



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 16 th August 2022
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 16th August 2022, 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 16th August 2022, 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"> • Tackling the Planned Care Backlog in Wales: The Committee received the Auditor General's report on Tackling the Planned Care Backlog in Wales, taking assurance that the recommendations are generally consistent with the Health Board's ongoing response and that the workforce challenges are being fed through to Welsh Government and the National Recovery Director on a monthly basis. Members noted regional work underway to maximise resources and facilities to reduce waiting times and the exploration of opportunities to work more efficiently. • Counter Fraud Update: The Committee received the Counter Fraud update and noted key updates from the service such as recent engagement with the cohort of overseas nurses to raise awareness on fraud, bribery, corruption and recent scams involving immigration and rental properties as well as reviews into overpayments of salary. Imminent challenges with the rising cost of living and the potential increase in fraudulent activity in regards to mileage claims and timesheets was highlighted and the Director of Finance undertook to explore ways to raise awareness, support staff and mitigate the potential risks with the Director of Workforce and Organisational Development and the Head of Local Counter Fraud services. • Counter Fraud, Bribery and Corruption Policy Review: The Committee received and approved the Counter Fraud, Bribery and Corruption Policy Review, noting additional information contained therein on the new Government Functional Standards and the role of the Fraud Champion. • Financial Assurance Report: The Committee received the Financial Assurance report, which was discussed in detail. During discussion regarding the Blackline project, 	

Members noted that the account reconciliation module has been successful, with ongoing work in the implementation of the project phase for the transaction-matching module.

During an update provided on overpayment of salaries, Members noted that there is now a period of steady decline in balances outstanding. The new Underpayments and Overpayments of Salary Policy is now in operation, effective from 29th June 2022 and the Overpayments Task and Finish Group is undertaking a number of actions to reduce the financial impact. Highlighting the individual impact of the repayments arrangements, further detail was requested.

Concerns were expressed regarding the process associated with a specific Single Tender Action (STA). The Director of Finance acknowledged the frequent delay in escalating requests and assured Members that the Procurement Team have been asked to consider an alternative process which can support the limited timeframes.

Concerns were raised about the projected level of overspend which is contributed to by the re-allocation of approximately £27m of expenditure that had previously been considered to be Covid related expenditure. The logic for this was noted and appreciated but the treatment of this expenditure by the Health Board seems to be different from the approach being taken by other Health Boards. AW were asked to comment and agreed to make further enquiries and consider the position.

- **Post Payment Verification (PPV) End of Year Report:** The Committee received the PPV end of year report with a number of key updates including successful reviews undertaken via MS Teams for a number of services that store patient records electronically, including the Ophthalmic Service. Members noted that NWSSP is currently introducing a pilot for two new pharmacy service checks by PPV, the Quality and Safety Scheme and the Collaborative Working Scheme. Once approved by the Management Board, the process will be implemented nationally. PPV Roadshow events will take place in the autumn 2022 to engage with and gather feedback from services.

In view of the imminent new contracts for Primary Care providers and the Accelerated Cluster programme, a review of PPV reporting arrangements would be discussed with the Director of Primary Care, Community and Long Term care to ensure that appropriate updates are provided going forward.

- **General Medical Services PPV Update:** The Committee received an update on General Medical Services (GMS) PPV, informing the Committee that focused work will take place to limit re-occurrence of errors, recognising unavoidable human error. The Directorate would welcome rolling out the PPV process to other services as a management tool.
- **Audit Wales Update Report:** The Committee received the Audit Wales Update Report, noting the Orthopaedics Review, which will inform the recovery planning discussions which are starting to take place locally and help identify where there are opportunities to do things differently as the service looks to tackle the significant elective backlog challenges. A web based project briefing has taken place as part of the review of the unscheduled care system and an analysis of how actions impact on patient flow and the review is due to commence in September 2022.

As part of the Workforce planning review, arrangements are being made to analyse national and local actions to mitigate the shortfall, with a commencement date for the review to be confirmed.

- **The Welsh Community Care Information System (WCCIS) report:** During discussion of the WCCIS update report, the Committee raised challenges being faced in the national roll out of the system, including ongoing performance issues and concerns regarding value for money, with the system proving costly.
- **Internal Audit Plan Progress Report:** The Committee received the Internal Audit Plan Progress Report and the outcome of the finalised audits, noting that a number of management responses have been received since publication of this report. Members noted that the IT Infrastructure and the Directorate Governance audits have not met the allocated deadline and, in the absence of key individuals, responsibility has been delegated to alternative members of staff to progress actions.
- **Internal Audit** – the Committee received the following Internal Audit reports:
 - Overpayment of Salary (Limited Assurance)
 - Withybush Fire Precautions: Phase 1 (Reasonable Assurance)
 - Fire Governance (Substantial Assurance)
 - Public Inquiry Preparedness (Substantial Assurance)
 - Follow- up: Deployment of WPAS into MH&LD (Substantial Assurance)

The following IA reports were deferred to a future meeting:

- IT Infrastructure
- Directorate Governance- Glangwili General Hospital
- **Withybush Fire Precautions Phase 1:** The Committee received an Internal Audit report on the review of the delivery and management arrangements of the Phase 1 Withybush Fire Precautions works, which is contributing to addressing the fire safety notices at Withybush General Hospital (WGH) within a timescale agreed with the Mid & West Wales Fire Rescue Services (MWWFRS). The report provides a reasonable level of assurance, with an implementation date allocated to the majority of the 14 recommendations. An interim cost marking exercise will take place to review affordability going forward, with the required fieldwork delayed to September 2022. Discussion took place regarding post project assessments being reported to Shared Services and the Director of Finance undertook to suggest a deep dive into Specialised Estates Services at the Shared Services Partnership Committee.
- **Fire Governance:** The Committee received the Fire Governance Internal Audit report and action plan developed to address the recommendations identified in the Fire Safety Governance review, which is being monitored at the Health & Safety Committee. All actions were reported as complete in July 2022; however, the full benefits of these actions have not yet been realised in three cases, which are explained within the report.
- **Overpayment of Salary Report:** The Committee received the Overpayment of Salary Internal Audit report and highlighted a significant increase in overpayments in 2021/22, primarily due to the late submission of payroll documentation and management submitting paper based payroll changes as opposed to utilising ESR Manager Self Service portal, for example the termination of COVID-19 fixed term contracts. The Overpayments Policy has been updated to deal with the cause of overpayments rather

than the process for recovery, and Internal Audit observed examples of recent engagement with directorates to reinforce the need for timely changes to payroll data. Common feedback from managers includes service pressures and uncertainty around the termination process. Scrutiny of the monthly under and overpayment of salaries reports will be undertaken by the Workforce and Operational Development team to identify themes and trends and engage with managers to identify the root causes of overpayments, and provide the necessary support and guidance to prevent recurrence, which will be picked up via the Operational Managers Group. It was agreed that the expectation for management in monitoring payroll should be reviewed at an Executive Team meeting.

- **Public Preparedness Enquiry:** The Committee received the Public Enquiry Preparedness Internal Audit report, which provides substantial assurance for the resources and robust arrangements in place for the storage of evidence relating to the Health Board's COVID-19 response. The Prime Minister published 'UK Covid-19 Terms of Reference' in June 2022, and the Inquiry team will now begin contacting relevant organisations to request evidence, with public hearings expected to be held in 2023.
- **Deployment of Welsh Patient Access System (WPAS) in to Mental Health and Learning Disabilities (MHL D):** The Committee received an Internal Audit report on the follow-up review of the local deployment of the WPAS into the MHL D directorate as an evaluation of progress against outstanding recommendations from the initial review. The findings provide substantial assurance with significant progress from the 2021/22 audit, with three of the four remaining actions completed and one action remaining which is to progress the testing plan. The testing plan is being finalised in partnership with Informatics colleagues following a number of required changes, with a further 6 services on schedule to be implemented by the end of the calendar year. Due to the ongoing work to finalise the testing plan, no definitive target date has been agreed for the next stage of the roll out. The Committee received assurance that the system will improve reporting mechanisms in the service areas with the largest waiting times, administrative support will be provided to introduce the system and the pathways will be mapped out to ensure system interaction.
- **The Outcome of the Committee's Self-Assessment of Effectiveness 2021/ 22:** The Committee received the outcome of the Committee's self-assessment of effectiveness 2021/22 and attention was drawn to key areas for improvement, such as assurance mechanisms for reporting risk management at other committees, attendance management and to utilise the audit tracker for an improved focus on outstanding recommendations.
- **Audit and Risk Assurance Tracker:** The Committee received the Audit and Risk Assurance Tracker in respect of the implementation of recommendations from audits and inspections, noting that MHL D and Women's and Children's Services are highlighted as areas of performance concern with overdue recommendations. The recommendations will be raised with the Executive Leads and the Committee noted estates reliant updates and the revision of governance arrangements within MHL D as mitigating factors.

At the time of reporting, there were 98 reports currently open. 45 of these reports have recommendations that have exceeded their original completion date, which has decreased from the 48 reports previously reported in June 2022. There is an increase in recommendations where the original implementation date has passed from 115 to 128.

The number of recommendations that have gone beyond six months of their original completion date has decreased to 30 from 36 reported in June 2022.

An annual review of the Audit Tracker with Executive Leads is planned for late autumn, to review the current relevancy of audit recommendations given the age of some the recommendations and the context the Health Board is currently working within.

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

- The Committee agreed to recommend the updates to Public Board on the proposed changes for the Oracle Financial system's scheme of delegation for the Fire Schemes at WGH and Glangwili General Hospital (GGH), due to the specialised nature of the works and appropriate budget monitoring.

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

- Concerns regarding the WCCIS system performance.
- The increase in the projected overspend attributable to the re-allocation of Covid related expenditure and how the treatment by the Health Board may differ from other Health Boards.

**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:

18th October 2022