

**CONFIRMED MINUTES OF THE AUDIT COMMITTEE
HELD ON 25 SEPTEMBER 2018
IN THE CORPORATE MEETING ROOM, HEADQUARTERS, UHW**

Present:

John Antoniazzi	Independent Member and Chair, Audit Committee
Charles Janczewski	UHB Vice Chair
Dawn Ward	Independent Member, Trade Union

In Attendance:

Carol Evans	Assistant Director of Patient Safety & Quality
Craig Greenstock	Counter Fraud Manager
Christopher Lewis	Deputy Director of Finance
Ian Virgil	Deputy Head of Internal Audit
James Johns	Head of Internal Audit
Kimberley Rowe	Internal Audit
Mark Jones	Wales Audit Office
Mike Usher	Wales Audit Office
Nathan Couch	Wales Audit Office
Peter Welsh	Former Director of Corporate Governance
Rachel Burton (part)	Director of Operations, Children and Women
Sara Jeremiah (part)	Post Payment Verification
Simon Cookson	Internal Audit
Tom Haslam	Wales Audit Office
Paula Davies (part)	Lead Nurse in Community Child Health
Cath Heath (part)	Nurse Director, Children and Women Clinical Board

Secretariat

Julia Harper

Apologies:

John Union	Independent Member – Finance (Vice Chair – Audit)
Maria Battle	UHB Chair
Graham Shortland	Medical Director
Martin Driscoll	Executive Director of Workforce and Organisational Development
Nicola Foreman	Director of Corporate Governance
Robert Chadwick	Director of Finance
Steve Curry	Chief Operating Officer

AC: 18/046 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting. He also expressed his disappointment that no Executive Directors were in attendance.

AC: 18/047 APOLOGIES FOR ABSENCE

Apologies for absence were noted.

AC: 18/048 DECLARATIONS OF INTEREST

The Chair invited Members to declare any interests in the proceedings. Mr Charles Janczewski declared that he was Chair of the WHSSC Quality and Patient Safety Committee.

AC: 18/049 UNCONFIRMED MINUTES OF THE MEETING HELD ON 31 MAY AND THE SPECIAL AUDIT COMMITTEE ALSO HELD ON 31 MAY 2018

The Committee **RECEIVED** and **APPROVED** the minutes of the meetings held on 31 May 2018 and the Special Meeting held on the same day.

AC: 18/050 ACTION LOG FROM MEETING OF 31 MAY 2018

The Committee **RECEIVED** and **NOTED** the Action Log from the meeting of 31 May 2018.

Business Continuity Plan AC:18/022 – With no timescale identified for completion, it was agreed to ask the Lead Executive, the Director of Planning, for a written update for the December meeting.

Action – Mrs Abigail Harris

It was noted that Internal Audit would be following up this area of work in December.

It was **AGREED** that the Chair would remind Executive Directors that they could be called to the Audit Committee at any time.

Action – Mr John Antoniazzi

AC: 18/051 INTERNAL AUDIT PROGRESS REPORT

Mr James Johns provided the Committee with an update on the delivery of the agreed audit plan. He identified some areas of slippage and these would be brought to the December meeting.

Asked why some work resting with the Chief operating Officer had slipped, Mr Johns was unable to provide the reason, and Committee agreed that the reasons for delays had to be justified. It was agreed to follow this up outside the meeting.

Action – Secretariat

Eight audits had been finalized during the year and this presented a largely positive picture. Mr Johns advised that the result of the Charitable Funds audit had been revised to substantial assurance.

Mr Johns also referred to the delivery of the Audit Plan and the reasons for delays / changes to the Plan. It was noted that Management Executive received Internal Audit Reports but the Committee felt it was not getting the same assurances that action was being taken. Mr Johns advised that following receipt of the reports, the Director of Corporate Governance provided him with an update. Members felt that the Committee needed to receive better tracking and assurance and to be in a better position to chase areas where there was slippage.

Overall Mr Johns reported a positive picture and commented that high priority areas would be the key in follow-up audits. In terms of the status schedule of assignments, again it was felt that UHB tracking was vital in order to deal with issues before they were presented by Internal Audit.

Members highlighted paediatric/adult transition plans and expressed concern at the delays. As this was currently a very sensitive area within the UHB, it was agreed to ask the Chief Operating Officer to attend Committee to explain the findings.

Action – Secretariat

In terms of the completion of follow-up audits, Mr Johns reported that the 8 audits were fairly positive and that an updated timescale had been received for one low priority action to be implemented. A further 5 follow-ups were in progress, but there were some delays in management responses.

Concern was expressed about the limited and no assurance reports that had been discussed at Committee previously. It was hoped that in future, the Head of Internal Audit would discuss the reasonableness of timescales with the Audit Committee Chair.

Action – Mr James Johns

The Committee noted that the Audit Plan was changed in year in response to changing circumstances / priorities and the emergence of new risks. It was suggested that the Director of Corporate Governance could advise on how new risks were included on the risk register. It was reported that Management Executive received a quarterly report that looked back as well as forward at the different areas of work. In addition, the Chief Executive held an allocation of audit days to be used for current concerns not already included in the Plan. Wales Audit Office was mindful that risk registers were not as strong as they could be in Wales and that they needed to be linked to a comprehensive Board Assurance Framework.

Internal Audit reported that one of the follow-ups was overdue and had not yet commenced. It was delayed due to the volume of work of the IT specialist auditor.

Asked about the impact of limited and no assurance reports on the UHB's overall standing, it was noted that 8 domains had been agreed externally and with NHS Wales Board Secretaries, each with their own rules. Roughly, if 3 of the domains were assessed as limited assurance, it was likely that the overall opinion would be limited assurance although professional judgement was also used. In addition, all limited assurance reports were referred to Welsh Government to consider whether

intervention was required. It was therefore important for Members of the Committee to discuss with Internal Audit before the year end submission. It was noted that the biggest challenge would be where follow up audits did not demonstrate improvement.

The Committee **CONSIDERED** and **NOTED** the Progress Report against Plan.

AC: 18/052 CONSULTANT JOB PLANNING – REVIEW OF PROGRESS AGAINST RECOMMENDATIONS AND REVIEW OF ACTION PLAN

In the absence of the Medical Director, Committee considered the update provided and were dissatisfied as there were no milestones or trajectories that were considered fundamental for enabling the measurement of progress. It was vital, therefore, that a reasonable deliverable timescale was developed as a matter of urgency.

Options were discussed and it was agreed that the Medical Director be given the opportunity to deliver a specific plan. In support, it was suggested that the Medical Director may find it helpful to discuss with other health boards how they tackled issues of culture. It was agreed that Mrs Carol Evans would feedback to the Medical Director so that he could prepare a report and provide assurance.

Action – Mrs Carol Evans

In the meantime, a separate meeting with the Medical Director and both Independent Members (Messrs Antoniazzi and Union) and Mrs Nicola Foreman had been arranged for 30th October.

AC: 18/053 CONTINUING HEALTHCARE FOLLOW-UP: REVIEW OF ACTION PLAN AND TIMESCALES

Ms Rachel Burton, Mrs Cath Heath and Ms Paula Davies attended the meeting for this item. Ms Davies advised the Committee that the only outstanding action was the production of an operational policy that was a very large piece of work. An expert had been commissioned to undertake scoping work and found there to be increasing differences of professional opinion from a variety of agencies. However, a draft joint operational policy had been produced in conjunction with the Cardiff and Vale of Glamorgan Local Authorities. A task and finish group had been established and milestones produced. A number of areas had been considered including finance, risk of capacity and gaps in mental health monitoring and assessment. Ms Davies assured the Committee that work was on track and that the joint policy would be agreed by the end of March, with all parties committed to this timescale. This work was complex and new to Wales.

Asked whether aspirations for joint commissioning were realistic, it was noted that funding needed to be explored further and this would form part of the next stage of the work. In the interim, written guidelines were in place.

It was agreed that in this particular instance, the follow-up timescale was unrealistic and therefore the second follow-up would be pushed back.

Action – Mr James Johns

The Committee **NOTED** progress which was inter-agency dependent.

AC: 18/054 WALES AUDIT OFFICE UPDATE REPORT AND MEDICAL EQUIPMENT UPDATE

Mr Mark Jones updated Committee on work in progress and highlighted that the audit of the Charitable Funds Accounts had been brought forward and would be considered at the meeting of the Trustees on 13th December. In addition, work was underway to start planning for the 2018/19 audit.

Mr Jones drew attention to the national and thematic reviews into Welsh Primary Care that were due at Committee in December. In addition, the Structured Assessment was underway covering governance and use of resources. A draft should be expected in November for comment. A review of clinical coding (follow-up from 2015) was also being undertaken.

A report into Welsh Primary Care Out of Hours had been published. This concluded that the UHB performed worst in Wales against the 1 and 6 hour clinical assessment targets. However, the UHB was the cheapest service in Wales. It was hoped that the fact that Cardiff was the fastest growing city could also be reflected in the report.

Mr Haslam advised Committee that a national report was being prepared into language and communication barriers, whilst local work included follow ups in theatres and outstanding IT related recommendations.

In relation to the Primary Care work the Committee was reminded that Healthier Wales Strategy had been launched and the follow up was not auditing against this new standard, rather against recommendations made against a different framework in 2014. The new Strategy changed everything and needed to be reflected and embraced as part of the upcoming review. On balance, it was considered that a good baseline was required before moving forward with the new structure in order to measure the benefits of the new Strategy.

Mr Tom Haslam explained that work undertaken last year on medical equipment was based on the recommendations made originally in 2013. In conclusion there had been some progress but only one recommendation had been implemented with 6 still in progress. A new single group had been established but its effectiveness and engagement was queried and the new role established had not provided the impact expected. Overall there was still a lack of clarity and a lack of Clinical Board engagement. No risks had been identified in the Clinical Board risk registers and there was no single inventory of medical equipment costing less than £5k. In addition, Clinical Boards did not have revenue funding to purchase such items. Questions were asked about whether any serious incidents had been linked to issues of medical equipment as patient safety overrode finance and it was noted that the Quality Safety and Experience Committee received comprehensive information on

serious incidents. However, the impact on staff sickness and morale should not be overlooked. The recent bed replacement programme had not consulted staff and resulted in waste when the equipment purchased was not fit for purpose. Poor equipment affected productivity, efficiency and morale as staff felt undervalued when they could not access relatively cheap new equipment. It was queried whether this issue should be addressed by the Board.

It was agreed to discuss the management response in detail at the next Committee and if Members were not assured, then Executive Leads would be asked to give an account. In the meantime three Independent Members (Messrs Antoniazzi, Union and Ms Ward) would meet the Lead Executive(s) (Chief Operating Officer and Director of Therapies and Health Sciences) together with Mr Nathan Couch of WAO.

Action – Ms Dawn Ward

The Committee **NOTED** the update report.

**AC: 18/055 WALES AUDIT OFFICE: FINANCIAL STATEMENT REPORT –
RECOMMENDATIONS ADDENDUM**

Mr Mark Jones from Wales Audit Office reported that reasonably good progress had been made against the feedback from the annual accounts and follow-up reports. Four had been actioned and 2 remained outstanding – asset management and identification. Finance processes were found to be fit for purpose but were not applied with sufficient consistency. This year's recommendations covered 10 areas and good engagement with officers was reported.

In response it was noted that progress had been made and action against some of the recommendations was not in the UHB's gift as dependent on Shared Services, but a commitment was given to try to resolve.

The Committee **NOTED** the Financial Statement Report.

**AC: 18/056 TRACKING REPORT ON WALES AUDIT OFFICE
RECOMMENDATIONS**

The former Director of Corporate Governance, Mr Peter Welsh referred back to the number of comments already made by the Committee about good tracking. This format was under review and certainly required greater ownership and better quality information.

It was agreed that this should be a standing item at Committee and that an update on progress be provided at the next meeting.

Action – Secretariat and Mrs Nicola Foreman

In terms of feeding information back to Committees it was reported that a Protocol had been agreed at Management Executive. WAO reports would continue to be received

at the Audit Committee and the Chair of the Committee had authority to refer reports to Chairs of Board Committees if further information/assurance was required.

The Committee **NOTED** the Tracking Report.

AC: 18/057 STRUCTURED ASSESSMENT REPORT 2017 – 6 MONTH REVIEW OF PROGRESS AGAINST RECOMMENDATIONS

The former Director of Corporate Governance, Mr Peter Welsh reminded Committee that the Structured Assessment was received in April when a 6 month progress report was requested. Mr Welsh gave assurance that each recommendation had been allocated to a Lead Executive and Committee. Whilst there had been some progress, there was more to be done and a further update would be provided in 6 months – February 2019.

Action Mrs Nicola Foreman

The Committee **NOTED** the Structured Assessment Report 2017.

AC: 18/058 POST PAYMENT VERIFICATION PROGRESS REPORT

Ms Sara Jeremiah attended for this item and reported that a training pilot was being progressed with Aneurin Bevan Health Board with a view to rolling out across Wales. Practices were being reminded of the need for accuracy in their returns, but a problem of using untrained staff in larger practices was identified as an issue and this meant more time to check returns was needed. Staff had been into the larger practices to stress the requirement for training and had provided templates for completion in an attempt to reduce admin costs and ensure clinically safe processes were used.

In terms of the low recovery rate it was explained that this was due to the preventative work undertaken beforehand and claims were no longer paid if they were not completed properly.

Members felt the report lacked comparison, did not sufficiently demonstrate improvement and some graphs did not make sense without explanation. It was hoped that this would be addressed in future reports.

Action – Sara Jeremiah

The Committee **NOTED** the Post Payment Verification Progress Report.

AC: 18/059 REGULATORY AND REVIEW BODIES TRACKING REPORT

The former Director of Corporate Governance, Mr Peter Welsh presented the report that monitored external reviews / inspections and advised that the format required review. In addition, it was noted that not all reports came through HQ and instead went straight to the respective Clinical Board and it was possible that some were not

captured. Therefore, there was more work to be done with the Chief Operating Officer.

The Committee **NOTED** the Regulatory and Review Bodies Tracking Report.

AC: 18/060 ANNUAL REPORT OF THE HOSPITALITY REGISTER AND REGISTER OF DECLARATIONS OF INTEREST

The former Director of Corporate Governance, Mr Peter Welsh advised that this report was brought to Committee twice a year and that Clinical Boards also held their own registers.

The Committee **NOTED** the reports.

AC: 18/061 PATIENT SAFETY

The Assistant Director Patient Safety and Quality gave an oral update on 2 current items:

1. Paediatric Surgery

The Board would receive a report later in the week that would attract media interest. Mrs Evans assured Committee of robust Executive oversight.

2. Blood Inquiry

This was launched recently and the UHB had submitted its evidence and response although there had been difficulty locating records from the 1970s and 80s. The 7 folders of information had also been shared with Haemophilia Wales. This Inquiry was expected to last many years and would be damaging to the UHB's reputation. It was noted that families had to request that records be submitted to the Inquiry.

AC: 18/062 ITEMS FOR INFORMATION

Items for Information were **NOTED**:

- Losses and Special Payments – this related to clinical negligence claims and it was noted that a report was received at the Quality Safety and Experience Committee in September. It was agreed to invite Mrs Angela Hughes to the next meeting to provide detail on the clinical negligence claims.

Action – Secretariat

- WAO Report – Collaborative Arrangements for Managing Local Public Health Resources
- Costing Review (17/18) Internal Audit Report
- RTT Performance Reporting (17/18) Internal Audit Report
- Annual Quality Statement Internal Audit Report

- Ombudsman Reports Internal Audit Report
- Environmental Sustainability Internal Audit Report
- Electronic Staff Record Internal Audit Report
- Management of the Disciplinary Process Internal Audit Report
- Dental Nurse Provision Internal Audit Report
- Dental Theatre Sessions Internal Audit Report
- Charitable Funds Internal Audit Report

AC: 18/063 REVIEW OF MEETING

There were no items to be reviewed. However, comments were made about the display of information on the ibabs system. This was not user-friendly and the formatting suffered in several reports.

AC: 18/064 URGENT BUSINESS

There was no urgent business.

AC: 18/065 DATE OF NEXT MEETING

The next Audit Committee meeting would be held at **9.00am** on **Tuesday, 4 December 2018** in the Corporate Meeting Room, Headquarters, UHW.