

**CONFIRMED MINUTES OF THE PUBLIC AUDIT AND ASSURANCE COMMITTEE
HELD ON THURSDAY, 28 MAY 2020
NANT FAWR 1, WOODLAND HOUSE**

Chair		
John Union	JU	Independent Member – Finance
Present:		
Eileen Brandreth (via Skype)	EB	Independent Member – ICT
Dawn Ward (via Skype)	DW	Independent Member – Trade Union
In Attendance:		
Nicola Foreman (via Skype)	NF	Director of Corporate Governance
Chris Lewis (via Skype)	CL	Deputy Finance Director
Helen Lawrence (via Skype)	HL	Head of Financial Accounting and Services
Ian Virgil	IV	Head of Internal Audit
Rhodri Davies (via Skype)	RD	Wales Audit Office
Secretariat		
Sian Rowlands	SR	Head of Corporate Governance
Apologies:		
Bob Chadwick	BC	Executive Director of Finance
Craig Greenstock	CG	Counter Fraud Manager
Mark Jones	MJ	Wales Audit Office
Mike Usher	MU	Sector Lead – Health & Central Government
Anne Began	AB	Wales Audit Office

AAC 20/05/001	Welcome & Introductions	ACTION
	The Committee Chair (CC) welcomed everyone to the public meeting.	
AAC 20/05/002	Apologies for Absence Apologies for absence were noted.	
AAC 20/05/003	Declarations of Interest There were no declarations of interest.	
AAC 20/05/004	Minutes of the Committee Meeting held on 21 April 2020 The Committee reviewed the minutes of the meetings held on 21 April 2020. Resolved that: (a) the minutes of the meeting held on 21 April 2020 be approved as a true and accurate record.	

<p>AAC 20/05/005</p>	<p>Action Log following the Committee Meeting held on 21 April 2020</p> <p>The Committee reviewed the Action Log and noted the following updates:</p> <p>AC: 20/03/008 and AAC: 20/04/005 – It was confirmed that Consultant job planning had moved forward and had been considered in detail a few meetings prior. The Head of Internal Audit would be providing an update at the February meeting.</p> <p>AC 19/12/012 – The WAO Effectiveness of Clinical Audit Report would be kept as outstanding as its status had been affected by COVID-19. The Director of Corporate Governance would speak with WAO about plans to progress post COVID-19.</p> <p>AAC 20/04/008 – It was confirmed that the aim would be to bring a report detailing Declarations of Interest in relation to Ysbyty Calon Y Ddraig to the July meeting but it might be September. The Committee was advised that a record was being kept of Declarations of Interest relating to Ysbyty Calon Y Ddraig.</p> <p>AAC 20/04/009 – Likewise the Regulatory Compliance Tracking Report would resume July / September subject to being able to return to normal business.</p> <p>AAC 20/04/013 – The Head of Internal Audit confirmed that he would provide a verbal update regarding the Annual Internal Audit Plan to the Committee today.</p> <p>AAC 20/04/015 – The Committee would await confirmation from MU and the WAO team regarding the All Wales learning from the pandemic.</p> <p>Resolved that:</p> <p>(a) the Committee noted the Action Log and the verbal updates provided.</p>	<p>NF</p>
<p>AAC 20/05/006</p>	<p>Internal Audit Progress and Tracking Reports</p> <p>The Head of Internal Audit advised the Committee that the usual progress report was presented and that the Internal Audit plan tied in with the Annual Report to be discussed in the later Workshop.</p> <p>The Head of Internal Audit talked the Committee through the report, highlighting that it provided detail of progress with the delivery plan since the last meeting. Section 2 of the report showed eight audits had been completed since the last meeting and all received positive assurance reports.</p> <p>The Committee was advised that two audits were submitted to the Committee today in draft format as finalisation of the reports had not been possible due to COVID-19.</p>	

	<p>The Committee agreed to receive the reports in draft as it would not be reasonable for departments to have to agree actions at this time. The Head of Internal Audit would revisit with managers and bring a confirmed action plan to a future meeting for completeness.</p> <p>The Independent Member – ICT commented that the approach of giving sight of the draft report and bearing with managers was appropriate and that she supported it.</p> <p>The Independent Member – Trade Union agreed that it was a sensible and sensitive approach.</p> <p>The CC concluded that it was good to see that the last update for the year was positive and one of reasonable assurance and recognised the hard work of Internal Audit and of managers in responding.</p> <p>The Head of Internal Audit explained that section 3 of the report fed into the annual opinion provided. Internal Audit were able to produce 39 completed reports which gave enough coverage across the domains to provide an annual audit opinion.</p> <p>Appendix C and D provided the Committee with information on key performance indicators; all were green save for those relating to the time taken for managers to respond to reports. The Committee was advised that this has been impacted by COVID-19 but progress was being made in this area.</p> <p>The Committee was advised that in terms of the 2020-21 plan, there had been a discussion with the Executive Director of Finance and Director of Corporate Governance regarding looking at the general governance arrangements and financial governance around COVID-19. As there was also a detailed KPMG audit currently being conducted around this, a brief would be pulled together to avoid duplication of work.</p> <p>The Director of Corporate Governance added that it was important to get the scope of the Internal Audit governance review right and that it would be sensible to wait for the outcome of the KPMG report which had looked at the whole governance structure to avoid duplication. In addition, WAO also were intending to review governance.</p> <p>The CC asked whether there was a date agreed for the KPMG report and it was confirmed that there was not currently but that an outcome meeting was being arranged and that a date would no doubt be provided then which could be fed back to the CC.</p> <p>The Deputy Finance Director added that the KPMG audit had been commissioned by Welsh Government and was due to include in around a fortnight. The audit was concentrating on financial due diligence, governance and contracting with a focus around the Dragon’s Heart Hospital.</p> <p>The Independent Member – ICT asked whether we had received Terms of Reference for the KPMG audit.</p>	<p>IV</p> <p>NF</p>
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	<p>The Deputy Finance Director responded that the Terms of Reference had been requested but not released to us.</p> <p>The CC confirmed that he had received a presentation regarding the audit that he would share.</p> <p>The Independent Member – Trade Union commented that she was pleased to hear that we would be looking back at this period and auditing it.</p> <p>The CC queried the normal number of internal audits in a given year.</p> <p>The Head of Internal Audit responded that between 40-50 for the plan but the intention was to reduce the number and increase the scope to provide more detail. Audits not done this year would feed into next year’s plan but this would be considered on a risk basis as to whether these audits were still appropriate.</p> <p>Resolved that:</p> <p>(a) the Committee considered the Internal Audit Progress Report and the findings and conclusions from the finalised and draft individual audit reports.</p>	CC
AAC 20/05/007	<p>Report of the Losses and Special Payments Panel</p> <p>The Deputy Finance Director advised the Committee that the Losses and Special Payments Panel met twice a year and brought its recommendations to the Committee for approval as per the Scheme of Delegation.</p> <p>The Panel met on 13 May 2020 and considered the period for the second part of the year. The Assessment section of the report made a number of recommendations. The Committee was advised that losses were included in the financial accounts for final sign off.</p> <p>The Deputy Finance Director advised the Committee that there was a big number for Clinical Negligence which related not to cost but the size of the loss. The large figure for ex-gratia payments was highlighted and the £250k relating to stock right off across areas, the Committee was advised that this figure was £461k the preceding year so was not out of synch with past years.</p> <p>The CC raised a query about the wheelchair losses after the flood.</p> <p>The Deputy Finance Director advised that as the connected losses were so large, this was not within the delegated authority of the Health Board to approve and therefore it had gone to Welsh Government who had approved the losses so this would come to a future Committee for noting as it related to the new financial year.</p> <p>The Independent Member – Trade Union was happy to approve the write offs but asked whether going forward, in the spirit of protecting public</p>	

	<p>money, there was anything more that could be done regarding stock control.</p> <p>The Deputy Finance Director responded that as Chair of the losses and special payments panel, it was within his remit to make further enquiries regarding items as necessary. In keeping with this, he had made a special request for detail regarding stock write offs but there was nothing that stood out as a serious breach of control. The aim going forward was to obtain better trend analysis.</p> <p>The Independent Member – ICT commented that it was unclear how much of the debt write off had been referred to a collection agency and what percentage of this became a write off. The Deputy Finance Director agreed to provide this information before the next Audit Committee meeting. Putting the figure into context, he advised that the amount was extremely small in comparison to the income received.</p> <p>The Independent Member – ICT commented that there was no knowing whether we were better or worse in comparison with others so information regarding this would be helpful.</p> <p>The Deputy Finance Director explained that the details of clinical negligence go through another Committee of the Board.</p> <p>Resolved that:</p> <p>(a) the Committee approved the write offs outlined in the Assessment Section of the report.</p>	CL
AAC 20/05/008	<p>Internal Audit Reports</p> <p>The Committee received the Internal Audit reports provided.</p> <p>The Independent Member – Trade Union commented that tremendous progress had been made around reassessment but that it was a little alarming to observe a slight downward trend of audits happening in some of the clinical areas and it was important to consider how to better motivate and engage staff and reinforce the importance of audit.</p> <p>The CC added that we should as a Committee be congratulating areas on positive assurance findings.</p> <p>The Head of Internal Audit confirmed that the team meets with Health Board staff and pushes the importance of audit in these meetings.</p> <p>The CC added that we also now had the Internal Audit Tracker in place which was good progress and he was reassured by the reports done and actions being taken.</p> <p>The Head of Internal Audit confirmed that he would be reviewing the reports and would pull into an overall report for Committee.</p>	CC IV

	<p>Resolved that:</p> <p>(a) the Committee noted the Internal Audit reports.</p>	
AAC 20/05/009	<p>Good Governance During COVID-19</p> <p>The Director of Corporate Governance confirmed that the report was for information only as it had already received Board approval but as the Committee had not formally seen the arrangements it was being brought for noting.</p> <p>The report described the framework put in place initially (the structure resembled Gold Command), and where the Health Board were with Committees that had been cancelled. The Committee was advised that the Health Board were now starting to revert to business as usual and the Chair had asked Committees to look at their terms of references so that we do not fully revert to as we were before. The document would also be attached as part of the Chair's report to the Board to be ratified.</p> <p>The Independent Member – Trade Union queried the timescales for reverting back to business as usual.</p> <p>The Director of Corporate Governance explained that the structure was constantly under review. The Operational meeting was still convening daily, and taking lessons from what worked well, this was likely to continue. There was talk to now stand down the Strategic Group and revert to the normal Management Executive meeting. The UHB had kept to the Scheme of Delegation and SFIs so reverting back would not be an issue.</p> <p>Resolved that:</p> <p>(a) the Committee noted the report setting out the Governance Structure and arrangements during COVID-19</p> <p>(b) the Committee noted arrangements to the Board and Committees set out at paragraph 2.7 and appendix 2</p> <p>(c) the Committee noted the changes to Standing Orders set out in Appendix 3 of the report.</p>	
AAC 20/05/010	<p>Review of the Meeting</p> <p>The CC facilitated a review of the meeting. Members confirmed that given the current circumstances, all aspects of the meeting worked well and ran smoothly.</p>	
AAC 20/05/011	<p>Date and Time of Next Meeting</p> <p>Special Audit Committee Monday, 29 June 2020 10:00 am Executive Meeting Room, 2nd floor, Woodland House</p>	