

**CONFIRMED MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
HELD ON 24 APRIL 2017  
IN THE CORPORATE MEETING ROOM, HEADQUARTERS, UHW**

**Present:**

Ivar Grey	Independent Member – Finance, Chair
John Antoniazzi	Independent Member - Capital
Stuart Egan	Independent Member – Trades Unions

**In Attendance:**

Robert Chadwick	Director of Finance
James Johns	Head of Internal Audit
Peter Welsh	Director of Corporate Governance
Mark Jones	Wales Audit Office
Craig Greenstock	Counter Fraud Manager
Simon Cookson	Director of Audit and Assurance, NWSSP
Sian Rowlands	Corporate Governance Manager
Ian Virgill	Deputy Head of Internal Audit
Carol Evans	Assistant Director of Patient Safety and Quality

**Observers:**

Kathryn Caldwell	Deloitte
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**Apologies:**

Nigel Gibbs	Trade Union Representative
Anne Beegan	Wales Audit Office
Scott Lavendar	Post Payment Verification

**Secretariat:**

Glynis Mulford

**AC: 17/001 WELCOME AND INTRODUCTIONS**

The Chair welcomed all present to the meeting. Kathryn Caldwell, of Deloitte was introduced and explained to Members that they would be conducting a review of financial governance. Also new to the meeting was Ian Virgill, Deputy Head of Internal Audit.

**AC: 17/002 APOLOGIES FOR ABSENCE**

Apologies for absence were noted.

**AC: 17/003 DECLARATIONS OF INTEREST**

The Chair invited Members to declare any interests in the proceedings. None were declared.

## **AC: 17/004 UNCONFIRMED MINUTES OF THE MEETING HELD ON 28 FEBRUARY 2017**

The Committee **RECEIVED** and **APPROVED** the minutes of the meeting held on 28 February 2017.

## **AC: 17/005 ACTION LOG FROM MEETING OF 28 FEBRUARY 2017**

The Committee **RECEIVED** the Action Log from the meeting of 28 February 2017 and **NOTED** the following:

**16/093 – Internal Audit Position Report and Tracking Report:** It was stated that the tracking report will be reintroduced for the September meeting.

**16/093 - Medicines cost reduction:** Mrs Carol Evans stated that she had exchanged emails and explained every effort was being made to understand the reasons for return and waste and address issues that arose but that pharmacy did not intend to log these in detail as considered too resource intensive.

**ACTION:** C Evans Will continue to have conversation in relation to high value drugs

**16/094 – WAO Consultant Contract:** Ms Anne Beegan will complete action this week.

**16/079 – WAO Tracking Report:** Action complete.

**15/008 – Business Continuity Plan:** Complete. This item will go forward to 2017/18 workplan.

## **AC: 17/006 PATIENT SAFETY**

**Deprivation of Liberty and Safeguards (DoLS):** Members were informed that a comprehensive report was taken to each Mental Health Capacity Legislation Committee who was actively managing the risk. There was still a backlog due to capacity issues and the concerns feature on the Corporate Risk Assurance Framework (CRAF) this was around the Mental Capacity Act and the ability to implement the legislation.

## **AC: 17/007 INTERNAL AUDIT POSITION REPORT AND TRACKING REPORT**

Mr James John, Head of Internal Audit, highlighted the individual position and progress on each report, stating out of the eight reports two received Substantial Assurance and six Reasonable Assurance.

The overall progress of plan was explained, informing reports had been finalized and those remaining had been progressed to draft stage. Appendix B set out the detail of individual audits and their respective rating and how these fit in with the audit assurance domains around how the plan was structured. Also to note, subject to completion of remaining audit, it was envisaged that the Internal Audit Report and Opinion will be given a Reasonable Assurance rating for the year.

To date 17 reports had not been received although two reports had been finalized since the paper was put together. There was very little work left on the remaining items. The timeline was discussed and emphasized that the 2017/18 programme should be more realistic about when reports will be received so the work is spread over the year.

A short audit committee meeting will be held before the May Workshop to receive some of the outstanding reports.

**ACTION: P Welsh and J John to meet and discuss outstanding audits**

Members were informed that they will be looking at tightening processes and the progress against plan will go forward to Management Executive team meeting for discussion.

The following reports were highlighted:

***Radiology Treat in Turn – Substantial Assurance:*** It was stated that good systems were in place to ensure patients were treated in turn. There were some minor recommendations.

***Core Financial Systems – Substantial Assurance:*** The controls in place were of a high standard and good practice in place. Minor issues had been identified around reconciliation and monitoring of hierarchy structure.

***Dental Clinical Board Medicines management – Reasonable Assurance:*** Operational processes were in place but more documentation was needed around this with a more formal structure to ensure how they oversee and coordinate their approach to Medicines Management.

***Clinical Audit follow-up – Reasonable Assurance:*** The previous rating was Limited Assurance but a more detailed review was undertaken and good progress was made to take forward a number of actions although further work was needed to embed processes across the organization. It was recognized that processes had greatly improved. In response to a question about the length of the timeline it was stated this was needed to give to introduce, embed and improve procedures. It was highlighted that the reports on Clinical Audit been presented at QSE Committee.

***Leavers Management Process – Reasonable Assurance:*** The previous rating was Limited Assurance. Follow-up work identified that actions had been taken forward with recommendations actioned and systems put in place. Further work was needed to improve level of compliance with new guidance.

***Llanishen Stores follow-up – Reasonable Assurance:*** The previous rating was Limited Assurance. The stores are run on a joint basis with the Local Authority. A project manager was now in place to take forward the recommendations and they were currently looking at implementing a new IT system. In response to a question about other joint stores it was confirmed that the West Point stores rating had been reasonable compared to Llanishen Stores.

**ACTION: J John to ask if they are putting an IT system in West Point**

***Medical locums follow up – Reasonable Assurance:*** The Medical Workforce Department alongside Medacs had made marked improvement with the number of procedures they had put in place. Further work was needed around policy and updating of Service Level Agreements (SLA). This will continue to be followed up as routine.

**ACTION: To bring back Committee and show detailed management action and follow-up date.**

***Mental Health Clinical Board Out of Area – Reasonable Assurance:*** Guidance was in place at an all Wales, UHB and Clinical Board level. Initially they were not fully compliant with standards but had now shown improvements. Evidence also showed a better flow of processes and testing showed that these processes were working appropriately.

It was raised that there still seemed to be number of exceptions around Care Plans. In response it was stated that while there were some anomalies, on balance systems were at a sufficient robust stage to give the above rating.

There was further discussion on Care Plans and patient reviews and whether this had an effect on patient safety. It was asked that reassurance be sought from MHCL Committee.

**ACTION: C Evans to make enquiries with Director of Nursing PCIC and if needed to pass information on to I Grey who will talk to MHCL Committee Chair around these concerns**

Queries were raised in relation to Public Health Wales receiving a rating 'not applicable'. It was explained that the purpose was to look at two systems and compare information in both systems. A rating was not needed. It was further queried whether this report was to come before the Committee.

The Committee:  
**CONSIDERED** and **NOTED** the Progress Report

### **AC: 17/008 INTERNAL AUDIT ANNUAL PLAN AND CHARTER**

Mr James John, Head of Internal Audit gave a detailed explanation of the report, stating that he set out how to develop the Audit Plan which was to be in compliance with Public Sector Audit Standards. The coverage for the plan was described and how this was structured and kept under review.

Also considered were issues to come up in year with key follow-up for Limited Assurance reviews and ongoing routine processes. As part of the planning process some control weaknesses had been identified and some of the assignments had been considered with Counterfraud that had been raised through their work.

There had been consideration and discussions around the number of audit assignments and improving the flow through the year, as a consequence there would be a smaller number of audits in the programme for 2017/18. As part of detailed discussions with the Executive and Management detailing the scope of work, they had looked at timings and how this will fit in with the organization. The plan includes 80 days to cover contingencies. It was highlighted that the plan has been through Management Executive team for discussion.

The Internal Audit Charter sets out how the work will be delivered and Internal Audit responsibilities to the organization as well as the mechanisms and processes in place for delivery.

The relationship between External and Internal auditors was explained stating there were regular meetings with an exchange of information and risk assessments. It was explained that the Wales Audit Office conducted an annual assessment of Internal Audit as well as an External Quality Assessment. Mr Simon Cookson informed the Committee that he would be commissioning an external organization to carry out an assessment of internal audit.

The Committee:

- **APPROVED** the Internal Audit Plan and Charter

### **AC: 17/009 WALES AUDIT OFFICE – AUDIT COMMITTEE UPDATE**

Mr Mark Jones, Wales Audit Office, presented the Financial Audit Update explaining that little had changed since the last meeting and that the year end audit was in progress. The Audit Deliverables document sets out the obligations of the officers in Health Boards and Wales Audit Office with key

dates. The draft accounts for audit are due on 29 April 2017. Regular meetings will be arranged over the coming weeks to meet various deadlines in order for the signed accounts go to Welsh Government on 2 June. Certification of these accounts will be due on 7 June.

The Annual Report had come forward by two months to 31 July 2017 and WAO were due to receive the final draft of the Annual Report by the end of June. It was stated that a UHB Steering Group had been set up and was on target to meet the deadlines.

There was reference in the report to pooled budgets which was a new audit requirement from 2017. These are audited on Welsh Government guidance on the back of legislation and Certification Instructions will now come into place.

Other items under Performance Audit were explained as ongoing and would be going to future Committees.

The Committee:

- **NOTED** the WAO Audit Committee Update

#### **AC: 17/010 WALES AUDIT OFFICE – REVIEW OF RADIOLOGY SERVICES**

The Review of Radiology Services was not discussed but will go forward to be monitored and reviewed by the People, Performance and Planning Committee with the Management Response. The reported would be monitored by the Audit Committee through the Tracking Report.

#### **AC: 17/011 TRACKING REPORT ON AUDIT RECOMMENDATIONS**

Mr Peter Welsh, Director of Corporate Governance stated that there was a need for work to be done to improve the Tracking Report. This had been raised at the all Wales Secretaries Group and had devised an all Wales approach and improvements had been made for the September Committee.

It was raised that under the heading 'Status' to remove wording '*ongoing*' where a fuller explanation should be received. It was highlighted that an amendment should be made on the '*Combined follow-up review of progress made against recommendations relating to disaster, recover, data back up arrangements, Caldicott and data quality (Local Work 2013)*'. The Executive lead should be the Medical Director.

The Committee:

- **NOTED** the Wales Audit Office Tracking Report

## **AC: 17/012 MANAGEMENT RESPONSE TO THE WALES AUDIT OFFICE ANNUAL REPORT AND STRUCTURED ASSESSMENT**

Mr Peter Welsh, Director of Corporate Governance informed the Committee that the paper had been through the Management Executive team. An extra column had been added in relation to which would be the Responsible Committee. This will be monitored through the Tracking Report to Audit Committee across all the recommendations. In relation to Recommendation 13, an amendment to be made as the Responsible Officer should read, Director of Corporate Governance.

The Committee:

**NOTED and RECEIVED** the Management Response to the WAO Annual Report and Structured Assessment

## **AC: 17/013 POST PAYMENT VERIFICATION**

The Chair informed Members that Scott Lavender could not attend but as the report was well understood it would be received. There was an Annual Workplan covering ophthalmology, pharmacy and GPs. Good follow-up procedures had been established involving the UHB staff and where appropriate counter fraud. In relation to errors it was explained that there had been significant improvement in this area.

The Committee:

**RECEIVED** and **NOTED** the Annual Workplan

## **AC: 17/014 REPORT ON HOSPITALITY REGISTER & REGISTER OF DECLARATIONS OF INTEREST**

For information Mr Peter Welsh, Director of Corporate Governance presented both Registers. This had also been raised with Clinical Boards through a piece of work conducted earlier in the year. A questionnaire had been sent out to Clinical Boards and improvements made. They will keep their own Registers and this element will be inducted into their annual Personal Reviews. It was highlighted that Consultants were being asked to confirm their declarations annually as part of their annual appraisals.

The Chair noted that one Director had disclosed the Cardiff and Vale Charity and asked that the disclosure on the register be consistent. Another amendment was identified as Mr Ivar Grey ceased being a Non-Executive Director of Finance Wales PLC on 30 September 2017.

The Committee:

- **NOTED** Declarations of interest from April 2016 to September 2016

- **AGREED** to receive an update on progress for March 2017 to September 2017 (at the September meeting)

#### **AC: 17/015 CORPORATE RISK AND ASSURANCE FRAMEWORK**

Mr Peter Welsh, Director of Corporate Governance stated there were still two significant risks monitored by the Committee. For each higher risks there were backing sheets showing some of the mitigation being taken.

It was explained that at the next Board Development meeting will focus on risk and be facilitated by an outside expert. Members of all clinical boards had been invited to attend. It was highlighted that a report will be going to the Board meeting in May and a progress report will be brought to Audit meeting in September.

The Committee

- **REVIEWED** the risks assigned to the Audit Committee

#### **AC: 17/016 REGULATORY BODIES & REVIEW TRACKING REPORT**

The Committee **NOTED** the Regulatory Bodies and Review Tracking Report which showed the level of scrutiny and was **RECEIVED** for information. It was stated that work was still needed to be done and the register was updated on information received to date.

#### **AC: 17/017 AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE**

Mr Christopher Lewis, Deputy Finance Director presented the report and informed the Committee that the Wales Audit Office had written to the Health Board to gain a response on a number of risks, fraud and governance issues. These responses were required from Management and those charged with Governance. A draft response had been presented to the Audit Committee to review and a copy sent to the Chair and Chief Executive. Any comments would need to be received by end of month.

The members of the Committee confirmed that they were not aware any additional matters requiring disclosure.

The Committee

- **REVIEWED** the draft response to the Wales Audit Office enquiries
- **APPROVED** its submission to the Wales Audit office, subject to any agreed changes required arising from information received the Chair or Deputy Chair

## **AC: 17/018 ITEMS FOR INFORMATION**

The Committee **NOTED** items for information.

## **AC: 17/019 REVIEW OF MEETING**

- For Mrs C Evans to liaise with Director of Nursing, PCIC and if required to pass information on to Mr I Grey who will raise with Chair of MHCL Committee
- In relation to Corporate Risk Assurance Framework, this will be discussed further at the Board Development Workshop on 27 April 2017 arranged to look at the Health Boards risk management system, which will be facilitated by an external expert.

## **AC: 17/020 URGENT BUSINESS**

There was no urgent business

## **AC: 17/021 DATE OF NEXT MEETING**

The **AUDIT WORKSHOP** is scheduled to take place at 9.00am on **Tuesday, 23 May 2017** in the Corporate Meeting Room, Headquarters, UHW