

**CONFIRMED MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD ON 26 SEPTEMBER 2017
IN THE CORPORATE MEETING ROOM, HEADQUARTERS, UHW**

Present:

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

In Attendance:

Robert Chadwick	Director of Finance
James Johns	Head of Internal Audit
Charles Dalton	Head of Health and Safety
John Herniman	Wales Audit Office
Anne Beegan	Wales Audit Office
Craig Greenstock	Counter Fraud Manager
Simon Cookson	Director of Audit and Assurance, NWSSP
Ian Virgil	Deputy Head of Internal Audit
Scott Lavendar	Post Payment Verification

Apologies:

Peter Welsh	Director of Corporate Governance
Mark Jones	Wales Audit Office
Carol Evans	Assistant Director of Patient Safety and Quality

Secretariat:

Glynis Mulford

AC: 17/035 WELCOME AND INTRODUCTIONS

The Chair welcomed all present to the meeting. Members were informed that the order of the agenda would be rearranged to accommodate Mr Scott Lavendar who had to leave early due to other commitments.

AC: 17/036 APOLOGIES FOR ABSENCE

Apologies for absence were noted.

AC: 17/037 DECLARATIONS OF INTEREST

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

AC: 17/038 UNCONFIRMED MINUTES OF MEETINGS HELD ON 24 APRIL 2017, 23 MAY 2017 AND 1 JUNE 2017

The Committee **RECEIVED** and **APPROVED** the minutes of meetings held on 24 April 2017, 23 May 2017 and 1 June 2017.

AC: 17/039 ACTION LOG FROM MEETINGS OF 24 APRIL 2017, 23 MAY 2017 AND 1 JUNE 2017

The Committee **RECEIVED** the Action Log from the meeting of 24 April 2017 and 23 May 2017 and **NOTED** the following:

AC 17/025 – Internal Audit Report – Continuing Healthcare: In regard to Recommendation 8 of the report, for the Management Response to be reworded.

AC 17/007 – Mental Health Clinical Board – Out of Area: Members were informed that there were previous capacity issues within the team which were being resolved with significant investment to ensure that all reviews take place within the appropriate timescales.

AC 16/093 – Internal Audit Position Report and Tracking Report: Action COMPLETE

AC 15/008- Business Continuity Planning: Members were informed that Internal Audit had been requested to push back the work to be reviewed in 2018. The Chair stated that the Committee needed to be assured that improvements were being made and asked for justification to be sought for pushing this back. Internal Audit was asked to present a paper to the next meeting to include what measures were being put in place between now and the next review and for the audit to take place in the first quarter of 2018/19.

ACTION: J Johns and P Welsh to discuss with Lead Director and present a paper to next audit meeting

AC: 17/040 POST PAYMENT VERIFICATION

Mr Scott Lavendar, Post Payment Verification Manager presented the report, which gave an outline on post payments since April 2017. This incorporated new information on the end of the Key Performance Indicators (KPI) report in relation to what the department were looking to achieve and if not, why this had not been attained. This provided some assurance that action was being taken on any issues/errors. It was explained that the FAQs were continually being updated to offer support and guidance and to bring the percentages down as error rates sat high. It was emphasized that percentage errors had come down considerably compared to a few years ago. Training was also

being offered to new staff on the Service Specification due to misunderstanding and unfamiliarity of processes. The PPV and PCIC teams were working with the EU scheme in regard to retaining letters with GP referrals and were tackling the matter to get these down.

Concerns were raised around administration errors being very high with one of the private pharmacies. In response it was stated a meeting had been held with the Assistant Director of Patient Safety as there was a need to tighten processes across Wales. Due to the size of the organisation, difficulties had been encountered in completing this work. Members were informed that Counter Fraud had quarterly meetings with PCIC and PPV teams and if they were not satisfied with the documentation submitted would inspect the pharmacies concerned. The Committee was assured that Primary Care Services will review this area in 12 months' time and look at a larger sample in regard to any administration errors.

The Committee:

RECEIVED and **NOTED** the Post Payment Verification Report

AC: 17/041 INTERNAL AUDIT POSITION REPORT AND TRACKING REPORT

Mr James John, Head of Internal Audit, highlighted the individual position and progress on each report, stating there had been a review in regard to the content of the progress report and there was now an enhanced level of detail in the progress summary. The section around follow-up had been enhanced which featured additional information. There had also been an amended approach within the department. The key points of the progress report were highlighted looking at the audit assignments that had been completed for 2016/17 and 2017/18. It was stated although a number of reports had been finalized this year, there had been delays in progressing reports and some of these had not advanced at the speed anticipated.

The Chair raised concern about the number of reports not completed and asked what assurance could be given around the number of reports that should come through over the course of the next six months. In response it was explained that the attached Appendix showed the Internal Audits which would be brought to Committee but the bulk of these had been delayed through the briefs not being signed off. It was highlighted that a lot of effort has been put into the process of emphasizing to the Organisation the importance of sign off and review.

ACTION: Chair to speak to P Welsh

Members were informed that a paper had gone to Management Executive emphasizing the need for Lead Executives to attend meetings on request in relation to any queries raised on the Internal Audit Reports.

There was opportunity to raise concerns at the forthcoming Board meeting to influence the Board and Executive to receive reports in a timely manner as planned. The Wales Audit Office also said they had similar issues in awaiting management responses.

Members were informed of the Internal Reports submitted. Two were of Substantial Assurance, four of Reasonable Assurance and two were Not Applicable. There were comments and discussion made on the following:

4.4 – Specialist Services Clinical Board - Private Patient Payments – (Assurance rating not applicable): The review looked at payments made to Cardiothoracic Registrars for private work in the context of duplicated payments. Internal Audit revisited this area to do further work as additional information came to light. Governance around payments needed to be strengthened and recommendations were made to secure improvements. A follow-up will take place in due course.

In response to the question whether the Health Board was being reimbursed, it was stated that they could conclude from the evidence, correct payments were coming through the Health Board.

4.9 – Mental Health Clinical Board Sickness Management and Rostering – Reasonable Assurance: Some high quality ratings were identified around sickness management where documentation had not being fully completed. Recommendations were highlighted around rostering and temporary staffing.

Concerns were raised around nurses working whole shifts without taking a break and recognized it was not acceptable to let this practice continue.

Issues around staff shortages and safety issues were widely discussed and realized this had increased the stress and demand placed on staff. Members were informed that concerns around staff breaks were being reviewed.

Mr C Dalton was asked to report back to the Director of Corporate Governance in relation to the number of follow ups where there were no actions and around the recommendations that were high. It was stated that the Director of Corporate Governance and his team were creating their own system for tracking and monitoring those high risks to be followed up by Internal Audit and that they would be kept on the agenda for the related Committee. This would be in addition to Internal Audit work.

ACTION: C Dalton to highlight to P Welsh

The Committee:

CONSIDERED and **NOTED** the Internal Audit Progress Report

AC: 17/042 WALES AUDIT OFFICE COMMITTEE UPDATE

Mrs Anne Beegan, Wales Audit Office, presented the update highlighting the following:

- The GP out of hours review had been finalized but was still awaiting management response.
- Draft reports had been issued on discharge planning and a local piece of work on managing follow-up outpatients.
- The progress update on follow-up outpatients has been with the Chief Operating Officer for some time and the Wales Audit Office is still awaiting management response. This was due to come to the September meeting, but will now be presented in December. The date under the heading 'For Audit Committee' was to be returned to the original September date for monitoring purposes.
- Thematic Reviews: The primary care review will initially be on an all Wales basis before focusing at a health board level which was described. The second review will examine the Integrated Care Fund and will include all relevant public bodies.
- In regard to the Structured Assessment work, officers from the Wales Audit Office will make observations at Board meetings and will delve into some of the Clinical Boards to review governance arrangements. A committee survey will be run on Audit and Quality, Safety and Experience. In addition, there will be a watch and brief on the two new committees.
- In view of Local Work, officers will confirm with the Director of Finance the exact focus on the work.
- In regard to the national review of the implementation of the Financial Flexibilities Act, all Health Boards will be presenting evidence to the Welsh Government Health and Social Care Sports Committee in regard to their financial acuity. The Good Practice programme was also highlighted, informing there were webinars and seminars available. Individual links to upcoming events will be circulated and members will have the opportunity to attend training.

The Committee:

- **NOTED** the Wales Audit Office Committee Update

AC: 17/043 WALES AUDIT OFFICE – ACTION PLAN OF CONTRACTUAL RELATIONSHIP WITH RKC ASSOCIATES LIMITED AND ITS OWNER

Mr Charles Dalton, Head of Health and Safety, presented the report on behalf of the Director of Corporate Governance. It was stated that the UHB Chair and Chief Executive attended the Welsh Government Public Accounts Committee recently to discuss the Wales Audit Report and action plan. The

Welsh Government will be presented with a report within 4-6 weeks' time. This will stay as a standard agenda item until all actions are completed in report.

Mr Simon Cookson explained that the procurement function sat within the remit of Shared Services who had responded to the report across Wales. Internal Audit had been asked to do an audit which was complete and a report had been drafted. When the report is finalized it will be distributed to all Health Boards and Trusts in order to have additional assurance of procurement processes.

The Committee:

- **NOTED** the contents of this report;
- **MONITORED** the progress of the action plan and
- **PROVIDED** the Board with the assurances required.

AC: 17/044 DELOTTES FINANCIAL GOVERNANCE REVIEW OF CARDIFF AND VALE UHB

Mr Robert Chadwick, Director of Finance presented the action plan stating they were linked to recommendations in the report. The action plan would be presented to the next Board meeting where it would be monitored and progressed against the timescales by the Finance Committee.

It was suggested for Internal Audit to link in to look at specific points on the Action Plan.

The Committee:

- **NOTED** the Governance Review of Cardiff and Vale UHB Recommendations

AC: 17/045 TRACKING REPORT ON AUDIT RECOMMENDATIONS

The Committee **NOTED** the report and the arrangements for ensuring that all WAO actions had been tracked. Mr Charles Dalton stated that the attachment had been updated with key processes made. This will be presented to the forthcoming Board meeting. Mr Robert Chadwick stated that IT did not sit within his job description and for the Director of Corporate Governance to reallocate this item to the relevant Executive Director.

ACTION: For secretariat to highlight to P Welsh

AC: 17/046 DIRECTOR OF CORPORATE GOVERNANCE REPORT

Mr Charles Dalton, Head of Health and Safety presented the report on behalf of the Director of Corporate Governance stating meetings had taken place with the Director of Finance, the Chair of Audit Committee and Internal Audit. This would be a regular agenda item for a helicopter approach on a regular basis to strengthen links between various committees and to have oversight that they were working together in unison. The objective would be to move forward with some greater intervention. This format has been raised at the Board Secretaries meeting to make this an All Wales wide approach.

It was stated that some of the information should be incorporated with Wales Audit Office.

The Committee:

NOTED the Director of Corporate Governance Report

AC: 17/047 REPORT ON HOSPITALITY REGISTER & REGISTER OF DECLARATIONS OF INTEREST

Mr Charles Dalton, Head of Health and Safety, stated that the report will be brought to Committee on a six monthly basis although this was mandated to be yearly. The registers were being reviewed with the aim of strengthening the Health Boards actions as there may be more to be declared than what had been submitted as low numbers of declarations had been received.

Concerns were reiterated around the number of declarations received, suggesting it should be part of the Consultants PADR. There was a need to be more disciplined and to have a more robust process in place. This would be highlight to the Medical Director to take forward.

ACTION: to Highlight lack of Declarations of Interest forms from clinicians to the Medical Director

ACTION: C Greenstock to speak to P Welsh around best practice from other Health Boards

ACTION: C Dalton to report discussion back to P Welsh and S Rowlands

The Committee:

- **NOTED** the Hospitality Register and Register of Declarations

AC: 17/048 REGULATORY REVIEWED BODIES TRACKING REPORT

The Committee **RECEIVED** and **NOTED** the Regulatory Bodies and Review Tracking Report which showed the level of scrutiny. Mr Charles Dalton stated

that the report was considered at Clinical Boards and the Health and Safety Committee noting external involvement. It was highlighted that the tracking report was not being used to its full potential and there was a need for it to be updated.

AC: 17/049 CORPORATE RISK AND ASSURANCE FRAMEWORK

Members were informed that a workshop had taken place in April and work was still being done on the contents and pilot work. The current format was not conducive with showing progress or the ability to give good assurance. The Director of Corporate Governance and Governance Manager were working on a new register and framework to be completed by April next year, recognising there could be benefits from making some changes.

One of the key issues identified was to present a document that could show progress of where we are at a single glance rather than what we had previously which was viewed static. In addition, to ensure people were educated and understood what the risks were and that they were being managed appropriately.

It was reported, the Health Board had high risk areas for a substantial period of time and should show that the red areas are being moved forward and progressing and show evidence what was being done to mitigate the risk.

Trials had been tested in the Estates and Dental Department to see how this captures realistic evidence on how the picture is being progressed. It was stated that this had to be a cascaded issue to be embedded down at the local level. The Four Cs approach was explained which gave a basis of an appropriate risk register to strengthen the system and provide assurance. It was stated the Organisation was astute at keeping incident recording but there was a need to be as detailed with the risks. A module was being progressed in Datix and explained this was a database system in regards to risks, where they can be compiled and show that progress was being made. The Governance Manager and the Health and Safety team were developing and bringing this area together.

The Committee:

- **NOTED** the Audit Committee Corporate Risk and Assurance (CRAF) Update Report

AC: 17/050 TOPICAL REVIEW

It was stated that a White Paper on governance and quality in the NHS was being produced which included the role of the Board Secretary, stating we had been involved drafting the paper and had responded to questions. The outcomes will be presented at a future meeting.

AC: 17/051 CONSULTATION ON FEES 2018/19

- The Committee **RECEIVED** and **NOTED** the report.

AC: 17/052 REVIEW OF MEETING

It was agreed that the following matters should be raised by the Chair:

- Completion of management responses for internal and external audit reports to be raised at Board meeting.

AC: 17/052 URGENT BUSINESS

There was no urgent business

AC: 17/053 DATE OF NEXT MEETING

The next Committee meeting is scheduled to take place at 9.00am on **Tuesday, 5 December 2017** in the Corporate Meeting Room, Headquarters, UHW