-19 pandemic, to revert to inviting Executive Leads and key officers to meetings.</p> <p>Agreed to commence from August 2021.</p>	<p>Complete – when required, the ARAC Committee Services Officer will invite Executive Leads and key officers to meetings.</p> <p>Due to the ongoing global pandemic and pressures within the system it has been agreed to limit attendance at Board and the Committees for the foreseeable future. This will be reviewed on a regular basis.</p>
Maybe something about how the recommendations and the responses to IA reports could be framed in a different way to demonstrate continuous improvement?	This would depend on the nature of the recommendations as these need to be SMART to demonstrate continuous improvement.	Complete. Procedure in place via the Internal Audit Charter in relation to appropriate management responses.
Reviewing best practices developed by other sector bodies to further enhance our own knowledge	Agreed. These could be scheduled on the Committee workplan.	Schedule on ARAC workplan yet to be agreed.

**Question 7**

The Committee works proactively. This means it is organised in its workplan, sensitive to the dynamic environment in which the Health Board operates, and searching in its enquiries. It is curious, and willing to pursue demanding issues in the interests of excellent patient care. The Committee will seek assurance that effective systems are in place to manage risk, that the

organisation has an effective framework of internal controls to address principal risks (those likely to directly impact on achieving strategic objectives), and that the effectiveness of that framework is regularly reviewed

Suggestions Made for Improvement	Health Board Response	Progress
It may be useful to undertake a stock take during the year to identify any new or emerging issues to direct attention to rather than having a work plan, which is written in tablets of stone at the start of the year. Having some built in spare capacity to allow for this to happen may be useful	This is already in place.  Discussed at weekly IA meetings and fortnightly Audit Wales meeting, with the plan reviewed and refreshed and re-approved by ARAC.  The meeting with ARAC Chair, HOIA and Board Secretary has been reinstated from June 2021 onwards.	No update required.
Liaise with the Auditors to see if there are any areas of concern emerging in audits elsewhere. Also ask Execs to identify any areas in their portfolio where they need additional assurance	This is currently in place.	No update required.
Continue to address non-compliance of risk management	In agreement	No update required.

#### Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is requested to receive assurance that any actions from the ARAC Self-Assessment 2020/21 are being progressed within the agreed timescales.

#### **Amcanion: (rhaid cwblhau)**

#### **Objectives: (must be completed)**

Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	10.6 The Board Secretary, on behalf of the Board, shall oversee a process of regular and rigorous self-assessment and evaluation of the Committee's performance and operation, including that of any sub-committees established. In doing so, account will be taken of the requirements set out in the NHS Wales Audit Committee Handbook.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable

Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a>	10. Not Applicable

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	ARAC Handbook NHS Wales Audit Committee Handbook ARAC Terms of Reference Published guidance from the Good Governance Institute Questionnaire responses
Rhestr Termiau: Glossary of Terms:	Contained within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	ARAC Members

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Not Applicable
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Not Applicable
<b>Gweithlu: Workforce:</b>	Not Applicable
<b>Risg: Risk:</b>	Not Applicable
<b>Cyfreithiol: Legal:</b>	Not Applicable
<b>Enw Da: Reputational:</b>	Not Applicable
<b>Gyfrinachedd: Privacy:</b>	Not Applicable
<b>Cydraddoldeb: Equality:</b>	Not Applicable