

**CONFIRMED MINUTES OF THE AUDIT COMMITTEE  
HELD ON TUESDAY 26 FEBRUARY, 2019  
CORPORATE MEETING ROOM, HEADQUARTERS, UHW**

**Present:**

John Union	JU	Chair – Audit
Charles Janczewski	CJ	UHB Vice Chair
Dawn Ward	DW	Independent Member – Trade Union

**In attendance:**

Anne Beegan	AB	Wales Audit Office
Emily Thompson	ET	Local Counter Fraud Specialist
Ian Virgil	IV	Interim Head of Internal Audit
Mike Usher	MU	Wales Audit Office
Nicola Foreman	NF	Director of Corporate Governance
Nigel Price	NP	Local Counter Fraud Specialist
Robert Chadwick	RC	Director of Finance
Sharon Hopkins	SH	Director of Transformation and Informatics
Simon Cookson	SC	Director of Internal Audit Shared Services
Tom Haslam	TH	Wales Audit Office

**Observer:**

Mandy Collins	Interim Head of Corporate Governance
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**Secretariat:**

Glynis Mulford

**Apologies:**

Steve Curry	SC	Chief Operating Officer
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AC: 19/02/001	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
AC: 19/02/002	APOLOGIES FOR ABSENCE	
	Apologies for absence were noted.	
AC: 19/02/003	DECLARATIONS OF INTEREST	
	The Chair invited Members to declare any interests in the proceedings. Charles Janczewski stated that he presided over the WHSSC Quality and Patient Safety Committee.	
AC: 19/02/004	MINUTES OF THE AUDIT COMMITTEE HELD ON 4 DECEMBER 2018	
	<b>Resolved that:</b>	
	Subject to a minor amendment, the Committee received and approved the minutes of the meeting held on 4 December 2018.	

**AC: 19/02/005 ACTION LOG FOLLOWING THE LAST MEETING**

**AC 18/079 – Losses and Special Payments:** This item would come forward to the April meeting. It was asked for job titles to be added to the appendices of future reports.

**AC 18/072 - Primary Care Planning Update:** This would be addressed in the tracking report and in future would have one allocated lead.

**18/071 – Medical equipment:** Wales Audit Office was asked in the last meeting to review how other Health Boards dealt with inventories of up to £5k. The Committee informed no comparisons could be made as this was not done in all Health Board in Wales. The Chair stated he attended a meeting with the Director of Therapies and Health Sciences who undertook actions around this issue and would liaise with her on this matter.

JU

**18/070 - Consultant Job Planning:** John Union and John Antoniazzi, the former chair, had met with the Medical Director and this item would be taken forward to the May meeting.

**Resolved that:**

The Committee received the Action Log from the December meeting.

**AC: 19/02/006 CHAIRS ACTION TAKEN SINCE LAST MEETING**

No actions have been taken.

**AC: 19/02/007 INTERNAL AUDIT PROGRESS REPORT**

Mr Ian Virgil, Acting Head of Internal Audit presented an overview of the progress report. The following comments were made:

- Regarding PCIC Interface Incidents – Since submitting papers to Audit Committee a meeting had taken place with the Director of Operations and a way forward had been agreed. This report had now received a rating of reasonable assurance.
- Concerns were raised about delays in management responses. It was explained that some complications had derived and there were personal circumstances with valid reasons but recognised that it had taken time to engage with management. It was suggested if there were issues in the future for the Committee to be made aware in order to take it forward.
- Concern was raised around the number of reports delayed and what support could be given. The delays with other reports was explained but confirmed those internal audits would be completed by the next meeting.
- Wider discussion ensued on the audit plan and timetable. It was explained there was a safety margin and contingency within the plan and the Committee was assured the reports in the plan

would be delivered, assuring a more positive review was envisaged for this year.

- It was raised that as a Committee there needed to be an understanding of how to deal with limited assurance reports in terms of a reasonable turnaround. It was stated that there would be a tracking system put in place of both internal and external reports which would be taken in the first instance through Management Executives and then to the Committee. These would be more robust in the future.
- The Committee was informed that 10 reports had been finalised two with substantial assurance, four reasonable and four limited.
- A total of six limited reports had been presented to date but from the point of view of an opinion forecast it was rated as reasonable assurance for the organisation across the year.
- The Committee had previously agreed to three audits being deferred to next year's plan which can be found in appendix 1 with a description of the reasons why they had been rescheduled.
- The Committee agreed to defer a further five reports and an explanation was presented to the meeting, taking the total deferred to eight.
- A further 46 would be completed for 2018/19. The reports were spread across each domain and thought sufficient to present a balanced review for the year. A draft plan for 2019/20 was underway and would be presented to Management Executives (ME).

#### **Limited Assurance Reports:**

1. **Legislative / Regulatory Compliance Report** – This was the second limited assurance report for the Corporate Governance Department. An interim Head of Governance had made progress with this piece of work and the tracker would be presented later on in the meeting. The timescales were tight but considered these achievable. The trackers would need to go through ME. This was a step forward in tracking and ensuring the process was more robust.

In response to there being any consequences of not having adequate processes in place, it was stated some of the follow up reviews were lost in the process and a tracking report would highlight areas that need to be focussed. Licences and accreditation visits was a large piece of work but needed to ensure arrangements were in place. Meetings had been set up with leads to gather information. The Committee was informed this would be a live document for Members to review going forward.

It was stated that it was disappointing to see where the organisation was currently but encouraged to see the work being undertaken around this area.

2. **Information Governance: GDPR Report** – The Director of Transformation gave an overview of where the Health Board was

presently with the new regulation. Concentration had centred on preparation and not on compliance but she was now confident the staff were in place to take defined actions forward and to ensure these would be within the timescales. The Committee was assured that actions for end of February would be completed. In regard to the recommendation to set up a formal group on GDPR, this would be put in for a year. A decision was taken not to set up another group but this work would be undertaken at operational level, stating this had not acquired the traction envisaged. It was acknowledged this needed to be embedded in Clinical Boards and other departments and the action plan supported delivery of this. The work to be undertaken on the website was in progress. Other projects had been identified with the communications team.

It was recognised there was insufficient understanding and awareness of GDPR although the Director of Transformation and Informatics was confident this could be achieved. The model would be pushed down through the Clinical Boards. It was explained that PCIC understood the issues with information flowing into contractor services and had developed a much greater understanding. It was acknowledged there was work to be done around cultural and patient issues within the organisation. Managers were working with PCIC to understand how they had achieved implementing GDPR.

With regards to resources, this was about people needing to organise their thinking and work differently. The ICO expected to see a process and progress that was working towards compliance. The Committee was assured they would be able to deliver on what was being asked for in the recommendations.

- 3. Surgery Clinical Board – Medical Finance Governance Report** – The recommendations had been reviewed and considered management responses and timescales were reasonable. The Chief Operating Officer would provide an update at next meeting. It was noted that actions would be completed by end of March. It was recognised that the report also related to consultant job planning and some of the issues interlink between two reports.

- 4. Medicine Clinical Board – Internal Medicine Follow-up** – It was considered that the decision for follow-up happened too quickly and emphasised the importance for lead executives to liaise with internal audit for timely reports. The Committee was informed of a number of changes within the Clinical Board and through this there had been a loss of knowledge and tracking of initial agreed actions. A new general manager had been put in place and had provided more realistic timescales and actions. This was a big piece of work undertaken and meeting with COO mid-March before meeting at end of April. Although assurance was given that senior nurses were robustly actioning recommendations, it was suggested that the responses should

SC

show a more compassionate element.

PD

It was asked for Peter Durning, Assistant Medical Director to present an update on Job Planning in April.

**Resolved that:**

- a) The Committee considered the Internal Audit Progress Report, including the findings and conclusions from the finalised individual audit reports.
- b) Considered and approved updates to the Internal Audit Plan.
- c) Agreed to defer five of the reports

**AC: 19/02/008 WALES AUDIT OFFICE – AUDIT PLAN 2019**

Mike Usher, Wales Audit Office gave an overview of the Audit Plan and went through several key points of the final draft document which would be formalised after the meeting.

Regarding the fee it was stated that any savings would be passed on and this would materialise throughout the year.

**Resolved that:**

The Committee noted the Wales Audit Plan 2019

**AC: 19/02/009 GOVERNANCE IMPROVEMENT PROGRAMME**

The Director of Corporate Governance gave a comprehensive presentation on the Governance Improvement Programme. The following comments were made:

- It was stated Corporate Governance did not reflect too well in the Wales Audit Office Structured Assessment and were starting from a low base but work was happening to ensure Corporate Governance was at the heart of the Health Board.
- It was explained that doing things right and safely as an organisation and being compliant led to good quality. Work was being undertaken on putting good foundations in place and as a team to be more engaging and listening.
- It was explained and outlined what the department had achieved to date, what would be currently being undertaken and what would be achieved with future projects. Timeframes would be put against actions and be measured through the Committee to ensure it was delivering against key priorities.

**Resolved that:**

- (a) The Committee noted the presentation

**AC: 19/02/010 ANNUAL REPORT TIMETABLE 2018/2019**

This item had been reviewed by Management Executives and the

Director of Corporate Governance had reviewed the manual of accounts.

**Resolved that:**

- (a) The Committee reviewed the proposed timetable and approach for the Annual Report 2018-19

**AC: 19/02/011 WALES AUDIT OFFICE STRUCTURED ASSESSMENT 2018**

Tom Haslam, Wales Audit Office (WAO) presented the report and thanked The Director of Corporate Governance and team for their engagement in its production. The following comments were made:

- Some governance arrangements had improved but had concerns around risk management. Improvements on performance monitoring was needed and acknowledged day to day activities and use of resources encountered a wide range of challenges.
- The Committee thanked the WAO for report which was deemed a fairly balanced and accurate report. It was well considered and reflected where we were as a Health Board with improvements that needed to be undertaken. Members were confident that the Director of Corporate Governance would be able to achieve this in undertaking the role. There was a strong desire within the Committee to put things right and ensure recommendations were being addressed.
- Recommendations on exhibit 7 and had been covered in the governance presentation and the report was considered a helpful document.

**Resolved that:**

- (a) The Committee noted the Wales Audit Office Structured Assessment 2018

**AC: 19/02/012 AUDITOR GENERAL ANNUAL REPORT**

Mike Usher Wales Audit Office, presented the report, which pulled together the financial and performance audit. The following was highlighted:

- There was insufficient use of the National Fraud Initiative around data matching which may be indicative of fraud. A previous exercise provided 850 activities and only 53% had been reviewed. It was considered there was more that could be done through follow-up.
- In response it was stated that this would be covered by Counter Fraud who were under Shared Services which was out of the Health Board's control. It was highlighted that resource had been placed into tracking high risk matches.

**Resolved that:**



- (a) The Committee noted the report and
- (b) Recommended the Auditor General Annual Report to the Board

**AC: 19/02/013 CLOSURE REPORT: AUDIT OF CARDIFF AND VALE CONTRACTUAL RELATIONSHIPS WITH RKC ASSOCIATES AND ITS OWNER**

The Committee was informed that all actions had been completed. It was suggested that this be reviewed by the Committee annually to ensure we stayed compliant. This had been built into the plan.

**Resolved that:**

- a) Reviewed the attached action plan in relation to UHB's Contractual Relationships with RKC Associates Ltd and its Owner
- b) Recommended closure of the action plan to the Board on 31<sup>st</sup> March 2019
- c) Received an assurance report from the Director of Corporate Governance on an annual basis to ensure ongoing compliance and sustainability of actions in the future.

**AC: 19/02/014 AUDIT COMMITTEE ANNUAL REPORT 2018/2019**

**Resolved that:**

- a) The Committee reviewed the draft Annual Report 2018/19 of the Audit Committee.
- b) Recommended the Annual Report to the Board for approval.

**AC: 19/02/015 AUDIT COMMITTEE WORKPLAN 2019/2020**

Feedback on the workplan had been received from Wales Audit Office and the Deputy Finance Director. The workplan had been adapted accordingly and would go forward to the Board for sign off.

**Resolved that:**

- a) The Committee reviewed the Work Plan 2019/20
- b) Approved the Work Plan 2019/20
- c) Recommended approval to the Board of Directors

**AC: 19/02/016 AUDIT COMMITTEE TERMS OF REFERENCE 2019/2020**

The Terms of Reference was followed up from the previous meeting. There was a change of name of meeting to incorporate a broader title which may help in understanding the role of committee. A vice chair would be placed in position by the next meeting. The Committee was informed that a review of all IMs and Committees would be undertaken at end of financial year.

**Resolved that:**

- a) Approved the changes to the Terms of Reference for the Audit Committee and
- b) Recommended the changes to the Board for approval.

**AC: 19/02/017 COMMITTEE SELF-ASSESSMENT**

**Resolved that:**

- a) The Committee approved the effectiveness review is undertaken and results and action plan reported back to the next meeting of the Committee.

**AC: 19/02/018 AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT**

The Director of Finance stated this was an annual event with Wales Audit Office and gave a brief overview of the report.

**Resolved – that:**

- a) The Audit Committee reviewed the draft response to the Wales Audit Office enquiries and
- b) Approved its submission to the Wales Audit office, subject to any agreed changes made by the Audit Committee and any further comments received from the Chief Executive and Chair

**AC: 19/02/019 REVIEW OF STANDING ORDERS**

The Director of Corporate Governance informed the Committee the Standing Orders were based on the Welsh Government model and was required to review the proposed amendments. Members were asked to note inclusion of schedule 3 and 4. There was a need for the Standing Orders to be updated to ensure compliance. Welsh Government would be updating the manual shortly and would incorporate any modifications made.

These would be placed on the governance webpage.

**Resolved that:**

- a) The Committee reviewed the proposed amendments to Standing Orders.
- b) Recommended to the Board that it adopts the proposed amendments.
- c) Noted that once they have been reviewed and agreed by the relevant Committee or Advisory Group, the Terms of Reference of each of the Board's Committees and Advisory Groups would be included in Schedule 3 and 4 of the



Standing Orders.

- d) Noted work on the Scheme of Reservation and Delegation is ongoing. This would be circulate to Committee members for comment prior to submission to the Board.
- e) Noted that prior to submission to the Board, the Contents page would be updated and the Standing Orders document fully proof read.

### **Capital Ordering Authorisation Protocol**

The Director of Finance informed the Committee that the report was a refresh of longstanding arrangements around the Capital Programme. If there were any queries, would be happy for these to be discussed outside the meeting.

#### **Resolved that:**

- The Committee approved the protocol which would govern how the UHB places capital orders and request that the IHB's scheme of delegation is updated to include the Deputy Chief Executive for IM&T expenditure approvals.

#### **AC: 19/02/020 ITEMS FOR NOTING AND INFORMATION**

##### **Resolved that:**

Items for information were noted

#### **AC: 19/02/021 ITEMS TO BRING TO THE ATTENTION OF THE BOARD / COMMITTEE**

There were no items to bring to the attention of the Board / Committee.

#### **AC: 19/02/022 REVIEW OF THE MEETING**

- There was agreement that the meeting had been well conducted in terms of pace and focus covering the agenda and the presentations were succinct.
- Regarding Limited Assurance Reports, for people to be appraised on what to do prior to meeting.
- It would have been beneficial to have executive feedback on internal audit reports.
- Challenge was delivered with good responses in trying to address issues presented.

#### **AC: 19/02/023 DATE OF THE NEXT MEETING OF THE COMMITTEE**

Tuesday, 23 April 2019, 9.00am – 12.00pm Corporate Meeting Room, Headquarters