

**CONFIRMED MINUTES OF THE AUDIT COMMITTEE  
HELD ON MONDAY, 3 MARCH 2020  
CEFN MABLY ROOM, GROUND FLOOR, WOODLAND HOUSE  
MAES Y COED ROAD, HEATH, CARDIFF CF14 4HH**

**Present:**

John Union	JU	Chair – Audit
Dawn Ward	DW	Independent Member – Trade Union

**In attendance:**

Anne Beegan	AB	Wales Audit Office
Robert Chadwick	RC	Executive Director of Finance
Nicola Foreman	NF	Director of Corporate Governance
Craig Greenstock	CG	Counterfraud Manager
Jonathon Gray	JG	Director of Transformation and Implementation
David Thomas	DT	Director of Digital and Health Intelligence
Mike Usher	MU	Wales Audit Office
Ian Virgil	IV	Interim Head of Internal Audit
Stuart Walker	SW	Executive Medical Director
Glynis Mulford	GM	Secretariat

**Apologies:**

Eileen Brandreth	EB	Independent Member - ICT
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AC: 20/03/001	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
AC: 20/03/002	<b>APOLOGIES FOR ABSENCE</b>	
	Apologies for absence were noted.	
AC: 20/03/003	<b>DECLARATIONS OF INTEREST</b>	
	The Chair invited Members to declare any interests in the proceedings. None were declared.	
AC: 20/03/004	<b>MINUTES OF THE AUDIT COMMITTEE HELD ON 3 DECEMBER 2019</b>	
	The Committee reviewed the minutes of the meeting held on 3 December 2019.	
	<b>The Committee resolved that:</b>	
	The Committee received and approved the minutes of the meeting held on 3 December 2019.	

**AC: 20/03/005 ACTION LOG FOLLOWING THE LAST MEETING**

The Committee reviewed the Action Log of the meeting held on 3 December 2019, and noted that the following amendments should be made:

**AC: 19/12/013 – Declarations of Interest and Gifts and Hospitality Tracking Report:** The Declarations of Interests and Gifts and Hospitality Form will be updated as of 1 April 2020 to ensure definitions were clear.

**AC: 19/12/015 - Internal Audit Tracking Report:** To provide robustness to the system a sample of recommendations would be reviewed.

**AC: 19/12/017 - Declarations of Interest Report:** In the last report brought to committee non-compliance stood at 75%. The report for this meeting showed a further reduction to 60%. There was a robust escalation system in place for those staff members who were non-compliant, as people had a duty to declare extra work. The Communications Team had publicised and made people aware of the Health Board's policy on receiving gifts and not declaring.

**The Committee resolved – that:**

- a) the action log be amended and noted.

**AC: 20/03/006 CHAIRS ACTION TAKEN SINCE LAST MEETING**

No actions have been taken.

**AC: 20/03/007 INTERNAL AUDIT PROGRESS AND TRACKING REPORT**

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

- There were a few reports due to be finalised which remained outstanding as the team had encountered delays due to staffing issues. A contractor had been employed to address the outstanding reports.
- The Infection, Prevention and Control Report was in draft. Pieces of work around the Surgery Clinical Board had progressed but there were setbacks in accessing some of the wards.
- It was confirmed that 10 audits had been completed. The Digital Readiness Report was not rated as the IT Strategy had not been completed and the IT department was asked to prepare a position report. This would feed into the Audit Plan for 2020/21 and a formal assurance piece of work would be presented at a future meeting.
- With regard to the 2019 Audit Plan, 10 pieces of work were in progress that would be reported at April / May committees.

- The forecast for an overall opinion remained positive for 2019/20 and the only foreseen pressure could be the Tentacle IT Limited Assurance audit. In regard to GDPR and cyber security these had been removed from the plan as the Information Commission Officer (ICO) had undertaken an audit and the outcome of this work could provide assurance. Although it was acknowledged that the outcome from the ICOs audit could place pressure on the individual domain it was noted that this would not impact the overall opinion.
- The KPIs had increased with a delay of five reports as management did not respond to the 15 day deadline. The compliance rating had reduced from 80 to 69%.
- Meetings had been undertaken for the development of the Internal Audit Plan for 2020/21 over the past few weeks and the team were in the early stages of putting the plan together for formal sign off in April.
- The adjustments to the plan were explained and the Head of Internal Audit was happy with the deferral of audits and he considered that this would not affect the opinion. In summary, 29 internal audits had been completed and 17 further reports were to come through the system.

**The Committee Resolved that:**

- a) the Internal Audit Progress Report, including the findings and conclusions from the finalised individual audit reports be considered;
- b) updates to the Internal Audit Plan were considered and approved; and
- c) the adjustments to the Internal Audit Plan be agreed.

**AC: 20/03/008 CONSULTANT JOB PLANNING FOLLOW-UP: LIMITED ASSURANCE REPORT**

The Head of Internal Audit introduced the report. He stated that an audit was completed in 2018 and received a Limited Assurance rating. The purpose of the follow-up was to review progress against the agreed actions. It was agreed that some of the recommendations would be placed on hold so that they could have time to be implemented. A further follow up was carried out over the period October – December 2019. The findings highlighted that the actions completed were on the lower scales. In regard to the fundamental actions of completing job plans and annual reviews this had not progressed and had deteriorated further with the audit providing an additional Limited Assurance rating.

The Executive Medical Director (EMD) commented that the audit would provide the same results if the same tests were undertaken. Many consultants had job plans in place which were recorded in a variety of formats and stored in different places. It was realised that this needed to be centralised and he proposed a fundamental 'root and branch' change in job planning:

- The first component was benchmarking which the audit report provided. The job planning policy had also been revised. It was explained that the Welsh national contract was unclear and open to local interpretation and varied in how it was interpreted. An organisational view was being defined of what the detail was and what needed to be included.
- The policy had been taken to Medical Leadership for comment and subject to this would go forward to Clinical Directors and the Local Medical Committee where a joint meeting would be held with the British Medical Association. Advice would be sought to ensure that the final product was fit for purpose.
- There was a need for a centralised IT solution and training of staff. Licences needed to be in place which were being procured.
- An engagement exercise was needed to get on board with a systematic and uniform approach to job planning. This would follow on from delivery of the policy.
- In terms of managing expectation, it was explained that job planning was an annual process and if done correctly would be completed in December. It was also confirmed that the cycle of job planning took 18 months. This would be delivered in teams and by December 2021 everyone's annualised job plan should be up-to-date. This would take some resource and plans were to be presented at HSMB. This would also be presented to Medical HR for resource assistance.

The Chair asked for comments and questions:

- Independent Member - Trade Union asked if consultants had an opportunity to see the policy. It was confirmed that the Clinical Director Group includes leaders across the organisation and that the policy would be taken through the consultation body.
- Independent Member - Trade Union commented that two years was a long process. The EMD stated he had undertaken this type of change several times and the process had taken two years. In response to how much of a challenge this presented, it was stated that the timescale had been pushed back from the Medical Leadership team and he had experienced the same challenge and comments when the change was being implemented in England. It was commented this did not benefit either side and there was a need to develop sustainable work plans.
- The investment plan would be taken to HSMB and full support had been received from the Executives and CEO who understood that a cultural piece of work needed to be undertaken.
- The Head of Internal Audit confirmed that the follow-up review would be built into the audit plan and would look at achievable milestones to ensure that progress was being made. It was agreed that an update on progress would be provided to the Committee in February 2021 with a projected timeline.
- The Chair confirmed that he fully understood the timescale and had the full support of committee.

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## The Committee Resolved that:

- a) The Limited Internal Audit Report be noted

AC: 20/03/009

## TENTACLE IT SYSTEM: LIMITED ASSURANCE REPORT

The Head of Internal Audit informed members that the IT system was developed in-house and was a system for reporting on cancer patients. The auditors had considered governance arrangements, system outputs and business continuity. The main reasons for the Limited Assurance were described in the report but specifically because the system was not fully compatible with the single cancer pathway. It was highlighted that system was due to be replaced within the next 18 months.

The Director for Digital and Health Intelligence made reference to the plan to change the system in light of what had been raised and he confirmed that it was being fast tracked. It was emphasised that the bigger plan may negate some of the recommendations. The following comments were made:

- The Tentacle system would be put on the PMS system immediately as the single cancer pathway was driving a number of initiatives and would be implemented within the next 8 weeks. By the first week of May the system would be operational and subjected to rigorous testing and controls.
- Interim steps had been taken to reduce who could access the data by verifying the authenticity of system users and the use of data sharing would be curtailed.
- It was confirmed that there a user acceptance training programme would be rolled out so that users could operate and access the system appropriately.
- The use of silo systems, that had been traditionally employed across the Health Board, would be eliminated and this was being addressed through the Digital Strategy.
- The newly formed Digital Management Board (DMB) had been established as a decision making and scrutiny body. Further checks would be made through finance, procurement and the Charitable Funds Committee.
- The Director for Transformation and Implementation (DfTI) confirmed that it had been very helpful to work on this case and he added that the Digital Readiness paper indicated that there were eight different places where decisions were made. Stones had been turned over and the report clarified that many of the issues were being challenged.
- There was a digital voice through the DMB which was engaging with Clinical Boards. There would be a single point where these systems would come together. A huge amount of work had been done and the team had addressed the recommendations as a transformational piece of work.
- The Chair asked how the recommendations would be checked, in response it was confirmed that this would feed into the Internal Audit Tracker and a number of actions would be superseded and

reflected in the tracker. All Limited Assurance reports would be followed up in the new financial year.

- Independent Member – Trade union asked, although the paper explained the position, where the DMB sat alongside the Clinical Boards. The DfTI explained that they were fortunate to work with the Executive Finance Director (EFD). It was acknowledged that there was less funding than was needed for ICT and the DfTI was working closely with the EFD to increase the finance to 1.7% of the budget over time. The challenge this posed was acknowledged but it was realised that it was necessary to build a stable platform going forward.
- The Chair asked whether monies had been received from the Transformation Fund. Members were informed that there were other monies they had been successful in securing in the short term but this type of funding was not recurrent.

#### **The Committee Resolved that:**

- a) The Limited Internal Audit Report be noted.

#### **AC: 20/03/010 WELSH AUDIT OFFICE AUDIT PLAN**

Mike Usher and Anne Beegan, Wales Audit Office (WAO) provided an overview of the Wales Audit Office Audit Plan. The following comments were made:

- Exhibit 2 looked at financial audit risks and the key risks to preparation of the financial statements.
- The Statutory Financial Duty was on a three year limit. The Health Board was in a much better financial position but because of the rolling three year period, WAO had to take into account the previous year's accounts which would be breached again. WAO advised Members that there would be another qualification but acknowledged that the Health Board was on course for a break even position this year.
- Reference was made to the Ministerial Direction relating to pension tax. The pay schemes initiative had been implemented in England where it was a required pay scheme for clinicians as they can be held harmless to help address service delivery. These additional costs would be tested to confirm whether the Health Board has disclosed and accounted for them correctly. The Director for NHS Wales would be closely monitoring this.
- This was a work in progress and new for this year. Welsh Government would meet the costs as a one off for this year. In regard to the ISA 260, the Committee may want a paper from the finance team to confirm how the leasing account positions would be addressed. This was significant for next year's accounts and would result in a tax increase.
- The performance audit work to be undertaken was described and would start over the summer months. Two mandatory pieces of work would be undertaken on Unscheduled Care. The full scope on this topic had yet to be determined. There would

also be a governance review of WHSSC arrangements and that report would be published in early spring.

- Due to efficiencies in the audit approach and working with the finance team, the Audit Fee would be reduced by £20k.

**The Committee resolved that:**

- a) The Wales Audit Office Audit Plan be noted.

**AC: 20/03/011 YEAR END POST PAYMENT VERIFICATION REPORT**

Scott Lavendar, Post Payment Verification Manager presented the report and informed Members that there had been restructuring in their service. A big drive had been undertaken to move the operational work forward to be more robust nationally. Practices with amber and red ratings had been discussed with the Counter Fraud Service. Regarding repeat offenders, discussion had taken place with the Counter Fraud Manager with local and national meetings being held. It was confirmed that errors had reduced significantly and with the drive over the past few years indications showed that recoveries were decreasing annually.

Regarding misunderstanding in practices relating to processes and procedures, training sessions had been undertaken with GMS practice managers, with over 30 managers in attendance. The ophthalmic training evening was well attended which triggered training with Specsavers. Relationships with the Primary Care Team were good and the quarterly meetings were very helpful with a robust system in place.

**The Committee resolved that:**

- a) The Post Payment Verification report be noted.

**AC: 20/03/012 DECLARATIONS OF INTEREST AND GIFTS AND HOSPITALITY TRACKING REPORT**

The Director of Corporate Governance provided an overview of the report. The number of declarations received had increased to 983. This was an upturn from 25% last month to 40% this month. Work had been undertaken with the Improvement and Implementation team to look at the gaps in the process. Members were informed that the IT delays encountered were due to the current IT system place. The process would be replaced by using an electronic form which could be populated on ESR. There was a backlog of forms that were proactively being worked on. This work would move across to the newly established Risk and Regulation Team.

Independent Member – Trade Union acknowledged that the declarations of interest work was being embedded across the Health Board and asked how the conflicts of interest were being checked. In response it was stated that 0.2% was R.A.G rated red as those individuals had a higher conflict of interest; the governance arrangements and measures in place were explained.

**The Committee resolved that:**

- a) the ongoing work being undertaken within Standards of Behaviour be noted and
- a) the Declarations of Interest, Gifts, Hospitality & Sponsorship Register be noted.

**AC: 20/03/013 REGULATORY COMPLIANCE REPORT**

The Director of Corporate Governance provided an updated report from the last meeting which highlighted and summarised inspection outcomes. Inspections were being tracked and it was acknowledged that further improvements could be made. The tracker provided clarity on the external bodies that inspect the Health Board. The details and results of inspections could be found in the reports from the inspections which had taken place. The Governance team were tracking all the recommendations and other elements were also tracked through other venues, such as the Health and Safety Committee. It was recognised that this was a step forward but it was also noted that the governance team would want to continue to improve.

The DCG explained how the recommendations matched across the Clinical Boards by feeding into the tracker. This highlighted where the CBs were against their compliance requirements and the dashboard signalled where we were with the level of compliance and when an inspection was due.

**The Committee resolved that:**

- a) the inspections which have taken place since the last meeting of the Audit Committee in December 2019 and their respective outcomes be noted.
- b) the continuing development of the Legislative and Regulatory Compliance Tracker be noted.

**AC: 20/03/014 INTERNAL AUDIT TRACKING REPORT**

The Director of Corporate Governance presented the Internal Audit tracking report and Members reviewed the completed actions. New reports were added after each Committee meeting and it was confirmed that the 2017-18 and 2018-19 recommendations had decreased significantly.

**The Committee resolved that:**

- a) the tracking report which is now in place for tracking audit recommendations made by Internal Audit, be noted; and
- b) the progress that will be seen over the coming months in the number of recommendations which are completed/closed be noted.

**AC: 20/03/015 WALES AUDIT OFFICE TRACKING REPORT**

The Director of Corporate Governance presented the External Audit tracking report and informed Members that the information presented reflected the position up to 21 February 2020. Any new actions would be added accordingly.

**The Committee resolved that:**

- a) The progress which has been made in relation to the completion of WAO recommendations be noted

**AC: 20/03/016 AGREE ANNUAL REPORT TIMETABLE AND PLANS**

The timetable and plans regarding the Annual Report which was taken to the Executive Team was presented to deliver final end of year arrangements. This was the same process as last year but changes to the timescales from Welsh Government meant the Performance Report had to be completed at the same time.

**The Committee resolved that:**

- a) the proposed timetable and approach for the Annual Report 2019-20 be reviewed and approved

**AC: 20/03/017 TERMS OF REFERENCE**

The Director of Corporate Governance presented the draft Terms of Reference and end of year arrangements.

**The Committee Resolved that:**

- a) the changes to the Terms of Reference for the Audit and Assurance Committee were approved; and
- b) changes made to the Terms of Reference be recommended to the Board for approval.

**AC: 20/03/018 COMMITTEE WORKPLAN**

The Director of Corporate Governance presented the draft Workplan which was aligned to the Terms of Reference.

**The Committee Resolved that:**

- a) the Work Plan 2020/21 was reviewed;
- b) the Work Plan 2020/21 was approved;
- c) the Work Plan 2020/21 be recommended for approval to the Board of Directors.

**AC: 20/03/019 COMMITTEE ANNUAL REPORT**

The draft Annual Report was presented by the Director of Corporate Governance and it was confirmed that the report provided assurance to the Committee on the work undertaken during the year 2019/20, as required by the Committee's Terms of Reference.

**The Committee Resolved that:**

- a) The draft Annual Report 2019/20 of the Audit and Assurance Committee was reviewed; and
- b) the Annual Report be recommended to the Board for Approval.

**AC: 20/03/020 ITEMS FOR NOTING AND INFORMATION**

The Committee received the following Internal Audit reports for information:

- 1. Budgetary Control
- 2. Brexit Planning
- 3. Safeguarding Adults and Children
- 4. Freedom of Information Reviews
- 5. C&W Clinical Board Consultant Annual Leave
- 6. Medical Staff Study Leave
- 7. Control of Contractors
- 8. Digital Readiness

**The Committee resolved that:**

- a) Items for information were noted

**AC: 20/03/021 ITEMS TO BRING TO THE ATTENTION OF THE BOARD / COMMITTEE**

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

**AC: 20/03/022 DATE OF THE NEXT MEETING OF THE COMMITTEE**

Tuesday, 24 April 2020, 9.00am – 12.00pm Cefn Mably Room, Ground Floor, Woodland House, Heath, Cardiff CF14 4HH

