

**CONFIRMED MINUTES OF THE AUDIT AND ASSURANCE COMMITTEE  
HELD ON 30 MAY 2019  
EXECUTIVE MEETING ROOM, WOODLAND HOUSE**

**Present:**

John Union  
Eileen Brandreth  
Charles Janczewski  
Dawn Ward

Chair – Audit and Assurance Committee  
Independent Member, ICT  
UHB Vice Chair  
Independent Member, Trade Union

**In Attendance:**

Robert Chadwick  
Nicola Foreman  
Craig Greenstock  
Richard Hurton  
Mark Jones  
Christopher Lewis  
Mike Usher  
Ian Virgil

Executive Director of Finance  
Director of Corporate Governance  
Counterfraud Manager  
Assistant Finance Director  
Wales Audit Office  
Deputy Director of Finance  
Wales Audit Office  
Deputy Head of Internal Audit

**Secretariat:**

Glynis Mulford

Corporate Governance Officer

<b>AC: 19/05/013</b>	<b>WELCOME AND INTRODUCTIONS</b>  The Chair welcomed everyone to the meeting and confirmed it was quorate.	<b>ACTION</b>
<b>AC: 19/05/014</b>	<b>APOLOGIES FOR ABSENCE</b>  Apologies for absence were noted.	
<b>AC: 19/05/015</b>	<b>DECLARATIONS OF INTEREST</b>  There were no declarations of interest made.	
<b>AC: 19/05/016</b>	<b>THE COUNTER FRAUD ANNUAL REPORT FOR 2018/19</b>  The UHB's Counter Fraud Manager provided the Committee with an overview of the Counter Fraud Annual Report and highlighted: <ul style="list-style-type: none"> <li>during 2018/19 there had been 31 new investigations. Three cases were with the Crown Prosecution Service (CPS) awaiting a decision regarding next steps.</li> </ul>	

	<ul style="list-style-type: none"> <li>the outcome of an industrial tribunal case had resulted in the recovery of £9,300. This amount may not meet the full cost of investigation but action was a deterrent as it demonstrated that the UHB would take action.</li> <li>22 fraud awareness sessions were delivered during the year to over 450 staff.</li> <li>the Counter Fraud team was required to undertake an annual self-assessment of its capacity and capability against a set of criteria and standards set by the NHS Counter Fraud Authority. This self-assessment was submitted to the NHS Counter Fraud Authority in May 2019, following ratification by the Chair of the Audit and Assurance Committee and sign-off by the Executive Director of Finance.</li> <li>the Counter Fraud Policy would be reviewed during 2019-20, to ensure compliance with the GDPR Regulation.</li> <li>a Medical Induction Programme had been implemented. and a staff newsletter and video was available on the intranet.</li> <li>the CPS had decided not to prosecute in three cases referred to it by the Counter Fraud team for consideration. A key factor contributing to the decision not to prosecute had been the lack of robust job plans. As part of discussions in relation to this point Committee Members asked that the reasons behind decisions not to prosecute be set out in future reports. The Committee also raised concerns in relation to the status of jobs plans and it was suggested that consideration be given to introducing an approach that meant that job plans were agreed and signed-off as part of the PADR process.</li> <li>the 'follow-up' internal audit review of Job Planning had been deferred to 2019/2020. Committee Members stressed the importance of the Management Executive Team ensuring that the findings and recommendations set out in the original Job Planning Internal Audit Report were addressed, and asked that the report be taken to the Management Executive for further consideration.</li> <li>staffing issues had occurred within the Counter Fraud team and one team member had moved to the regional team; this post was recruited to in February 2019. It was noted that the band 4 post had been advertised and the team would be back to full strength by July. The new</li> </ul>	<p>CG</p> <p>PD/NF</p>
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	<p>member of staff would arrange fraud awareness sessions.</p> <p>The Committee asked if the UHB was receiving value for money from the Counter Fraud Service and queried whether the teams staffing and allocated days were adequate. In response it was confirmed that once the Band 4 post had been filled, the staff numbers would be sufficient to deliver planned work but the number of referrals which could impact on staffing was unknown. It was confirmed that the regional team provided support where they could.</p> <p><b>The Committee resolved that:</b></p> <ul style="list-style-type: none"> <li>the Counter Fraud Annual Report be noted.</li> </ul>	
<b>AC: 19/05/017</b>	<p><b>A REPORT ON THE ANNUAL ACCOUNTS OF THE UHB 2018/19</b></p> <p>The Deputy Director of Finance provided the Committee with an overview of the 2018/19 Annual Accounts. It was confirmed that the Audit and Assurance Committee's role was to review the Accounts and associated documentation and make a recommendation to the Board in relation to their approval. The following points were noted:</p> <ul style="list-style-type: none"> <li>the draft accounts, Accountability Report and associated documentation had been reviewed in detail at the Workshop held on 23 May 2019. It was noted that the changes recommended by the Committee were highlighted in the report of the Workshop and confirmed that the Financial Performance Report remained the same as that considered by the Committee on 23 May 2019.</li> <li>there were two breaches during 2018-19; the £65.968 million revenue overspend; and the lack of an integrated medium-term plan (IMTP) for 2018-19 to 2020-21 that the Welsh Government had approved.</li> <li>in relation to the Capital Resource Limit the UHB broke even over the three year period and met its financial duties.</li> <li>the work undertaken by the Audit and Assurance Committee throughout the year and the Annual Report of the Interim Head of Internal Audit supported the content of the Annual Accountability Statement.</li> <li>one recommendation had been omitted from the report circulated to the Committee, and so the report would be</li> </ul>	

	<p>updated and Website with an additional recommendation.</p> <p><b>The Committee resolved that:</b></p> <ul style="list-style-type: none"> <li>a) the reported financial performance contained within the Annual Accounts and the fact that the UHB had breached its statutory financial duties in respect of revenue expenditure be noted.</li> <li>b) the changes made to the Draft Annual Accounts be noted;</li> <li>c) the ISA 260 Report, the Head of Internal Audit Annual Report, the Letter of Representation, the response to the audit enquiries to those charged with governance and management be noted;</li> <li>d) the Annual Accountability Report for 2018/19 including the Annual Accounts and financial statements be recommended to the Board for approval.</li> </ul>	
<b>AC: 19/05/018</b>	<p><b>WALES AUDIT OFFICE (WAO) ISA 260 REPORT</b></p> <p>Mark Jones, WAO presented the ISA 260 report, highlighting that:</p> <ul style="list-style-type: none"> <li>• The report reflected how well the audit had proceeded and there had been excellent engagement with staff across the UHB.</li> <li>• the accounts were provided with an unqualified opinion.</li> <li>• a qualified opinion had been issued in respect of regularity because the UHB had breached its revenue resource-limit by spending £65.968 million over its authorised limit of £2,693 million for the three-year period 2016-17 to 2018-19.</li> <li>• no material weakness in internal controls were identified, however some weaknesses had been identified and these would be reported separately.</li> <li>• following audit certification by the Auditor General a separate report setting out the UHB's actions against last year's recommendations; audit observations and recommendations from this year's audit, together with senior officers' responses and intended actions would be provided to the Committee.</li> <li>• The Letter of Representation would be signed by the UHB Chair and CEO after the Board meeting scheduled</li> </ul>	WAO

	<p>for 30 May 2019.</p> <p>The Executive Director of Finance confirmed that a workshop would be held to discuss the uncorrected misstatements and explore how such misstatements could be avoided going forward.</p> <p>Mike Usher noted that it had been his first year as the WAO's Engagement Lead for the UHB and confirmed that he had been impressed with the quality of the draft accounts and the way the finance team worked with the WAO. It was confirmed that the Auditor General would sign the Audit Certificate on 11 June 2019 and it would be laid before the National Assembly on 12 June.</p> <p>Committee Members were pleased to note the positive way in which the UHB's finance staff had worked with the WAO's audit team to finalise the 2018-19 accounts.</p> <p><b>The Committee Resolved that:</b></p> <p>a) the WAO ISA 260 Report be noted.</p>	
AC: 19/05/019	<p><b>THE HEAD OF INTERNAL AUDIT ANNUAL REPORT 2018/19</b></p> <p>The Interim Head of Internal Audit presented the Head of Internal Audit's Annual Report and noted that:</p> <ul style="list-style-type: none"> <li>no changes had been made to the content of the report since it was discussed at the Committee workshop held on 23 May 2019.</li> <li>the overall opinion was positive and for 2018/19 a 'reasonable assurance' rating had been confirmed.</li> <li>seven out of 45 audits undertaken had resulted in a limited assurance report.</li> <li>the Committee had agreed to defer nine audits from 2018/19 to 2019/20.</li> <li>where reports related to 'follow-up' work the updates from these were not taken into account when formulating the overall Head of Internal Audit opinion.</li> </ul> <p>The Committee Chair advised that a focused piece of work in relation to Job Planning was needed by the Management Executive to ensure that all recommendations were dealt with appropriately and in a timely manner.</p> <p>Committee Members asked whether any Health Boards had</p>	IA

	<p>achieved an end of year opinion of 'substantial assurance'. Members noted their concern that given the complexity and size of the UHB a 'substantial assurance' rating would never be achieved. In response, the Interim Head of Internal Audit advised that the Annual Internal Audit Plan was risk based and so it was inevitable that some audits would result in a 'limited assurance' rating.</p> <p><i>[The meeting Interrupted by a fire alarm at 11.00am – Mike Usher left the meeting at this time]</i></p> <p><i>[the meeting reconvened]</i></p> <p><b>The Committee resolved that:</b></p> <p>a) the Annual Report of the Head of Internal Audit be noted.</p>	
<b>AC: 19/05/2020</b>	<p><b>THE LETTER OF REPRESENTATION; RESPONSE TO THE AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT AND THE ANNUAL ACCOUNTABILITY REPORT INCLUDING THE FINANCIAL STATEMENTS.</b></p> <p>The Committee reviewed and discussed the following documents:</p> <ul style="list-style-type: none"> <li>• the Letter of Representation included within the ISA 260 Report;</li> <li>• the Response to the audit enquiries and those charged with governance and management; and</li> <li>• the Annual Accountability Report including the Financial Statements.</li> </ul> <p>It was confirmed that these documents had been previously considered at the Workshop held on 23 May 2019, where Committee Members had provided feedback.</p> <p>Those involved in their preparation were commended for their hard work.</p> <p><b>The Committee resolved that:</b></p> <p>a) it be recommend that the Board agree and endorse the ISA 260, the Annual Report of the Head of Internal Audit, the Letter of Representation and responses of those charged with governance and management</p>	

	b) it be recommend to the Board that it approve the Annual Accountability Report for 2018-19, including the Annual Accounts and Financial Statements	
<b>AC: 19/05/021</b>	<b>ITEMS TO BRING TO THE ATTENTION OF THE BOARD</b>  It was agreed that at the Board meeting scheduled for the afternoon of 30 May 2019, the Committee Chair would, on behalf of the Audit and Assurance Committee, recommend that the Board: <ul style="list-style-type: none"> <li>▪ agree and endorse the ISA 260, the Annual Report of the Head of Internal Audit; the Letter of Representation and the responses of those charged with governance and management</li> <li>▪ approve the Annual Accountability Report of 2018-19 including the Annual Accounts and Financial Statements</li> </ul>	
<b>AC: 19/05/022</b>	<b>DATE OF THE NEXT MEETING OF THE COMMITTEE</b>  It was confirmed that the next Audit and Assurance Committee meeting was scheduled to take place at 9.00am on Tuesday, 30 May 2019, Executive Meeting Room, Woodland House, Heath, Cardiff CF14 4TT	