

**CONFIRMED MINUTES OF THE AUDIT COMMITTEE  
HELD ON MONDAY, 30 SEPTEMBER 2019  
COED Y BWL 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:**

Robert Chadwick	RC	Director of Finance
Simon Cookson	SC	Director of Internal Audit Shared Services
Nicola Foreman	NF	Director of Corporate Governance
Scott Lavendar	SL	Post Payment Verification Manager
Urvisha Perez	UP	Wales Audit Office
Mike Usher	MU	Wales Audit Office
Elizabeth Vincent	EV	Senior Internal Auditor
Ian Virgil	IV	Interim Head of Internal Audit

**Secretariat:** Glynis Mulford

**Apologies:**

Eileen Brandreth

AC: 19/09/001	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
AC: 19/09/002	<b>APOLOGIES FOR ABSENCE</b>	
	Apologies for absence were noted.	
AC: 19/09/003	<b>DECLARATIONS OF INTEREST</b>	
	The Chair invited Members to declare any interests in the proceedings. None were declared.	
AC: 19/09/004	<b>MINUTES OF THE AUDIT COMMITTEE HELD ON 23 AND 30 MAY 2019</b>	
	The Committee reviewed the Minutes of the meeting held on 23 and 30 May 2019.	
	<b>The Committee resolved that:</b>	
	The Committee received and approved the minutes of the meeting held on 23 and 30 May 2019.	
AC: 19/09/005	<b>ACTION LOG FOLLOWING THE LAST MEETING</b>	
	The Committee reviewed the action log and noted that the following	

amendments should be made:

**AC: 18/071 – Wales Audit Report Medical Equipment:** Chair to discuss off line with the Executive Director of Therapies and Health Science. **COMPLETE**

**The Board resolved – that:**

- a) the action log be noted.

**AC: 19/09/006 CHAIRS ACTION TAKEN SINCE LAST MEETING**

No actions have been taken.

**AC: 19/09/007 BREXIT UPDATE**

This item had been updated in detail at the recent Board meeting. Members asked for an update to be brought to a future meeting of the Audit Committee.

AH

Mike Usher, WAO provided an update on Brexit from the Auditor General's presentation to Welsh Government. The following comments were made:

- **To Sustain collective working:** Planning had been significantly strengthened and collaboration was seen across services.
- **Strengthening communications with public:** Clear and consistent messages must be communicated to the public and the public should know what to do / what not to do in terms of medicine, fuel and food.
- **Enhanced independent scrutiny:** Wales' public bodies needed to enhance their scrutiny of Brexit preparations.
- **To be collectively ready to respond to the unexpected:** Respond to things that had not been anticipated and for these issues to be escalated swiftly.
- **Plan and prepare for longer term impacts:** for public bodies to think of the immediate consequences of a no deal Brexit and prepare for its longer term effects.

**AC: 19/09/008 INTERNAL AUDIT PROGRESS 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:

- Three of the five planned audits were in draft stage with a reasonable rating. Two were a work in progress and were relatively positive.
- In providing detail of the outcomes, three reports related to the 2018/19 plan. Although they were included in last year's opinion, they were unable to be put into the final report. No significant issues were identified.

- Seven reports had been finalised from the 2019/20 schedule. Three reports at draft stage were of substantial assurance. There were no limited assurance reports issued. There had been a delay in delivering a few reports but these would be presented at the next meeting.
- Three reports were follow-ups from 'limited' audits last year. The Standards of Behaviour audit had made significant progress with all actions completed and achieved a substantial assurance rating. The Mental Health Clinical Board, Sickness Management and Regulatory Compliance audits had increased to reasonable assurance. Work was ongoing with the CDT Clinical Board to provide a dashboard for the regulatory body reviews which would move onto a tracker process. Another detailed audit would not be undertaken as good progress had been made towards implementing the agreed actions but they would continue to be monitored. The audits undertaken to date provided the Health Board with a positive indication of the opinion to be arrived at, at the end of year.
- Adjustments to the plan was also provided and explained.
- Due to the level of reduction on specialising within the Medicine Clinical Board they had changed their focus to QSE Governance. The Chief Operating Officer confirmed that he was happy with the change. The Surgery Clinical Board would now look at specialising.
- There were two additions to the plan, namely, Cyber Security follow-up, as the original assurance was limited and Capital Keir Prompt Payments review of compliance with the 'Fair Payment' Charter.

The summary of the appendices attached to the document were presented and it was acknowledged that the Health Board had strengthened its timeliness in reacting to and signing off reports, but further improvements could be made.

**Resolved that:**

- a) The Audit Committee considered the Internal Audit Progress Report, including the findings and conclusions from the finalised individual audit reports.
- b) The Audit Committee considered and approved updates to the Internal Audit Plan.
- c) The Audit Committee agreed to defer five of the reports until January 2020.

**AC: 19/09/009 WALES AUDIT OFFICE PROGRESS REPORT**

Urvisha Perez, Wales Audit Office provided an overview of the Audit Plan and went through several key points:

- In regards to the Financial Audit Update, the WAO team informed the Committee that they would be onsite to review Charitable Funds.

- In terms of work completed since the last Committee (the Integrated Care Fund), a regional report would come to the December Audit Committee. The report would be available on the WAO website shortly and would cover the local flavour of the key messages. The Wellbeing and Future Generations draft report had been sent to the Health Board. Follow-up of Operating Theatres and Orthopaedics Services work was at fieldwork stage.
- There were delays on the part of Health Boards in the timeliness of responses to the surveys and the dates for on-site visits.
- The IMT follow-up would focus on governance recommendations which had been made previously. The Audit Lead had met with the Director of Digital and Health Intelligence to review the final TORs.
- The Structured Assessment would go forward to the December meeting.
- The Thematic Review of Quality Governance Arrangements was an extension of the Structured Assessment work and was currently being scoped.

**The Committee resolved that:**

- a) The Wales Audit Office Progress Report be noted.

AC: 19/09/010

**AUDIT OF FINANCIAL STATEMENTS REPORT ADDENDUM - RECOMMENDATIONS**

Mike Usher, Wales Audit Office, presented the report that followed up on the financial work where a number of recommendations had been made. Also inspected were recommendations made in the previous year. The following comments were made:

- WAO were pleased with the progress made by management against each of the previous year's proposals.
- In regards to the retire and return arrangements the Health Board's process was reviewed and it was considered that it should strengthen its guidance to ensure that it complied with Department of Health Guidance. This would be completed by February 2020.
- In regard to the Annual Governance Statement, the size of the draft report had increased but this had been reduced to provide a concise document which had been accepted by WAO. There was further learning across Wales that would be shared with the team in relation to the Annual Governance Statement.
- The sensitivity around Related Party Transactions Guidance for Independent Members and Senior Officers needed to be audited for a much tighter level of materiality and to include reputational risk. This had been accepted by management.
- The document would be circulated with completed responses.

NF

**The Committee resolved that:**

- a) The information provided by WAO in relation to the production of Finance Statements and Annual Governance Statement be noted.

**AC: 19/09/011 WALES AUDIT OFFICE REPORT – CLINICAL CODING**

Urvisha Perez, Wales Audit Office presented the report. The following comments were made:

- In 2014-15 WAO reviewed Clinical Coding arrangements across Wales and highlighted areas of improvement with accuracy of coding, qualitative medical records and engagement between coders, clinicians and medical records staff.
- It highlighted that there was no recognition of specialist staff knowledge and the understanding required. There was no understanding of clinical coding and how this could help with day to day business. The 2014-15 report concluded that while there was a strong focus on clinical coding, there were weaknesses in a number of arrangements and processes which affected timely and robust management of information. At the time, a number of recommendations were made to strengthen the clinical coding team, which included the management of medical records and building of clinical and Board engagement.
- The follow up review examined progress made. It concluded positively that the Health Board was producing good coding data which had been used to support service improvement but more work was needed for these proposals to be fully addressed.
- Since 2017, the Health Board had been consistent in achieving completeness and goals in terms of performance. Furthermore, the Health Board was well above the Wales average against the national performance. The adhoc position had significantly improved since the 2014 report but NWIS had reported the Health Board accuracy rate had decreased slightly over the last 12 months.
- The Health Board understood the value of coding data and used it to support winter and capacity plans.
- Out of the 25 recommendations previously made, seven had been fully implemented, 12 were still in progress, four were overdue and two recommendations had been superseded. One new recommendation within clinical coding had been made to resolve interim management arrangements.
- The follow up review across Wales would pull together key findings from the work into a short paper which would be published around December.

**The Committee resolved that:**

- a) The Wales Audit Office Report on Clinical Coding be noted.

**AC: 19/09/012 JOB PLANNING AND CLINICAL AUDIT**

The Medical Director provided a verbal update on the above. The following comments were made:

### **JOB PLANNING**

This was currently being re-audited in four areas of the organisation and would provide the Committee with the best indication of the current status. Job Planning had been recorded on ESR in three different ways, (1) in relation to whether someone had a job plan, (2) whether the job plan has been updated in the last year and (3) in the Direct Clinical Care to ATS split.

It was reported that the consultant staff and permanent staff, who were not trainees, numbered 703 and 11% of them did not have a job plan history recorded on ESR and 28% had an update in a year. This varied by Service, Directorate and Board. Secondly, a job planning tracker, was held by each Service and was mixed with some detailed job planning information. In other instances this did not occur. Thirdly, the service would hold job plans locally on their system and provided a good detailed record of what they were like.

In summary, they would await the results of the internal audit report and put together a proposal and take it through the normal business cycle. A significant piece of work needed to be undertaken to develop a comprehensive local job planning process that would integrate a centralised recording system with a bespoke piece of software capable of comparing data.

### **CLINICAL AUDIT**

The Medical Director provided a review of the current level of assurance regarding national audit performance. A detailed paper on the local audits would be brought to the December meeting. The following comments were made:

There were 38 nationally mandated audits and some of these were broken down into subdivisions which brought the total to 42. These had been red/amber/green ("RAG") rated and highlighted compliance with 23. These were managed centrally by the Quality and Safety Team. It highlighted exemplars of how national audits were being used to drive through quality improved patient safety. Five had been RAG rated as amber with a partial degree of compliance. These were managed locally within the Health Boards. Three of the mandated audits had been RAG rated red. There had been a systematic analysis of the audits which had been taken back to the Clinical Boards highlighting the amber and red ratings.

There was a need to have a discussion regarding how much of our activity, as an organisation, we wanted to devolve to Clinical Boards and how much we wanted to keep centrally in order to assure ourselves we had the governance processes in place centrally.

The Chair invited comments and questions:

The Chair questioned the lack of timescales regarding the amber and red audit ratings. In response it was stated this was in the Health Board's plans but was dependant on local circumstances within each service. One of the issues with national audits was that, for the vast majority of audits the results were not seen until the report was published and therefore, the Health Board did not have the ability to monitor the outcomes.

There was an issue regarding the process for managing outlying data because the Health Board did not have a systematic approach once it received good quality data informing the Health Board that there was a problem. Therefore there was a need for centralised assurance. It was suggested that this be discussed at a Board Development session regarding the principle of devolvement and for this to be put on the internal audit plan for 2021/22.

The Director of Internal Audit Shared Services said that they had looked at clinical audit across Wales. They commented that the areas of limited assurance and clinical audit were one of the issues highlighted. There was good compliance with national audits but, the local audits identified corporate priorities and how this was being addressed. There was some negative data suggesting this was an area to focus on.

**The Committee resolved that :**

- a) The verbal updates on Job Planning and the Clinical Audit be noted.

**AC: 19/09/013 POST PAYMENT VERIFICATION REPORT**

Scott Lavendar, Post Payment Verification Manager, presented the Post Payment Verification report in the new style format and informed the Committee that feedback from across the whole of Wales had asked for more comparative data and provided the detail on this. The spreadsheet had been RAG rated in order to show where PPV was concerned and when to raise concerns. There would be more input into training, guidance and support measures and Scott Lavendar offered one on one training with the practices. Quarterly meetings had been reinstated with finance, counterfraud, PPV and the Primary Care Team for each discipline. The Report also looked at the schedule performance and what actions should take place. It was pleasing to see that every year the average error rate for each Health Board had decreased.

The Chair invited comments and questions:

Independent Member – Trade Union, questioned how the sample size worked. It was clarified that it was different for each discipline. This has been standardised across the whole of Wales, 25% for pharmacies, 103 samples were selected for the ophthalmic sample

and the sample size for the medical discipline was 10% or 22 claims.

Members were informed that where errors were found this was reclaimed. The practices had the opportunity to submit the evidence. If any errors were highlighted the error went through a number of checks and was then deducted from the next imbursement. In terms of visits, each practice was seen on a 3 year cycle but if they triggered a 10% error rate the visit would take place within a year. Visits were now based on trends and themes which allowed the team to be smarter and more effective with their time and resource.

A pilot had been undertaken where a letter was sent to each contractor stating a letter would be sent out to patients to verify the services they had received. A low return was received from five practices and a visit was undertaken on those claims which provided a good deterrent.

**The Committee resolved that:**

- a) The Post Payment Verification Report be noted.

**AC: 19/09/014 WALES AUDIT OFFICE TRACKING REPORT**

The Director of Corporate Governance provided an overview of the above report. The following comments were made:

In 2016 it was identified in the Structured Assessment Review that the trackers needed reworking as they did not track compliance effectively this was picked up again in 2018.

The information provided to the Committee did not provide all the detail but summarised where we were against recommendations on external audits. All of the tracking reports would be followed up on a quarterly basis. The reports would be reported to Management Executive and Health Systems Management Board to provide assurance that this was being undertaken across the Health Board. Data from the Executives would be presented in December, which should display improved figures.

The Chair invited questions and comments:

Independent Member – Trade Union stated that the layout of the report was a helpful platform to judge going forward. It provided an overview of the distribution of the work and would enable the Committee to track performance on the Health Boards improvement, identify what was moving and would be able to display the overall percentages.

Mike Usher, Wales Audit Office suggested that, where recommendations were showing as overdue it would be helpful for the owner of that action to provide the Director of Corporate Governance with a revised completion date whilst keeping the

previous date.

**The Committee resolved that:**

- a) the tracking report which was now in place for tracking audit recommendations made by External Audit (WAO) be noted.
- b) It be noted that progress will be seen over the coming months in the number of recommendations which are completed/closed.

**AC: 19/09/015 INTERNAL AUDIT TRACKING REPORT**

The Director of Corporate Governance presented the Internal Audit Tracking report. The following comments were made:

This table was slightly different and provided detail on the assurance rates, whether they were high, low or medium recommendations over the last two financial years. This work was progressing and the expectation was it would lead to improvements. In terms of resource, it was acknowledged there was a huge amount of work to keep the trackers maintained and up to date.

The Interim Head of Internal Audit asked to see the tracker prior to submission to the next Committee to see if it tied in with their work.

NF

**The Committee resolved that:**

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

**AC: 19/09/016 REGULATORY BODIES TRACKING REPORT**

The Director of Corporate Governance presented the Regulatory Bodies Tracking Report informing that it had received a limited assurance rating last year. It was acknowledged there was still a lot of work to be undertaken and that centrally we needed to know what we were being inspected on. This needed to come up through the governance structure as the Board and Executives could potentially not be sighted on some significant reports. All of the Clinical Boards had advised the Corporate Governance Team of the regulatory reviews that they needed to be aware of.

To ensure that the tracking report went through due process all regulators had been written to and reports received would go into a dedicated inbox. A heat map was shown with an example of the dials highlighting the level of compliance and when an inspection was due. The aim was to complete this for the December meeting. This was a starting point and a policy had been through Management Executives and would be presented at the Health Systems Management Board.

**The Committee resolved that:**

- a) the development of the Legislative and Regulatory Tracker

and 'reasonable' assurance rating provided by internal audit be noted;

- b) the next steps required to complete all of the recommendations made within the Internal Audit Report and so provide further assurance to the Audit Committee and the Board on compliance with Legislation and Regulatory Standards be noted.

**AC: 19/09/017 DECLARATIONS OF INTEREST REPORT**

The Director of Corporate Governance presented the above report. Members were informed that significant progress had been made and the Health Board had achieved a rating of substantial assurance. When the audit was completed last year only a few declarations were disclosed. The tracker now showed those who had declared an interest exceeded 700 plus and this was still growing. The mechanisms were in place for communications and would be followed-up and reported regularly.

The Director of Finance asked to know who had not replied and if the breakdown of disciplines of non-compliance could be provided.

NF

**The Committee resolved that:**

- progress made by the Corporate Governance team to date be noted;
- the strengthened governance procedures implemented by the Corporate Governance team be noted;
- they were assured that the new arrangements were sufficient following the recent 'Substantial Assurance' rating for Internal Audit Report.

**AC: 19/09/018 ITEMS FOR NOTING AND INFORMATION**

**The Committee resolved that:**

- a) Items for information were noted.

**AC: 19/09/019 ITEMS TO BRING TO THE ATTENTION OF THE BOARD / COMMITTEE**

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

**AC: 19/09/020 REVIEW OF THE MEETING**

- The meeting worked well and it was useful to have the Medical Director present.
- It was good to see how the trackers and tools worked.

AC: 19/09/021

**DATE OF THE NEXT MEETING OF THE COMMITTEE**

Tuesday, 3 December 2019, 9.00am – 12.00pm Coed y Bwl Room,  
Ground Floor, Woodland House, Heath, Cardiff CF14 4HH