

Enw'r Pwyllgor: Name of Committee:	Audit and Risk Assurance Committee (ARAC)
Cadeirydd y Pwyllgor: Chair of Committee:	Mr Paul Newman, Independent Member
Cyfnod Adrodd: Reporting Period:	Meeting held on 24 th August 2021
Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor: Key Decisions and Matters Considered by the Committee:	
<p>In accordance with the guidance provided in the NHS Wales Audit Committee Handbook, the Board should look to their Audit Committee to review and report on the relevance and rigour of the governance processes in place and the assurances provided to the Board. Hywel Dda University Health Board's Audit and Risk Assurance Committee's (the Committee) primary role is, as such, to ensure the system of assurance is valid and suitable for the Board's requirements and to support the Board by seeking and providing assurance that controls are in place and are working as designed, and to challenge poor sources of assurance.</p> <p>This report summarises the work of the Audit and Risk Assurance Committee at its meeting held on 24th August 2021, in monitoring, reviewing and reporting to the Board on the processes of governance, and facilitating and supporting the attainment of effective processes. At its meeting on 24th August 2021, the Committee critically reviewed governance and assurance processes for a number of service/business areas, with the following highlighted:</p> <ul style="list-style-type: none"> • Table of Actions – the Committee noted information regarding expenditure on consultancy. Whilst it was acknowledged that HDdUHB has the second highest consultancy spend across Health Boards, there was concern that the UHB is not defining and coding 'consultancy' entirely correctly. The Director of Finance committed to work with ARAC during the coming months in this regard. Information around consultancy would be routinely included in the Financial Assurance report. Prior to this, there would be a separate report to a future meeting. • Enhanced Monitoring Update – the Committee received an update report on the recent Joint Executive Team (JET) meeting with Welsh Government. The letter received following this meeting was welcomed, with the positive sentiments expressed therein representing a significant achievement, which demonstrates the change in approach towards the UHB and reflects the work undertaken to get the organisation into its current position. • Review of the Capital Governance Arrangements - Terms of Reference – the Committee reviewed the proposed Scope/Terms of Reference, noting that these had been approved by the Chief Executive Officer, following discussion with Executive Directors and Internal Audit. It was agreed that wording regarding the source of advice regarding contracts and whether they are sufficient to meet the UHB's needs would be further strengthened. The Committee endorsed a suggestion that the Terms of Reference reflect 'the lifespan' of a capital project. Whilst noting that the ambition is for the review to be conducted promptly and its findings to be presented to the October 2021 meeting of ARAC, it also needs to be completed properly and comprehensively; therefore, if necessary, the report may be delayed until the December 2021 meeting. 	

- **Financial Assurance Report** – the Committee received the Financial Assurance report, noting that there were no losses or debtors write offs to be approved.
- **Service Level Agreements - Third Sector Organisations** – a report detailing various Service Level Agreements (SLAs) was presented; with the Committee noting that, whilst there are extenuating circumstances surrounding all of these, actions will be taken to strengthen processes to mitigate the risk of recurrence. The UHB has an extremely complex environment of non-recurrent funding arrangements, with particular challenges within operations. It was recognised that further work is required, including the need to consider the role and involvement of the contracting team going forward.
- **Post Payment Verification (PPV) End of Year Report and Primary Care PPV Update Report** – the Committee received an update on general PPV activity, together with an End of Year Report. Also received was a Primary Care PPV Update Report. Concern was expressed regarding the figures for certain General Practices, with high error rates noted. Assurance was requested that these issues are being addressed urgently and not left until revisits for resolution, particularly in view of similar discussions at previous meetings. The question of triangulation of data was also raised, with it suggested that PPV data needs to be triangulated with information from regulator/inspectorate visits, such as Healthcare Inspectorate Wales. Assurance was provided that there are robust processes in place within the Primary Care team, and that clinical issues are considered alongside PPV data. The Primary Care team operates active interventions with requirements for action plans. Also, the Primary Care Contracting Group has recently been reconstituted and this considers a single dashboard of all GP practice data. The Group will report into the Operational Quality, Safety and Experience Sub-Committee. Support is being provided to practices, with the Primary Care team tailoring the response to the issues involved and preparing an action plan. Counter Fraud colleagues are involved when necessary.
- **NHS Pension Scheme Year End Processing 2021** – the Committee noted the contents of the NHS Pension Scheme Year End Processing 2021 Report.
- **Audit Wales Update Report** – an update was provided by Audit Wales on finance and performance audit work planned.
- **Management Response to the Structured Assessment 2021: Phase 1 - Operational Planning Arrangements** – the Committee agreed that the management response presented provides assurance that the four new recommendations will be addressed appropriately.
- **Audit Wales Review: Welsh Health Specialised Services Committee (WHSSC) Governance Arrangements** – the Committee received a report on this topic, which was welcomed. It was noted that all the organisations which comprise WHSSC will consider this report at their Audit Committees. Noting that WHSCC is a Joint Committee of the Board, it is instrumental in ensuring the report's recommendations are taken forward. One of the key issues the UHB would wish to accentuate and clarify relates to escalation arrangements for concerns regarding services commissioned from WHSSC, and from other providers. It was suggested that the response to the report from Welsh Government was not as robust as it might be; Audit Wales will be revisiting this with Welsh Government. The Board Secretary would liaise with the WHSCC Joint Committee to ensure that information and updates are shared. Given the significance of this report and

the concerns regarding the management response, it was agreed that this matter would be highlighted to Board.

- **Radiology Directorate Internal Audit Update** – an update on this topic was presented, with the Committee noting that a number of issues have impacted on the UHB’s ability to achieve the level of progress intended. Most significantly, only 5 of the 14 expected radiography graduates were recruited, and there are vacancies in other key staff groups. In addition, the previous Head of Service has left the UHB and, whilst a new Head of Service had been appointed, they are not due to commence in post until November 2021. The Committee was concerned by ongoing issues with graduate recruitment and was reminded that Health Boards submit workforce plans to Health Education and Improvement Wales (HEIW), and that universities are commissioned to provide student places on the basis of these plans. In addition, NHS Wales Shared Services Partnership (NWSSP) have ‘streamlining’ processes in place around graduate recruitment. It was suggested that the Board should be conversing with HEIW and NWSSP to agree a future strategy. Without sufficient staff to deliver them, any plans – however robust – are inoperable. Shortfalls in staff result in increased locum and agency costs and poor outcomes for patients. In view of the foregoing discussions, and recognising that it will be difficult to make changes until this issue is resolved, it was agreed that concerns around recruitment, particularly graduate recruitment, should be flagged to the Board for discussion at a higher level.

- **Internal Audit Plan Progress Report** – the Committee received an update on the Internal Audit Plan.

- **Internal Audit** – the Committee received the following Internal Audit reports:

- Field Hospital Decommissioning (Advisory Review)
- Welsh Language Standards (Limited Assurance)
- Use of Consultancy (Limited Assurance)
- Human Tissue Act (HTA) Compliance (Reasonable Assurance)
- Single Tender Actions (Reasonable Assurance)

The following IA reports were deferred to the next meeting:

- Directorate Review: Women and Children’s Services
- Medical Staff Recruitment

- **Health & Safety Assurance Committee Report around the Discharge of their Terms of Reference** – the Committee received a report detailing Health & Safety Assurance Committee (HSAC) activities during 2020/21 and was assured that the HSAC is operating in accordance with its Terms of Reference and discharging its duties effectively on behalf of the Board.

- **Audit Tracker** – the UHB Central Tracker, which tracks progress against audits and inspections undertaken within the UHB, was presented. At the time of reporting, there were 93 reports open, 45 of which have recommendations that have exceeded their original completion date; this has decreased from the 60 reports previously reported in June 2021. There is an increase in recommendations where the original implementation date has passed from 93 to 102. The number of recommendations that have gone beyond six months of their original completion date has reduced from 52 to 51 as reported in June 2021. Assurance was provided that all outstanding recommendations are regularly followed-up with services.

- **Counter Fraud Update** – an update on counter fraud activity was received.
- **Audit Committee Work Programme** – the Committee received for information the ARAC work programme for 2021/22.

**Materion y Mae Angen Ystyriaeth neu Gymeradwyaeth Lefel y Bwrdd ar eu Cyfer:
Matters Requiring Board Level Consideration or Approval:**

None

**Risgiau Allweddol a Materion Pryder:
Key Risks and Issues/Matters of Concern:**

- Continued concerns around PPV error rates;
 - The Committee was somewhat assured by additional information provided by the Assistant Director of Primary Care.
- Concerns relating to the Audit Wales WHSSC Governance Arrangements Review and associated management/Welsh Government response;
 - It was agreed that this issue would be highlighted to the Board.
- Concerns around recruitment in Radiology, particularly graduate recruitment, and the need for these to be discussed at a higher level;
 - It was agreed that this issue would be highlighted to the Board;
 - It was agreed that a further update would be scheduled for June 2022.

**Busnes Cynlluniedig y Pwyllgor ar Gyfer y Cyfnod Adrodd Nesaf:
Planned Committee Business for the Next Reporting Period:**

**Adrodd yn y Dyfodol:
Future Reporting:**

In addition to the items scheduled to be reviewed as part of the Committee's work programme, following up progress of the various actions identified above will be undertaken.

**Dyddiad y Cyfarfod Nesaf:
Date of Next Meeting:**

19th October 2021