Enw’r Pwyllgor: Audit and Risk Assurance Committee
Name of Committee: Audit and Risk Assurance Committee
Cadeirydd y Pwyllgor: Mr Paul Newman, Independent Member
Chair of Committee: Mr Paul Newman, Independent Member
Cyfnod Adrodd: Meetings held on 21st April and 5th May 2020
Reporting Period: Meetings held on 21st April and 5th May 2020

Y Penderfyniadau a’r Materion a Ystyriodd y Pwyllgor:
Key Decisions and Matters Considered by the Committee:

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.

This report summarises the work of the Audit and Risk Assurance Committee at its meetings held on 21st April and 5th May 2020, 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 21st April 2020, the Committee critically reviewed governance and assurance processes for a number of service/business areas, with the following highlighted:

- **Matters Arising** – whilst recognising and commending the efforts being made by staff to deal with COVID-19, the Committee emphasised the importance of maintaining pace and momentum in terms of ongoing issues. The need for updates regarding Radiology and Operating Theatres were noted in particular.

- **Targeted Intervention** – the Committee noted that due to COVID-19 the Targeted Intervention meeting scheduled for 31st March 2020 had been cancelled.

- **Annual Review of the Committee’s Self-Assessment of Effectiveness** – the Committee received the survey results from this exercise. Aside from one or two specific issues, which would be addressed separately, the responses were not significantly different from those for 2018/19. It was noted the Committee was working effectively.

- **Financial Assurance Report** – a letter has been issued 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 of line with the organisation’s Scheme of Delegation. These decisions have all been reviewed, although a number have been managed via normal Board processes. The Committee approved the losses and debtors write-offs noted within the report.

- **Audit Wales (formerly Wales Audit Office) NHS Consultant Contract Follow-up Review Update** – the Committee received an update on progress, with a breakdown of job planning figures by specialty provided. 78% of job plans had been completed before work had been halted due to COVID-19, with the Health Board on trajectory to achieve a year-end figure of 93%. 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. Assurance was requested that learning/good practice is being shared between directorates/specialties.

- **Internal Audit Royal College of Physicians Medical Records Keeping Standards Update** – the establishment of a Record Keeping Audit Working Group, and this Group’s remit was noted. 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. The actions outlined suggest that the process will be more robustly managed. Whilst emphasising that the team would have wished to drive forward delivery of the actions, the current priority for every clinician must be dealing with COVID-19. It was agreed that a further update would be scheduled in six months.

- **Audit Wales Office Clinical Coding Follow-up Update** – an update was provided on this topic. Clinical Coders have been identified as essential NHS workers, and that discussions have taken place with the Clinical Coding team regarding what their priorities should be at this time. There have been discussions at a national level regarding the Welsh Government (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. It was agreed that a further update would be scheduled in six months.

- **Audit Wales Update** – the Committee was updated regarding Audit Wales financial audit work; whilst WG has put back some of its year-end deadlines, the Health Board has requested that the previous timetable be retained. Audit Wales will endeavour to meet the Health Board’s deadlines and requirements. The Committee was 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. 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.

- **Internal Audit (IA) Progress Report** – the IA Progress Report was reviewed, noting developments since the previous meeting. Concern was expressed at the number of draft reports, the lack of close out meetings to review the accuracy of the reports and lack of opportunity to prepare management responses. Whilst accepting the current challenging circumstances, it was agreed that receipt of draft reports without a management response did not enable the Committee to appropriately discharge their duties. Furthermore, the Committee requested that these reports needed to be finalised as soon as possible. The Committee agreed that it would be inappropriate to discuss IA reports which are in draft form, although it may be helpful to discuss the proposed assurance ratings of the reports, and whether these were appropriate. Concerns from previous meetings were reiterated, around the delay in completing the audit programme and back-ending the audits and the impact on the Committee in being able to discharge its duties effectively. It was agreed that the outstanding finalised IA reports, including management responses, would be presented to the 27th May and 23rd June 2020 meetings.
• **Internal Audit (IA) Plan 2020/21** – the Committee considered the IA Plan 2020/21, noting that a similar approach had been taken to preparing this as in previous years, and that the IA team had been a substantial way through the process prior to COVID-19. There will need to be a number of changes in respect of the changing priorities and risks facing the Health Board. The Committee agreed it was not appropriate to approve an IA Plan which will require significant amendment before it is commenced. Consideration needs to be given to how to pull together a Plan which reflects COVID-19 at its core, whilst examining a series of different elements. 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 the Committee in a challenging position at year end. The Committee acknowledged that it had received an IA Plan to the prescribed timetable, whilst noting that this had been prepared prior to COVID-19. It was agreed that it should be highlighted to Board that the Health Board is operating without an approved IA Plan at present, however noting a robust governance process was in place to ensure any required audit could be planned and commenced prior to the June 2020 meeting following agreement with the Committee Chair. A revised Plan would be presented to the 23rd June 2020 meeting.

• **Internal Audit (IA)** – the Committee reviewed the following final IA reports:
  - Core Financial Systems – Financial Reporting Arrangements (Substantial Assurance)
  - Rostering (Reasonable Assurance)

  The Committee reviewed and commented on the assurance ratings of the following draft IA reports noting the caveats above:
  - Glangwili Hospital, Women & Children's Development Phase 2 (Limited Assurance)
  - Estates Assurance – Control of Contractors (Limited Assurance)
  - Health and Safety (Reasonable Assurance)
  - Variable Pay (Reasonable Assurance)
  - Nursing Medication Administration & Errors (Reasonable Assurance)
  - Mortality Rates (Reasonable Assurance)
  - IM&T Assurance Follow-up (Reasonable Assurance)
  - Business Continuity (Reasonable Assurance)
  - Health and Care Standards (Reasonable Assurance)
  - Estates Directorate Governance Review Follow Up (Reasonable Assurance)
  - Capital Follow-up (Reasonable Assurance)
  - Estates Assurance Follow-up (Reasonable Assurance)

• **Audit Tracker** – the Audit Tracker, which had been discussed at the Board meeting on 16th April 2020, was presented for information.

• **Management of Operational and Corporate Risks during the COVID-19 Pandemic** – the Committee noted this document, as presented to Board on 16th April 2020.

• **Counter Fraud Annual Report** – the Committee received the Counter Fraud Annual Report 2019/20.

• **Counter Fraud Workplan** – the Committee approved the Counter Fraud Work Plan 2020/21.
• **Self-Review Against NHS Counter Fraud Standards for 2019/20** – the Committee discussed the return, prior to approval by the Director of Finance and Audit & Risk Assurance Committee Chair.

• **Audit and Risk Assurance Committee Work Programme** – The Committee received for information the Committee work programme for 2020/21, noting that this would be amended in line with earlier discussions.

At its meeting on 5th May 2020, the Committee critically reviewed governance and assurance processes for a number of service/business areas, with the following highlighted:

• **IA Progress Report** – the Committee reviewed the IA Progress Report, noting developments since the previous meeting. It was suggested that there should be reference to the lessons learned in terms of timing of audits/spread of audits across the year, noting that this would be included in the 2020/21 IA Plan.

• **NHS Non-Statutory Instruments Update (Ministerial Directions)** – the Committee noted the Non-Statutory Instruments which have been issued and endorsed the confirmation that the Health Board is compliant with these. The Committee requested that an appropriate assurance process be developed similar to the process for Welsh Health Circulars.

• **Welsh Health Circulars (WHCs)** – the Committee discussed the WHCs report and was assured that there is a process in place within the Health Board to monitor the implementation of WHCs and that outstanding WHCs will be reviewed with services to ascertain the impact of COVID-19 on delivery.

• **Draft Audit and Risk Assurance Committee Annual Report** – the Committee endorsed the content of the draft Annual Report for 2019/20, subject to the minor amendments agreed at the meeting.

• **Assurance Report on Board Effectiveness** – Board self-assessment is an essential requirement of the annual Accountability Report. The Health Board 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 maturity. Whilst the process has not been as inclusive as planned due to COVID-19, the Committee was assured by the process that has been undertaken this year to review the Board’s effectiveness. The Committee agreed with the level of maturity noting this was a ‘strong 3’ and supported the inclusion of this assessment in the Accountability Report.

• **Draft Accountability Report** – subject to amendments, the Committee supported the content of the draft Accountability Report, agreeing that this would be approved by the Committee Chair’s action prior to approval at the June meeting and then for onward submission to the Board for final ratification.

• **Draft Head of Internal Audit Annual Report and Opinion 2019/20** – the Committee received the Draft Head of Internal Audit Annual Report and Opinion 2019/20, and was
informed that the Health Board has achieved an overall Reasonable Assurance rating. A
detailed discussion was held on the Capital and Estates Management domain, noting due
to the number of limited assurance audits within this domain this could have received a
limited domain rating. The committee remain concerned regarding the number of limited
assurance audits arising within this domain, noting this will be an area of focus within the
2020/2021 plan.

- **Annual Quality Statement (AQS)** – the Committee received the draft AQS and was
  assured that, in the drafting of the Annual Quality Statement for 2019/20, the Health
  Board has complied with the requirements of Welsh Health Circular guidance.

- **Audit Enquiries to Those Charged with Governance and Management** – the
  Committee noted the evidence requested by Audit Wales and that a response would be
drafted for consideration at the next meeting.

- **Draft Annual Accounts 2019/20** – the Committee received the draft Annual Accounts
  2019/20, which have been prepared in accordance with the Welsh Government timetable
  and guidelines. The draft accounts were reviewed in detail, with it noted that the final
  annual accounts will be presented to both the Committee and Public Board for
  ratification. A discussion regarding clinical negligence claims took place, with it suggested
  that there needs to be a greater focus on learning from these events, to avoid repetition
  and future claims. There is a need to more effectively identify the point of initiation of a
  claim, in order to learn lessons quickly, to reduce the number of claims and to ameliorate
  the loss suffered as a result of a claim. The Listening and Learning Sub-Committee is
  likely to be key in this regard with the Committee supportive of the Sub-Committee being
  established in June 2020.

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

- The Committee was unable to approve the **IA Plan 2020/21** as it will require significant
  amendment;
  - It was agreed that it should be highlighted to Board that the Health Board is operating
    without an approved IA Plan at present, whilst noting that a robust governance
    process was in place to ensure any required audit could be planned and commenced
    prior to a Plan being approved at the June 2020 meeting;
  - A revised Plan would be presented to the 23rd June 2020 meeting.
- The Committee reviewed year-end documentation, including NHS Non-Statutory
  Instruments (Ministerial Directions) compliance report, Welsh Health Circulars
  compliance report, Draft Audit and Risk Assurance Committee Annual Report, Assurance
  Report on Board Effectiveness, Draft Accountability Report, Draft Head of Internal Audit
  Annual Report and Opinion, Annual Quality Statement and Draft Annual Accounts;
- The Committee received the Draft Head of Internal Audit Annual Report and Opinion
  2019/20, and was informed that the Health Board achieved a Reasonable Assurance
  rating. A detailed discussion was held on the Capital and Estates Management domain,
  noting due to the number of limited assurance audits within this domain this could have
  received a limited domain rating. The Committee remain concerned regarding the
  number of limited assurance audits within this domain, noting this will be an area of focus
  within the 2020/2021 plan.
- Support for the establishment of the Listening and Learning from Events Sub-Committee to ensure a greater focus on learning from these events, to avoid repetition and future claims.

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

- Concerns in relation to a loss of momentum around specific issues which have been ongoing for some time, including Radiology and Operating Theatres;
  - An update would be obtained for the next meeting.
- Concerns around the delay in completing the IA programme and back-ending the audits, and the impact on the Committee in being able to effectively discharge its duties;
  - It was agreed that the Lead Executive of the Committee would write to all Executive Directors requesting their assistance with finalising outstanding IA reports by June 2020;
  - It was agreed that the outstanding finalised IA reports, including management responses, would be presented to the 27th May and 23rd June 2020 meetings;
  - It was agreed that reference to this issue would be made in the final Head of Internal Audit Annual Report and Opinion 2019/20 and lessons applied for the IA Plan 2020/21.
- 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.

**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:**

27th May and 23rd June 2020