



AUDIT COMMITTEE PUBLIC MEETING
Minutes of the Meeting Held on 17.12.20

Via WebEx - the Health Board has determined that the public are excluded from attending the Committee's meeting in order to protect public health

Present	
Richard Medwyn Hughes	Independent Member (Chair)
Eifion Jones	Independent Member
Jacqueline Hughes	Independent Member
Lyn Meadows	Independent Member

In Attendance	
Sally Baxter	Associate Director - Coronavirus Co-ordination, Planning (for Minute AC20.90)
Andrew Doughton	Performance Audit Lead, Audit Wales
Simon Evans-Evans	Interim Director of Governance
Sue Green	Executive Director of Workforce and Organisational Development (for Minute AC20.90 and AC20.91)
Dave Harries	Head of Internal Audit, NWSSP
Sue Hill	Executive Director of Finance
Amanda Hughes	Financial Audit Manager, Audit Wales
Matt Joyes	Acting Associate Director of Quality Assurance (for Minute AC20.69)
Dawn Sharp	Acting Board Secretary
Chris Stockport	Executive Director for Primary and Community Care (for Minute AC20.92)
Bethan Wassell	Statutory Compliance, Governance & Policy Manager

Agenda Item	Action
<p>AC20/85: Opening Business and Apologies for Absence.</p> <p>The Chair welcomed members and attendees to the meeting.</p> <p>No apologies were received.</p>	
<p>AC20/86: Declarations of Interest.</p> <p>No declarations of interest were made at the meeting</p>	
<p>AC20/87: Procedural Matters.</p> <p>AC20/87.01: The Acting Board Secretary presented the items.</p>	

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<p>AC20/87.02: An administrative error was highlighted in the September minutes at AC20.70.01 – ‘presented’ should read ‘prevented’.</p>	DS
<p>AC20/87.03: Whilst members concurred that it was a positive development to see that all actions had been addressed, there remained a question as to whether action AC20.71.08 (COSHH training) was complete. The Independent Member who raised the original query stated that further information was required as to the <i>uptake</i> of training. This was expected to be expressed as a percentage for compliance, similar to the information provided for mandatory training. i.e. Number of employees required to undertake training and numbers trained. Essentially, the Audit Committee was seeking assurance that the Acting Executive Director of Nursing & Midwifery was content that sufficient training was being undertaken. It was agreed that clarification would be sought from the Acting Executive Director of Nursing & Midwifery.</p>	DS
<p>AC20/87.04: An Independent Member queried the Breach Log and asked that the papers for the Board meeting in November be checked as it was their recollection that there may have been breaches in terms of late papers. The Acting Board Secretary agreed to review and update Members.</p>	DS
<p>AC20/87.05: Members proceeded to discuss the amended Terms of Reference (ToR) for the Remuneration & Terms of Service Committee. An Independent Member queried the language in section 6.1 (Quorum) and whether ‘expected’ was correct in terms of Executive attendance. The Acting Board Secretary advised that formal quoracy related to Independent Member attendance and that the language was utilised across all ToRs. Another Independent Member requested that section 3.1.3 be updated to ensure that the description sufficiently covered all clinical staff, for example – radiographers, who were not technically covered by use of the term ‘allied professionals’. The suggestion was that ‘allied professionals’ be replaced with ‘registered professionals’.</p>	DS
<p>AC20/87.06: An Independent Member queried the ‘flag’ icon utilised on the attendance table within the Local Partnership Forum Annual Report 2019/20 as it was not explained in the key. The Acting Board Secretary agreed to seek clarification.</p>	DS
<p>RESOLVED: That</p> <ol style="list-style-type: none"> 1. the Minutes of the last meeting of the Committee held on 17/09/20 (Appendix A) be confirmed as a correct record subject to the minor correction referred to above ; 2. the Public Summary Action Log (Appendix B) was received and discussed; 	

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<ol style="list-style-type: none"> 3. the Standing Orders Details of Breaches (Appendix B) be noted and further clarification be sought as to the Board meeting on the 12/11/20; 4. the Clinical Audit Annual report approved at the Joint Audit & Quality, Safety & Experience Committee (JAQS) be noted; and 5. the Chair's Action in respect of the deferment of the Internal Audit Leaver Management Review be noted; 6. the Joint Chair's Action in respect of the COVID-19 Cabinet Terms of Reference be noted; 7. the Audit Wales consultation on proposals for fee rates and other aspects of the statutory fee regime for audit work be noted; 8. the amended Terms of Reference for the Remuneration & Terms of Service Committee (Appendix D) be approved subject to the amendment at 3.1.3 as outlined above; 9. the Chair's Action in respect of the approval of the following Committee Annual Reports be noted; <ul style="list-style-type: none"> • Mental Health Act Committee (including an overview of the work of the Power of Discharge Sub-Committee) (Appendix E) • Digital and Information Governance Committee (Appendix F) • Local Partnership Forum (Appendix G) 	
<p>AC20/67: Issues Discussed in Previous Private Committee Session.</p> <p>RESOLVED: That the report on issues discussed in the previous Private Committee session be noted.</p>	
<p>AC20/89: Chair's Assurance Report: Risk Management Group</p> <p>AC20/89.01: The Chair welcomed the Interim Director of Governance to their first Audit Committee meeting and went on to note that there were persistent governance concerns and themes in terms of meeting quoracy, frequency and minutes etc. across numerous areas, the Risk Management Group (RMG) being one of them. This had previously been raised at the September Audit Committee. The Interim Director of Governance advised that they were aware of this and it had recently been highlighted to the Acting Chief Executive (CEO). This was an item on their agenda and would be addressed in the next phase of work. Specifically, with regard to RMG, the Interim Director of Governance had attended two meetings where they had observed thorough discussion and debate, which was positive. However, the group was again not quorate and the RMG Chair had agreed to escalate this to the Executive Team's attention.</p> <p>AC20/89.02: The Chair also queried why the Executive Director of Workforce and Organisational Development had chaired the last RMG meeting as this was contrary to the Group's ToR that specified that the Chair was the Deputy Chief Executive and Executive Director of Nursing</p>	

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<p>& Midwifery. The Interim Director of Governance advised that this was due to temporary arrangements, namely that the Deputy Chief Executive and Executive Director of Nursing & Midwifery was currently acting up as the CEO. This role had a dual function and whilst the Nursing & Midwifery element of the Acting CEO's substantive role had been backfilled, the governance element of the Deputy CEO had not. This was currently being overseen by the Executive Director of Workforce and Organisational Development hence why they had chaired the meeting. However, it was expected that by January, the substantive CEO would be in post and the Acting CEO would return to their substantive role and resume the RMG Chair.</p> <p>1. RESOLVED: That the report be noted.</p>	
<p>AC20.90: Board Assurance Framework and Corporate Risk Register</p> <p>AC20.90.01: The Interim Director of Governance presented the report. The Chair noted that the Audit Committee were not satisfied with the quality of the report. There were formatting issues, what appeared to be 'draft notes' and incomplete sections. This was not acceptable for a report at a board level public committee. The Interim Director of Governance agreed, it was disappointing that the report was incomplete though some of the formatting issues were due to the document being converted for uploading into the electronic agenda/papers system. However, the recommendation was to approve the general format/design of the report and there were other positive developments. The Board Assurance Framework (BAF) was now actively being discussed at the RMG and the Executive team.</p> <p>AC20.90.02: The Chair went on to note reference to a risk (risk ID 3739) that the Risk Management Strategy and Policy may not be timely and robustly implemented. The Chair queried this as Members had previously been assured at the Joint Audit, Quality & Safety Committee that implementation was on schedule. The Interim Director of Governance advised Members that the core Strategy had been implemented. All new risks were now raised at tier three and the BAF was live. The issue was that a number of high level risks at tier four and five had been underestimated. This work continued to be progressed and checked for quality assurance by the Risk Management Team.</p> <p>AC20.90.03: An Independent Member queried whether there was sufficient understanding as to the different terms 'inherent' and 'initial'. Furthermore, was the difference between the BAF and the Corporate Risk Register clear to those below Executive level. The Interim Director of Governance advised that this had been discussed at the Executive Management Group (EMG), the membership of which included non-Executives. Though acknowledged that there was further work to be</p>	<p>SEE</p>

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<p>done as to the meaning of the different tiers. The Risk Management team had targeted themselves to train 1000 members of staff.</p> <p>AC20.90.03: An Independent Member asked for an update as to the action plan, noting that there were staff absences within the Risk Management team. The Interim Director of Governance confirmed that there was one member of staff still seconded to support fit testing for the pandemic. However, they were expected to return to their substantive post at the start of January.</p> <p>AC20.90.04: The Head of Internal Audit recalled from a previous Audit Committee meeting that the intention was that a Board Workshop would reflect and agree corporate objectives, as opposed to the strategic priorities that the BAF now detailed. The Head of Internal Audit was concerned that working to 'priorities' did not deliver the same accountability as 'objectives', which were explicit – the Health Board either met its objectives, or it did not. There was a potential for ambiguity with 'priorities'. The Chair concurred, though recalled that this had not been completed at the workshop. The Executive Director of Finance advised that the Board were now closer to achieving this and needed to focus on 2021/22. The Executive Director of Workforce and Organisational Development advised Members that the Board did now have agreed objectives for Quarter three and four.</p> <p>AC20.90.05: The Associate Director - Coronavirus Co-ordination, Planning proceeded to provide Members with an update on the planning work for the EU transition period. The risk was now an entry on the BAF and updates had been provided to the Strategy, Partnership and Population Health (SPPH) Committee. The Health Board were awaiting details of daily reporting requirements from the Welsh Government, which were expected the following week. Supplies disruption was being considered in terms of medicines, food, fuel and medical devices. A group had been formed to oversee this. The Chair noted that Independent Members had received a briefing on the EU Exit the previous week. The Head of Internal Audit further advised that a briefing paper had been provided to the Acting Board Secretary and the Associate Director - Coronavirus Co-ordination, Planning to feed back on the questionnaire.</p> <p>RESOLVED: That</p> <ol style="list-style-type: none"> 1. the progress on the management of the BAF and the Corporate Risk Register (Tier 1) be noted; and 2. The BAF format be approved for submission to the Board. 	

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<p>AC20.91: Internal Audit Progress Report</p> <p>AC20.91.01: The Head of Internal Audit proceeded to provide Members with an overview of the progress report, in particular, table 4 and the performance indicators, which were positive. The Head of Internal Audit went on to draw Members' attention to a number of reviews that had been identified for deferment. This had been agreed in principle with the Acting Board Secretary and Executive Team prior to final approval at Audit Committee. The deferments were in recognition of the demands placed upon operational teams as the Health Board managed a second wave of the pandemic. However, Members noted that any further deferments or reviews removed from the plan would impact on the Head of Internal Audit's ability to deliver a full assurance opinion. The Head of Internal Audit concluded by recording their thanks to both the Executive Director of Finance and the Acting Board Secretary.</p> <p>AC20.91.02: An Independent Member queried why it had been necessary to remove the Improvement Groups review from the plan. The Head of Internal Audit advised that this was due to the governance arrangements being revised. There was a paper scheduled for submission to the Finance & Performance (F&P) Committee. The Executive Director of Finance provided further clarification, the Improvement Groups had been stood down and a proposal had been submitted to Welsh Government. This was a new approach to improvement and the incoming Chief Executive had a very clear vision of what was required. The Independent Member advised that this was still concerning. There had been significant investment and it was important that the Health Board was able to measure the benefits of what was, a considerable spend. The Executive Director of Finance advised that the Improvement Groups superseded those pieces of work and were in place prior to the appointment of the Turnaround Director. The Interim Director of Governance further advised that there would be a presentation to the Board following a piece of work to identify positive learning.</p> <p>AC20.91.03: An Independent Member raised a query with regard to the Quality Impact Assessment review and whether there was further explanation as to why there had been no evidence of approval from the Chief Executive or the Director of Finance. The Head of Internal Audit advised that this was a design of operational procedure fault. The Independent Member went on to enquire whether a change should be recommended. The Head of Internal Audit assured Members that this was reflected in the Management Response and was confident that the issues identified had been addressed.</p> <p>AC20.91.4: The Head of Internal Audit proceeded to provide Members with an overview of the Delivery of Savings Ysbyty Glan Clwyd Hospital limited assurance report. The Executive Director of Finance advised that the target had not originally been seen as unrealistic as there were several opportunities for savings. However, whilst the division were</p>	

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<p>accepting of the report, a change in leadership had had an impact in terms of delivery. An Independent Member observed that whilst there were clearly issues, there was a question as to whether the Health Board should have intervened sooner. The Executive Director of Finance advised that this would have been the case if the issue had been escalated though agreed that there was a requirement for peer group support. The Independent Member concluded by asking whether the Health Board could be confident that lessons had been learnt. The Executive Director of Finance advised that this was the case. Conversations with the responsible Chief Financial Officer had resulted in improved clarity as to what needed to be done. The Head of Internal Audit added that whilst this was a limited assurance report, the division had made strides to achieve some savings hence why a 'no assurance report' would not have been appropriate.</p> <p>AC20.91.5: The Head of Internal Audit then proceeded to provide Members with an overview of the Staff Survey review. Members were advised that the report would have been 'no assurance' had the Estates & Facilities division not been exemplar. The Executive Director of Workforce and Organisational Development advised that following the review, the process had now changed though it did require divisional ownership. The lack of evidence provided by the Mental Health & Learning Disabilities (MH&LD) division had been expected due to both of the divisional leads being on long term sickness. These challenges had been discussed at Board and there was now further assurance in place due to a new leadership team. Members concurred that all of the actions were welcomed.</p> <p>AC20.91.6: Members went on to consider the Medical and Dental Recruitment review. The Head of Internal Audit advised that the review had identified issues of data completeness that had impacted the review. Had all of the data been available, there may have been a different opinion. The Executive Director of Workforce and Organisational Development provided Members with the background to the system implementation and advised of the actions taken to address the issues. This included the establishment of Medical Recruitment Panel that was intended to anticipate vacancies and aim towards there being no gap between leavers and new starters. An Independent Member noted the action plan and queried whether the plan included key performance indicators (KPIs). The Executive Director of Workforce and Organisational Development confirmed this to be correct and advised that KPI reporting was overseen internally by the operational workforce groups and externally via NHS Wales Shared Services Partnership (NWSSP).</p> <p>AC20.91.7: Members proceeded to discuss the final limited assurance report on Quality Impact Assessments (QIAs). The Executive Director of Finance stated that the process needed clarification and that it was important to reflect on the level of governance and alignment required.</p>	

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<p>The Chair referred back to his earlier comment in terms of governance issues – ToRs, Minutes etc. and an Independent member concurred. A follow up was required as it was felt that the report lacked narrative as to whether a QIA had been done for all Project Initiation Documents (PIDs). The Executive Director of Finance advised that every scheme went through a robust scrutiny process via the Financial Recovery Group where Executives were present. The Independent Member agreed though noted that it was apparent that the auditors struggled to source evidence for this. These were verbal, rather than written assurances. The Executive Director of Finance stated that it was important that the procedure was updated and advised that this would be picked up with the Head of Internal Audit. The Chair requested that an update be brought to the next Committee.</p> <p><i>AC20.91.7: Following a meeting break, the Head of Internal Audit provided Members with an update following discussion with the Audit Team. It was confirmed that all PIDs sampled did have a QIA in place.</i></p> <p>RESOLVED: That</p> <ol style="list-style-type: none"> 1. the progress report and Internal Audit plan 2020/21 – to complete be received; 2. the deferments listed in the report be approved; 3. the Limited Assurance reports be received and discussions noted. 	SH
<p>AC20.92: Audit Wales Update Report</p> <p>AC20.92.1: Members agreed to take items out of order to enable the Executive Director for Primary Care and Community Services to attend and discuss the Continuing Healthcare (CHC) arrangements report. The Performance Audit Lead, Audit Wales provided Members with an overview of the report and the scope of the review, which did not consider CHC panels. Members noted that in 2019-20, the Health Board spent £106.2 million on CHC. This was an increase of approximately 8% compared to the previous year. Audit Wales had observed some weaknesses in governance and oversight. However, the Health Board was developing an ambitious plan for the future. The Chair noted that the Assistant Director that had been leading on the work had now retired and it was important that the momentum was not lost. The Executive Director for Primary Care and Community Services provided Members with an update on the actions being undertaken. There were both challenges and opportunities that the pandemic had presented. An Independent Member requested an update on the outline business case to adopt a ‘Business Hub’ model and the target date. The Executive Director advised that the principle of the business model was broadly there though the current environment necessitated that the April 2021 date was more likely to be a starting date than business approval date. An Independent Member</p>	

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<p>queried which Committee would be overseeing this and the Executive Director advised that this would be Strategy, Partnerships and Population Health Committee..</p> <p>AC20.92.2: The Executive Director of Finance provided Members with an update on the North Wales Pooled Fund report. Conversations were ongoing with the Local Authorities and there was a genuine intention to pool funds. However, it remained a complex area and there were difficulties when trying to progress within the restrictions of each organisation. The Chair observed that complexities were not only evident between organisations, but also internally. The Performance Audit Lead, Audit Wales agreed and provided the example between MH&LD and Area teams. The Executive Director for Primary Care and Community Services noted that the temporary oversight of the MH&LD division by the Executive Director of Public Health had proven positive with the Corporate team intervening where necessary and providing some degree of brokerage. Members discussed the most appropriate Committee to refer the pooled funds report to and agreed that the most appropriate Committee would be the Finance & Performance Committee.</p> <p>AC20.92.3: The Performance Audit Lead, Audit Wales concluded by providing Members with an overview of the update report and Structured Assessment. The Chair highlighted that this had been sighted by the full Board at a workshop. Members noted the proposed future structure of the assessment would be split into two reports.</p> <p>RESOLVED: That</p> <ol style="list-style-type: none"> 1. the programme update be received; 2. the Structured Assessment 2020 report together with the Annual Audit Report be received; 3. the Review of Continuing Healthcare Management Arrangements be received; 4. the Welsh Community care Information Report be received; and 5. the update on North Wales Pooled Fund Report by the Executive Director of Finance be noted. 	
<p>AC20.93: Financial Governance during Covid-19 Update Report</p> <p>AC20.93.1: The Executive Director of Finance presented the report. The Chair queried whether this report was specific to Covid or related to financial governance in general. The Executive Director of Finance advised that this was specifically in response to Covid though lessons would be taken and applied across the Health Board. The Executive Director of Finance was pleased to report that all actions were on track and being progressed. The Head of Internal Audit noted that the Executive Director of Finance had requested this review from the outset</p>	

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<p>and it had now become an all Wales review, which was positive. The Chair agreed and noted that this was a good piece of work.</p> <p>RESOLVED: That</p> <ol style="list-style-type: none"> 1. the level of collaborative work undertaken through the Financial Governance Cell be noted; 2. the planned next steps, through the establishment of a Financial Improvement Group be noted. 	
<p>AC20.94: Charitable Funds Annual Report and Accounts</p> <p>AC20.94.1: The Executive Director presented the report and drew Members' attention to the new format. Members concurred that the new look report was excellent and very user friendly. It was a notable improvement. Furthermore, the amount of work that the team had done in managing funds during Covid was commendable. The Financial Audit Manager, Audit Wales advised that the Charity Committee had considered the report when it had met earlier in the month. Members concluded by expressing thanks to the Charities team.</p> <p>RESOLVED: That the Charitable Funds Annual Report and Accounts be received.</p>	
<p>AC20.95: Schedule of Financial Claims</p> <p>AC20.95.1: The Acting Associate Director of Quality Assurance presented the report and outlined the key governance controls. An Independent Member raised an information governance concern and Members discussed whether it would be more suitable for the report to be received in private committee due to the potential to identify individuals. Members agreed that in future, a summary would be presented in public committee in the interests of transparency with further details to be received in private committee to prevent any personal identifiable information being inadvertently disclosed.</p> <p>RESOLVED: That the claims and payments listed in the schedule be noted and reported to the Board as part of the Chair's assurance report.</p>	DS/MJ
<p>AC20.96: Ablett Redevelopment Report</p> <p>AC20.96.1: The Interim Director of Governance presented the report which had been prepared following concerns being express by Members of the Board as a result of being aware of a change in the project board's preferred option through media briefing associated with the nationally mandated, newly introduced pre-planning application process. Members noted that whilst the Policy had been followed, the Senior Responsible</p>	

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<p>Officer (SRO) should have been an Executive Director. Members then received an update on the work being done to address the issues. This included a defined range for project leads. Projects over £10m or of a contentious nature, to be led by an Executive, with projects under £5m being led by a senior leader with an Executive 'buddy'.</p> <p>AC20.96.2: The Chair asked what assurances were in place that this would not happen again and whether the Interim Director of Governance was confident that the recommendations addressed the issues. The Interim Director of Governance advised that a group would be actively looking at projects from development to delivery to prevent this happening again. The Performance Audit Lead, Audit Wales noted that the report was a good example of internal management arrangements.</p> <p>RESOLVED: That</p> <ol style="list-style-type: none"> 1. the establishment of the Capital Investment Group that had met twice and would provide monthly reports to the Executive Team and specifically highlight any changes in assumptions or any schemes that might be off track be noted; 2. the role of the Senior Responsible Owners as clarified by the Executive Team and SRO reporting into the Executive Team which was being formalised be noted; 3. the regular reporting to Finance and Performance Committee on progress against approved capital projects be noted; and 4. it be noted that any future planning consultations will be specifically drawn to the attention of Board Members well in advance of their publication, in the same way as service consultations. 	
<p>AC20.97: Performance & Accountability Framework</p> <p>AC20.97.1: The Interim Director of Governance presented the report. Members noted that the Framework and been developed with input from the incoming Chief Executive and had previously been presented to Independent Members. The Director of Performance would be taking the document through consultation. The Chair observed that the document was clear and taking the organisation in the right direction. The Chair went on to query how the organisation would measure good performance and success. The Interim Director of Governance advised that this would be in terms of overall performance – better communication cascaded up and down the organisation and better debates in terms of risk. An Independent Member raised concerns in terms of standing membership and queried whether this meant 'essential' or on average as it was an onerous task to ensure everyone was there at the same time. There was a further query as to the membership of the regional team, it was important to ensure that the membership reflected pan BCUHB with all</p>	

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<p>specialties being represented. The Interim Director of Governance assured Members that this was provided for in the Terms of Reference.</p> <p>AC20.97.2: An Independent Member raised a query with regard to accountability (section 2.3) and how this related to annual appraisal meetings. The Interim Director of Governance advised that the framework was broadly team based and whilst individual accountability was important, this was not the purpose of the framework. However, where a team was underperforming, one of the issues may be a low level of team compliance for Performance and Development Reviews (PADR). The Executive Director of Finance observed that it might be beneficial to nominate an Executive to lead on this, as leadership was critical.</p> <p>RESOLVED: That the implementation of the Performance and Accountability Framework be noted and the impact/effectiveness of the framework be reviewed in September 2021.</p>	<p>SEE</p> <p>SEE</p>
<p>AC20.98 Clinical Audit Plan</p> <p>AC20.98.1: Members noted that the Clinical Audit Plan had received substantial prior scrutiny by Independent Members as well as approval from the Quality, Safety & Experience Committee. Hence, the decision had been made not to ask the Senior Associate Medical Director to attend.</p> <p>RESOLVED: That the Clinical Audit Plan be approved.</p>	
<p>AC20/76: Issues of Significance for Reporting to Board</p> <p>RESOLVED: That the Chair prepare his assurance report for the Board.</p>	
<p>AC20/77: Date of Next Meeting: 18.3.21</p>	
<p>AC20/78: Exclusion of Press and Public Resolution to Exclude the Press and Public - "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>	