



**AUDIT COMMITTEE**  
**Minutes of the Meeting Held on 30.05.19**  
**In the Boardroom, Carlton Court, St Asaph**

**Present:**

Medwyn Hughes	Independent Member - Chair
John Cunliffe	Independent Member
Jacqueline Hughes	Independent Member
Lucy Reid	Independent Member

**In Attendance:**

Simon Cookson	Director of Audit and Assurance, NWSSP (left prior to Minute 19/38)
John Darlington	Assistant Director, Corporate Planning (for Minute AC 19/30 and 19/31)
Gary Doherty	Chief Executive and Accountable Officer (for Minute AC 19/47 onwards)
Andrew Doughton	Performance Audit Lead, Wales Audit Office
Sue Green	Executive Director of Workforce and OD (for Minute AC 19/32)
Dave Harries	Head of Internal Audit, NWSSP
Sue Hill	Acting Executive Director of Finance
Trevor Hubbard	Deputy Executive Director Of Nursing (for Minute AC 19/34)
Amanda Hughes	Financial Audit Manager, Wales Audit Office
Grace Lewis-Parry	Board Secretary
Melanie Maxwell	Senior Associate Medical Director (for Minute AC 19/36)
Jill Newman	Director Of Performance (for Minute AC 19/37)
Rob Nolan	Finance Director - Commissioning & Strategy (for Minute AC 19/30)
Andy Roach	Director Of Mental Health & Learning Disabilities (MHLD) (for Minute AC 19/33)
Dawn Sharp	Assistant Director, Deputy Board Secretary
Lesley Singleton	Director Partnership MHLD (for Minute AC 19/33)
Tony Uttley	Acting Finance Director, Operational Finance
Bethan Wassell	Compliance & Assurance Manager
Karl Woodward	Head of Local Counter Fraud (for Minute AC 19/49)

Agenda Item	Action
<p><b>AC19/24 Opening Business and Apologies for Absence</b></p> <p>The Chair welcomed everyone to the meeting and sought the Committee's agreement to vary the order of business slightly to take account of officer diary commitments. Apologies were received from Mike Usher, Engagement Director, Wales Audit Office.</p>	
<p><b>AC19/25 Declarations of Interest</b></p> <p>No declarations of interest were made at the meeting.</p>	

<p><b>AC19/26 Minutes, matters arising and review of summary action log</b></p> <p><b>RESOLVED:</b> That</p> <p>1) the Minutes of the last meeting of the Committee held on 14.3.19 be confirmed as a correct record.</p> <p>2) updates to the summary action log be recorded therein;</p> <p>3) Chair's action approval to defer the Approval of Plans by the Board Review from this year's Internal Audit Plan be noted; and</p> <p>4) the deferral of the annual review of Standing Orders be noted pending an all Wales review of the Model being undertaken by Welsh Government, which was expected to be issued July 2019.</p>	
<p><b>AC19/27 Issues discussed in previous In Committee session</b></p> <p>The Committee formally received the report in public session of those issues discussed in the private session at the meeting held on 14.3.19 which related to:-</p> <ul style="list-style-type: none"> <li>• Financial Conformance Report</li> <li>• Counter Fraud Progress Report to the period 31.12.18</li> <li>• Update on Internal and External Audit Achieved</li> <li>• Post Payment Verification Progress report</li> <li>• Tendering for Goods and Services – Estates Department</li> </ul> <p><b>RESOLVED: That the report be received.</b></p>	
<p><b>AC 19/28 Head of Internal Audit Opinion and Annual Report 2018/19</b></p> <p>AC 19.28.1 In accordance with the Public Sector Internal Audit Standards, the Head of Internal Audit (HIA) provided the annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control).</p> <p>AC 19.28.2 The outcomes of the reviews had been shared with management, however, it was noted that some had yet to be finalised although the draft report opinion had been used to inform the HIA opinion.</p> <p>AC 19.28.3 The audit work undertaken during 2018/19 and reported to the Audit Committee through the year and in draft were detailed within the main report.</p> <p>AC 19.28.4 The assurances by domain were:</p> <ul style="list-style-type: none"> <li>• <b>Reasonable Assurance (Yellow)</b> – Strategic planning, performance management and reporting; Financial governance and management and information governance and security.</li> <li>• <b>Limited assurance (Amber)</b> – Corporate Governance, risk management and regulatory compliance; Quality and Safety; Operational services and functional management; Workforce Management; and Capital and Estates management.</li> </ul>	

<p>AC 19.28.5 The Overall assurance opinion for 2018/19 had been reported as limited assurance (Amber). Members considered the opinion as part of their Annual Report to the Board and stressed the importance of addressing promptly the deficiencies highlighted. The Committee would continue to monitor progress of the recommendations as part of the Team Central Tracking arrangements.</p> <p><b>RESOLVED: That the Head of Internal Audit opinion and annual report for the 2018/2019 financial year be received.</b></p>	
<p><b>AC19/29 Internal Audit Progress Report</b></p> <p>AC19/29.1 The Head of Internal Audit presented the progress report which summarised ten assurance reviews finalised since the last Committee, with the recorded assurance as follows:</p> <ul style="list-style-type: none"> <li>• Reasonable assurance (yellow) – three;</li> <li>• Limited assurance (amber) – five; and</li> <li>• Assurance not applicable (blue) – one.</li> </ul> <p>AC19/29.2 The report also detailed:</p> <ul style="list-style-type: none"> <li>• Reviews issued at draft reporting stage as well as work in progress;</li> <li>• Follow-up status of one recommendations reviewed in the period.</li> </ul> <p>AC19/29.3 In presenting the report the Head of Internal Audit referred to the deferment from the plan the reviews concerning approval of plans by the Board (referred to earlier as reported under Chair’s action). In discussing the report members noted that a process for referring limited assurance audit reports when appropriate to the relevant Committee six months following their presentation to Audit Committee had now been agreed. All recommendations from the audits would continue to be monitored via the tracker tool.</p> <p>AC19/29.4 The following Internal Audit Limited Assurance Reports were presented for members’ consideration as part of the Progress Update with the relevant officers in attendance to respond to questions:-</p>	
<p><b>AC19/30 Internal Audit Report - Revenue Business Cases</b></p> <p>The Assistant Director, Corporate Planning and the Finance Director, Commissioning and Strategy joined the meeting to respond to questions relating to the review which had been completed in April 2019 with Executive approval having been received in May 2019. Auditors had highlighted that only a small number of expected business cases had been developed with some not following the expected guidance and consequently had recommended that a guidance paper should be published as a formal operational procedure. Members stressed the importance of all management responses setting out clear milestones to address the recommendations and it was agreed the Head of Internal Audit and Assistant Director would review this outside the meeting.</p> <p><b>RESOLVED: That the update be received and the recommendations be tracked as part of the Team Central tracking arrangements.</b></p>	DH/JD

<p><b>AC19/31 Internal Audit Report - Business Continuity arrangements</b></p> <p>The Assistant Director, Corporate Planning joined the meeting to respond to questions regarding the Review which had been completed during April 2019 with Executive approval having been received in May 2019. The Review had identified that whilst implementation of the continuity plans was progressing well, pre-planned operational testing of plans was not routinely happening.</p> <p><b>RESOLVED:</b> That the update be received and the recommendations be tracked as part of the Team Central tracking arrangements.</p>	
<p><b>AC19/32 Internal Audit Report - Case Management and Disciplinary Processes</b></p> <p>The Executive Director of Workforce and Organisational Development joined the meeting to respond to questions on the Review which was completed in February 2019 with Executive approval having been received in April 2019. The review had identified that timelines for recording investigation start/end dates had not been routinely captured thus undermining the ability of the Directorate to report on the efficiency of the process.</p> <p><b>RESOLVED:</b> That the recommendations be tracked as part of the Team Central tracking arrangements.</p>	
<p><b>AC19/33 Internal Audit Report - Mental Health and Learning Disabilities Governance Arrangements and Delivering the Mental Health Strategy</b></p> <p>AC19/33.1 The Director of Mental Health and Learning Disabilities, together with the Director of Partnerships for the Directorate, joined the meeting to respond to questions regarding the Review which had been completed in January 2019 with Executive approval have been received in March 2019. The review had identified issues of compliance with terms of reference across the Directorate Groups reviewed; with scrutiny of the transformation agenda not evident through the organisational structure and the agenda for the Quality, Safe, Effective, Experience and Leadership Group being large which could become overwhelmed.</p> <p>AC19/33.2 Members also took the opportunity to discuss the Internal Audit Review relating to 'Delivering the Mental Health Strategy'. This review had an Internal Audit rating 'assurance not applicable'. This was given to reviews where support was provided to management to which assurance definitions were not appropriate but which were relevant to the evidence base upon which the overall opinion was formed. Members were concerned that the review had identified that there had been no specified annual project plan in place to underpin the strategy implementation. The Director confirmed that the recommendations arising from the audit were being addressed and that a detailed plan was to be presented to Finance and Performance Committee in July.</p> <p><b>RESOLVED:</b> That the update be received and progress with the recommendations continue to be monitored via the Team Central tracker and that Members concerns relating to there not having been a specific annual project plan underpinning the 'Delivering the Mental Health Strategy' be escalated for the Board's attention as part of the Chair's assurance report.</p>	DS

<p><b>AC19/34 Internal Audit Report - Corporate Legislative Compliance with the Nurse Staffing Levels (Wales) Act 2016</b></p> <p>The Deputy Executive Director of Nursing joined the meeting to respond to questions following the Review which had been completed in January 2019 with Executive approval having been received in April 2019. The review had identified that Board reporting was in accordance with expectations however there had been inconsistent use of Safe care and gaps in the e-rostering data. Members stressed the importance of ensuring that future management responses clearly addressed the audit findings.</p> <p><b>RESOLVED:</b> That the update be received and the recommendations be tracked as part of the Team Central tracking arrangements.</p>	
<p><b>AC19/35 Interim Accountability Framework</b></p> <p>The report outlined the change adopted in the Board's accountability framework as confirmed via the Finance and Performance Committee. The Accountability Framework formed part of the Board Assurance Framework and required ratification following scrutiny via the Finance and Performance Committee of the Board noting:</p> <ul style="list-style-type: none"> <li>• the connectivity of the framework to the operational plan and objective setting,</li> <li>• the transition to health economy accountability; and</li> <li>• the interim nature of the framework, designed to support learning from its application so as to inform the development of a framework suited to the 3 year business planning and delivery cycle of the Health Board.</li> </ul> <p><b>RESOLVED:</b> That the interim accountability framework be ratified.</p>	
<p><b>AC19/36 Clinical Audit Report</b></p> <p>AC19/36.1 The Senior Associate Medical Director presented the paper which sought to address concerns raised by the Audit Committee at its meeting on 14<sup>th</sup> March 2019 and in doing so, strengthen the arrangements for Clinical Audit within the organisation and ensure that a robust plan of action was put in place to satisfy the requirements of both the Annual Governance and Annual Quality Statements. Risks identified that:</p> <ul style="list-style-type: none"> <li>• National audits did not always reflect local priorities and lacked synergy with organisational quality risks</li> <li>• Audit resources were limited, and did not support the entire patient pathway. There was very little digital support.</li> <li>• There was a lack of robust planning for Tier 2 audits; and</li> <li>• There was a lack of clinical engagement in audit with moves to Quality improvement activity which may impact on the effectiveness of audit.</li> </ul> <p>AC19/36.2 Following internal discussions, it had been agreed by the Chief Executive that responsibility for clinical audit at Board level would move to the Executive Medical Director. This decision was taken at the end of March 2019, and as a consequence work now needed to be undertaken to implement it. This would include reviewing roles and responsibilities of staff within the Clinical Audit Team, ensuring they had the capacity, skills and resources to deliver clinical audit activities across the Health Board that addressed the key organisations risks to the quality improvement strategy priorities.</p>	

<p>AC19/36.3 An outline plan for Tier 2 projects had been agreed by the Corporate Quality and Safety Group on 13<sup>th</sup> March 2019. However, the plan required further development and whilst work was on-going to progress key risk based audits (consent/ record keeping) there was further work to do. The plan would be reviewed following completion of the Annual Plan and three year outlook scheduled to be represented to the Health Board in July 2019. A renewed audit plan would be presented in September 2019.</p> <p>AC19/36.4 Members expressed concern that although some limited progress had been made, a revised plan addressing all actions previously identified by the Joint Audit, Quality, Safety and Experience Committee should be presented to the September meeting.</p> <p><b>RESOLVED:</b> That</p> <p>(1) the transfer of the Clinical Audit function to the leadership of the Executive Medical Director be welcomed;</p> <p>(2) a further paper be prepared for the September meeting in relation to the clinical audit plan for 2019/20 to provide assurance against risks to the Quality Improvement Strategy;</p> <p>(3) the report address each of the actions outstanding from the previous JAQS Committee; and</p> <p>(4) the proposal in relation to future reporting via QSE and Audit Committee be considered further and as such the planned JAQS meeting in November 2019 remain in the diary.</p>	MM
<p><b>AC 19/37 - Committee Annual Reports</b></p> <p>AC 19/37.1 All Committees of the Board were required to provide written annual reports to the Board on their work with an assessment of progress against the Committee's annual objectives/work plan. All Committee Annual Reports had been reviewed in a workshop held by Audit Committee Members on 14<sup>th</sup> May 2019. Members' had used the reports to help inform their own Committee Annual Report.</p> <p>AC 19/37.2 Members reviewed the final submission of the reports prior to their submission to the Board. The review was intended to provide evidence on the scope and effectiveness of the 'committees'. Members concluded that overall the Board can be reasonably assured that 'committees; and assurance systems in place for the year have worked efficiently and effectively and that the Committee Annual Reports provided a clear picture of the assurances received during the year and of their effectiveness. The committee acknowledged and thanked all Committees for engaging in the process of annual review effectively. Section 8 of the Audit Committee's Annual Report set out steps to further improve arrangements by all Committees going forward and detailed a small number of changes to Committee Terms of Reference and consequently Standing Orders which are detailed below:-</p> <ul style="list-style-type: none"> <li>• Quality, Safety and Experience Committee Terms of Reference to be adjusted to note that assurances in respect of Health and Care Standards were provided via</li> </ul>	

- the Quality Improvement Strategy and the Legislation Assurance Framework
- Finance and Performance Committee Terms of Reference – para 3.1.4 delete from the third bullet point “including the revalidation processes for medical and dental staff and registered nurses, midwives and health visitors and Allied professions” and remove the word ‘quarterly’ from the same bullet point.
  - Remuneration and Conditions of Service Committee Terms of Reference – include responsibility for revalidation processes for medical and dental staff and registered nurses, midwives and health visitors and Allied professions” (transferred from Finance and Performance Committee and refer to Trade Union Partners as opposed to Staff Side
  - Information Governance and Informatics Committee – agree to change the title of the Committee to Digital and Information Governance Committee
  - Strategy, Partnerships and Population Health Committee – remove the reference to Prison Health in the Terms of Reference given that this is now monitored by Quality, Safety and Experience Committee.
  - Stakeholder Reference Group – Support the proposal to include a Hospice Representative in the Group’s Membership
  - Remove Trade Union Partners reference from all Committee Memberships as set out in the Terms of Reference and replace with a statement that they are welcome to attend the open session of all Committee meetings.

AC 19/37.3 With regards to the Charitable Funds Committee, the Committee produced a very detailed combined Annual Report and Accounts. This had to be submitted to the Charities Commission by 31<sup>st</sup> January each year. The report would be audited during July/August 2019 and submitted to the Charitable Funds Committee in September thus complying with the Charities Commission deadline for submission of the finalised report and accounts in January 2020.

**RESOLVED:** That the suite of annual reports be endorsed for onward submission to the Board, including the proposed changes to the Terms of Reference/Standing Orders as set out in para 19/37.2 above.

DS

### **AC19/38 – 40 Wales Audit Office Reports**

AC19/38-40.1 Wales Audit Office presented the regular audit update alongside reports finalised since the last audit committee, which included the Clinical Coding follow up report, together with a paper circulated for information only entitled ‘What’s the hold up’. The findings in relation to the Clinical Coding report stated that the Health Board’s clinical coding performance had improved significantly but that the Welsh Government target was not yet being met. The organisation had not yet started to use clinical coded data to its full potential to support improvements and although some progress on implementing previous recommendations had been made the coding backlog had been a barrier to completing many of the actions. Members noted a small revision to the report which would be reloaded to ‘ibabs’ following the meeting.

AC19/38-40.2 Members requested that the report on Clinical Coding be considered by the Information Governance Committee (to be renamed Digital Information Governance Committee) in August whilst acknowledging that the recommendations would be tracked as part of the tracker.

**RESOLVED:** That

<p>(1) the update be noted;</p> <p>(2) the Clinical Coding follow up review be considered further by the Digital Information Governance Committee in August; and</p> <p>(3) the recommendations within the Clinical Coding follow up review be tracked as part of the Team Central Tracker.</p>	DS (DD)
<p><b>AC19/41 Issues of Significance for reporting to Board.</b></p> <p>The Chair agreed to prepare his assurance report for the Board.</p>	MH
<p><b>AC 19/42 Date of Next Meeting - 12th September 2019, Carlton Court, St Asaph</b></p>	
<p><b>AC19/43 Exclusion of the Press and Public</b></p> <p><b>RESOLVED:</b> That representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest in accordance with Section 1(2) Public Bodies (Admission to Meetings) Act 1960.</p>	