

**CONFIRMED MINUTES OF THE AUDIT COMMITTEE
HELD ON 27 FEBRUARY 2018
IN THE CORPORATE MEETING ROOM, HEADQUARTERS, UHW**

Present:

John Antoniazzi	Independent Member – Capital, Chair
Maria Battle	Chair - UHB
Dawn Ward	Independent Member – Trades Union

In Attendance:

Anne Beegan	Wales Audit Office
Carol Evans	Assistant Director of Patient Safety & Quality
Craig Greenstock	Counter Fraud Manager
Ian Virgil	Deputy Head of Internal Audit
John Herniman	Wales Audit Office
Peter Welsh	Director of Corporate Governance
Robert Chadwick	Director of Finance
Steve Curry	Chief Operating Officer

Glynis Mulford

Secretariat

Apologies:

John Union	Independent Member - Finance
James Johns	Head of Internal Audit

AC: 17/084 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone present to the meeting.

AC: 17/085 APOLOGIES FOR ABSENCE

Apologies for absence were noted.

AC: 17/086 DECLARATIONS OF INTEREST

The Chair invited Members to declare any interests in the proceedings. A declaration was made in relation to agenda item 14 by Mr Peter Welsh, Director of Corporate Governance and informed the Committee his wife was an optician at RN Roberts Opticians and therefore would not be partaking in any discussion on this point.

AC: 17/087 UNCONFIRMED MINUTES OF THE MEETING HELD ON 5 DECEMBER 2017

The Committee **RECEIVED** and **APPROVED** the minutes of the meeting held on 5 December 2017.

AC: 17/088 ACTION LOG FROM MEETING OF 26 SEPTEMBER 2017

The Committee **RECEIVED** the Action Log from the meeting of 26 September 2017 and **NOTED** the following:

AC: 17/071 Wales Audit Office Review of Discharge Planning: Significant progress had been made since the audit and was being monitored by the Quality Safety and Experience Committee.

Items AC: 170/72 and 073 will be brought forward to April meeting.

AC: 17/089 INTERNAL AUDIT PROGRESS REPORT

Specialist Services Patientcare IT System – Limited Assurance: Mr Steve Curry, Chief Operating Officer explained the IT system implemented by a registrar was a very good system which tracked patients and their treatment. This was developed some years ago and is used in hospitals around the country. An audit was undertaken which highlighted areas of vulnerability. A Follow-up audit pointed to a number of issues and areas not fully actioned.

There was no formal contractual agreement for ongoing maintenance. This had been addressed and the department was working with procurement to put in place a comprehensive contract and ensure it was fit for purpose. The contract will be ready to be implemented from 1 April 2018.

The Committee was assured that in the future policies, procedures and guidance would be planned at a set date. There would be further discussion on how to bring guidance around this area with IT and procurement leads to ensure good governance was in place. It was stated that wider learning had been made through the system.

The Committee was assured that the primary information source was PMS which was the core system and safety net for the Health Board.

A range of limited controls had been taken forward and a user group had been set up and any further actions will be implemented by Group. The Business Continuity Plan was endorsed by the Emergency Preparedness Manager and there has been a system upgrade after going through this process. Advice had been taken from IT who had reviewed the system. Evidence had been received to inform that back ups were taking place in line with their systems.

As a result of these action points being progressed Members were informed the Risk Register would be upgraded as the position had advanced since the Internal Audit follow up.

The Committee:

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

AC: 17/090 INTERNAL AUDIT POSITION REPORT

Mr Ian Virgil, Deputy Head of Internal Audit outlined the key points of the report:

- There had been some audit delays in receiving information to complete reports which had been planned to be delivered in February. These reports would come through to next Committee in April.
- The delivery of Internal Audit Plan was on course to complete the annual plan to April Audit Committee. There were three reports which are potentially Limited Assurance in the system and clarified although looking at three Limited Reports was looking at a positive opinion at year end.
- In response to concerns on Cleaning with Limited Assurance the Committee was assured this was not in relation to cleaning of the wards. This was in relation to the Compliance of the Wales Cleaning Standards. Key reasons were weaknesses in some of the Health Boards own audit with paperwork and how these were being conducted and signed off. These issues were reported at Quality, Safety and Experience Committee. There were issues with estates staff and nursing staff working together to sign off reports but this was being addressed.

It was commented and noted:

- In response to Limited Assurance reports being revisited, it was stated Limited Assurance reports would be timetabled for follow-up. If it was borderline, further work could be undertaken and a further follow up take place to appreciate if this would change opinion.
- Concerns with consultant job planning was raised 12 months ago with Wales Audit Office and was still concerned as remained with a Limited Assurance rating. It was stated this has been escalated to the Medical Director as Executive Lead.
- There had been a request for two pieces of work to be postponed until next year as there were ongoing issues in department; being PCIC Incident reporting and Commercial Outlet Audit which was **APPROVED** by the Committee.

The Committee:

- **CONSIDERED** and **NOTED** the Progress Report Against Plan

AC: 17/091 WALES AUDIT OFFICE ANNUAL PLAN 2018

Mr John Herniman, Wales Audit Office highlighted the key issues of the report to ensure they met their statutory responsibilities and the plan set out the background and responsibility for WAO and the Health Board. The timing of work and broad timetable will be revised in the Committee Update report.

It was discussed and noted:

- In response to Wales Audit Office inter-relationship with Internal Audit in understanding each other's programmes, Members were informed things had progressed and although share work programmes to look for additional risks, do not rely on Internal Audit testing.
- The Committee was advised in response to there being any issues with the year-end audit that to date the timetable works although it is rigid. This was a joint effort between the WAO and finance team and did not anticipate any problems
- The Remuneration Report should be straight forward this year as there had been a number of changes during the year but would need a full Q & A review.
- It was described how the WAO reports are cascaded throughout the organisation that work is commencing, explaining the audit plan is circulated to the Lead Executive who will address recommendations with managers. The Director of Corporate Governance will take to Management Executive and provide a reminder of follow-up to be undertaken. The original audit will be done by manager and team who should be mindful of delivery commitments and actions and be aware of any follow-up. This will then go forward to the relevant committee. The Audit Committee maintains and tracks the WAO reports. For mandated work WAO produces a project brief which is issued to the Director of Finance, Director of Corporate Governance and Executive Leads.
- In regard to the Future Generations Act there will be a conference in May. The Auditor General is required to produce a report in 2020 around how all the bodies are responding to the Act. The work being undertaken in NHS Health Bodies and will form part of the 2019 plan.

The Committee:

- **NOTED** the report

AC: 17/092 WALES AUDIT OFFICE – COMMITTEE UPDATE

The Committee **NOTED** the above report from Wales Audit Office, who informed Members the report governed the audit plan in terms of the position on previous reports. Key points raised were:

- **Thematic Review - Primary Care:** Phase Two was up and running and a brief had been issued to the Executive Lead. Arrangements had been made to conduct a set-up meeting.

- **The Integrated Care Fund:** This is a cross cutting review looking at NHS Bodies, Local Authorities and Welsh Government. A brief will be available next week. This work will focus on the Regional Partnership Boards and how the ICF is being managed on a regional partnership basis.
- **The Informatics Systems in NHS:** A report will be brought to the next committee with the management response from Welsh Government.

It was commented and noted:

- In regard to the District Nursing Services in Wales it was queried how was this being processed internally for Health Board. The Assistant Director of Patient Safety and Quality will determine this request and feedback to next Committee.

ACTION: C Evans to feedback to Committee how District Nursing Services in Wales was being processed internally for Health Board

The Committee:

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

AC: 17/093 END OF YEAR UPDATE – STRUCTURED ASSESSMENT MANAGEMENT RESPONSE 2016

Mr Peter Welsh, Director of Corporate Governance presented the final update of the Management Response to the Committee. The year 2016 had been significant for the Health Board which was reflected in some of actions. This was in particular to changes in Board membership and this action is now complete as the Board is in full membership. Reference was also made to two new committees set up during 2017 had been stood down a few weeks ago and established a new Strategy and Delivery Committee. Major work was undertaken in reviewing the risk framework which has been completed. Regarding issues around financial management, it was stated the robustness of the Finance Committee was working extremely well, although there were some outstanding actions to be completed.

The Committee:

- **NOTED** the report

AC: 17/094 UPDATE ON WALES AUDIT OFFICE ACTION PLAN OF CONTRACTUAL RELATIONSHIP WITH RKC ASSOCIATES LIMITED AND ITS OWNER

Mr Peter Welsh, Director of Corporate Governance, informed Members that the above report was presented to the Public Accounts Committee (PAC) and progress was monitored through the Audit Committee and the Public Board Meeting. Work on the action plan had been completed with Internal Audit where an opinion rating of Substantial Assurance was obtained. Out of the 26 actions 17 were fully completed. The seven outstanding actions had been assigned with definite dates to be

completed this year. A report will be going to Board meeting at the end of March. Evidence and further information will be supplied for the Chair and CEO to return to PAC in May 2018. The outcome of this review highlighted the significant progress made, the lessons learnt and new systems, processes and controls that had been established as set out in action plan. There has been openness and transparency throughout process. The action plan had been shared with the All Wales Board Secretaries group and the CEO had informed the Local Partnership Forum.

The Committee:

- **NOTED** the report

AC: 17/095 TRACKING REPORT ON AUDIT RECOMMENDATIONS

The Committee **RECEIVED** and **NOTED** the Tracking Report and Mr Peter Welsh, Director of Corporate Governance stated he was working with Internal Audit to develop the report further as follow up reports were not as robust as they should be. The Tracking Report needed more work on making it “live” and to link with other systems as neither system worked. This was raised to be reviewed on an All Wales basis in order to gain a consistent approach across NHS Wales and an update will be brought to the next meeting.

AC: 17/096 POST PAYMENT VERIFICATION

Mr Scott Lavender outlined the key findings from the 6 monthly review of arrangements relating to Post Payment Verification in regard to the General Medical Services, General Ophthalmic Services and General Pharmaceutical Services.

Members were informed that at the last GMS visit a new initiative had been undertaken by processing visits from the office and logging into GP systems which was deemed safe, more helpful with resources and less intrusive. There had been a 50% uptake on this process from March 2017 taking up remote access and the next target for March 2018 will be 75% for practices to be engaged in this new method.

GOS was arranging training for practice staff which is now in motion across the seven Health Boards and was engaged with the Cardiff Primary Care team. Clarity was provided around protocols and training in a proactive manner. Optometry Wales were also engaged in reducing percentages and were looking to have one standard across Wales.

Meetings had been arranged with Pharmacy to ensure they have an understanding of what they are reviewing and to give assurance relevant in areas. Admin errors were still high and the team was heavily engaged in reducing the figures. All pharmacies had been visited once and hoped to see an improvement at the next visit. Counter Fraud worked closely with the department in bringing averages down in pharmacy. It was stated that anomalies are minimal compared to the number of claims and were looking at common themes to feed into the system.

It was discussed and noted:

- In response to training practice managers early, it was stated that a corporate induction is run with Shared Services and was happy to do 1:1s. FAQs documents were released regularly and there was an electronic point of contact. It was highlighted that practice managers are employed by the practice and not NHS.
- Training was a common problem with GP staff not being able to be released as any additional time closed incurred a cost which had an impact, posing a barrier to make it work.

AC: 17/097 SCHEME OF DELEGATION

Mr Robert Chadwick, Director of Finance, stated that processes had been put in place for off payroll working and would be incorporated in the Scheme of Delegation.

The Committee:

- **NOTED** the assessment made on the current Scheme of Delegation;
- **APPROVED** the proposed addition for off-payroll working;
- **REQUESTED** that the Scheme of Delegation is updated to include this addition;
- **ENDORSED** the completion and closure of this action within the UHB action plan on the Contractual Relationship with RKC Associates.

AC: 17/098 DIRECTOR OF CORPORATE GOVERNANCE REPORT

The Committee **RECEIVED** and **NOTED** the report where key elements were highlighted:

- The Accountability Report and timescale was set out and confirmed work was well in advance and on target. Included in the report will be the Annual Governance Statement and Annual Quality Statement. A special Audit Committee will be held on 31 May 2018 followed by a presentation to Board.
- The new Strategy and Delivery Committee will look at 10-year strategy plan and how this is delivered through the IMTP.
- The last Board Development session looked at the effectiveness and efficiencies of how we can work in a smarter way and Committees having a more robust role in looking at assurances and formal reporting. This will be formally reported to Board in May and highlighted in the Chairs report in the March Board Meeting.
- The car park tenders were on track and will be reported in the CEO Report at the March Board Meeting.

AC: 17/099 UPDATE ON THE CORPORATE RISK ASSURANCE FRAMEWORK

The Committee **RECEIVED** and **NOTED** the Audit Committee Corporate Risk and Assurance (CRAF) Update Report and it was stated the summary showed there had been no significant changes to the current risk register, but each committee was receiving their contribution to the CRAF on a regular basis. The written control document for high risk and further work has been undertaken. The new approach presented was with more meaningful information and tracking of risks made clearer.

AC: 17/100 ITEMS FOR INFORMATION

Items for Information were **NOTED**.

AC: 17/101 REVIEW OF MEETING

There were no items to be reviewed.

AC: 16/102 URGENT BUSINESS

There was no urgent business.

AC: 16/103 DATE OF NEXT MEETING

The next Audit Committee meeting is scheduled to take place at **2.30pm** on **Tuesday, 24 April 2018** in the Corporate Meeting Room, Headquarters, UHW