

AUDIT COMMITTEE PUBLIC MEETING

Minutes of the Meeting Held on 30.06.22

Via Microsoft Teams - the Health Board has determined that the public are excluded from physically attending the Committee's meeting in order to protect public health during the pandemic.

| Present | |
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| Richard Medwyn Hughes | Independent Member (Chair) |
| Jacqueline Hughes | Independent Member |
| Richard Micklewright | Independent Member |

| In Attendance | |
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| Matt Edwards | Financial Audit Director, Audit Wales |
| Sue Green | Executive Director of Workforce and Organisational Development |
| Dave Harries | Head of Internal Audit, NWSSP |
| Gill Harris | Deputy Chief Executive Officer (CEO) and Executive Director of Integrated Clinical Services |
| Sue Hill | Executive Director of Finance |
| Molly Marcu | Interim Board Secretary |
| Nigel McCann | Chief Finance Officer (for Minute AC22.34) |
| Simon Monkhouse | Audit Lead, Audit Wales |
| Justine Parry | Assistant Director of Information Governance & Risk (present for part of the meeting) |
| Michelle Phoenix | Financial Audit Manager, Audit Wales |
| Nicola Jones | Deputy Head of Internal Audit, NWSSP |
| Matt Joyes | Acting Associate Director Of Quality, Patient Safety and Experience (for Minute AC22.29) |
| Andrew Kent | Interim Head of Planned Care Improvement (for Minute AC22.28) |
| Debbie Lewis | Interim Emergency Preparedness, Resilience and Response Lead (for Minute AC22.28) |
| Conrad Wareham | Interim Deputy Medical Director (for Minute AC22.28 and AC22.30) |
| Patrick Williams | Principal Auditor Internal Audit |
| Tim Woodhead | Finance Director of Operational Services |
| Dawn Sharp | Assistant Director, Deputy Board Secretary |

| Agenda Item | Action |
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| <p>AC22.22: Opening Business and Apologies for Absence</p> <p>The Chair welcomed Members and attendees to the meeting.</p> <p>Apologies were received from Andrew Doughton and Fflur Jones – Audit Wales and Nick Lyons, Executive Medical Director.</p> | |
| <p>AC22.23: Declarations of Interest</p> <p>No declarations of interest were made at the meeting.</p> | |
| <p>AC22.24: Procedural Matters</p> <p>RESOLVED: That</p> <ul style="list-style-type: none"> the minutes of the meeting of the 15th March 2022 be confirmed as an accurate record; the Public Summary Action Log, updates for which were recorded therein be noted: and the Breach Log (relating to the publication of Board/Committee papers) be noted. | |
| <p>AC22.25: 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>AC22.26: Executive Director Verbal Briefing on Financial Accounts</p> <p>The Executive Director of Finance provided members with a verbal briefing in relation to the Financial Accounts which had been scheduled for sign off by the Committee at its 13th June meeting. This meeting had been stood down as External Auditors had not been in a position to sign off the accounts and further auditing/testing was required. Auditors were still not in a position to sign the accounts off and in view of the delay this was placing a considerable amount of pressure on Welsh Government's timetable for submitting the overall NHS Wales and Welsh Government accounts. As a consequence it had been determined to cease any further testing and for the accounts to be submitted with a qualified opinion. Members noted that these would be presented to an extraordinary meeting of the Audit Committee to be scheduled for mid-July.</p> <p>RESOLVED: That the position be noted.</p> | |

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| <p>AC22.27: External Audit – Audit Wales</p> <p>AC22.27.1 The Financial Audit Director, Audit Wales presented an update on current and planned work, Members already having noted the position with regard to the 2021/22 accounts. The Audit of the 2021/22 Funds held on Trust Accounts would take place during November/December 2022 with the audit report being issued in December 2022. The Director highlighted the Follow Up outpatients' review where the fieldwork had been delayed from March to June 2022 to reflect the Health Board's ability to support the audit. With regard to the Structured Assessment for 2022, field work was to commence in July, with a draft report to be issued in the Autumn.</p> <p>AC22.27.2 Members' attention was also drawn to the work undertaken by Audit Wales regarding NHS related national studies and related products and in particular the 'Tackling Planned Care Backlog in Wales' findings.</p> <p>AC22.27.3 In relation to the Annual Plan, this was similar to previous year with the focus on key risks, whilst noting additional areas of focus following Audit Wales' consultation focussed around a changing world; the ongoing pandemic and transforming service delivery.</p> <p>AC22.27.4 The Director also highlighted changes to the Audit Team, the new auditing requirements and a 3.7% increase in their fee rates for 2022/23, outlining how that compared to other Health Boards, whilst taking into account the quantum of risks for each.</p> <p>RESOLVED: That</p> <ol style="list-style-type: none"> 1. the progress update be received; and 2. the Annual Plan be approved. | |
| <p>AC22.28: Internal Audit Reports</p> <p>AC22.28.1 The Deputy Head of Internal Audit presented the progress report highlighting the risk management review and impact assessments. Whilst a reasonable assurance opinion had been provided, there remained a number of concerns. The Committee then discussed five limited assurance reports with the relevant Lead Officers:-</p> <ul style="list-style-type: none"> • Waiting List Management – The Deputy CEO and Executive Director of Integrated Clinical Services responded to the report which had been presented initially to the Quality, Safety and Experience Committee who had expressed concern and had requested a revised management response. The Interim Head of Planned Care Improvement also joined the meeting and confirmed that he had been tasked with revising the management response/action plan. Work was ongoing to identify how further | |

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| <p>assurances could be obtained whilst ensuring improvements became embedded. Concerns remained around risk stratification together with the associated patient safety risks.</p> <ul style="list-style-type: none"> <p>Clinical Audit – members expressed concern regarding the limited assurance and the fact that this had been an ongoing concern for a number of years. The report highlighted the lack of focus on Tier 1 and 2 audits which needed to be clinically risk driven. Members noted that the mandated Welsh Government Clinical Audits had not been completed which presented a significant gap in clinical assurance. The Interim Deputy Medical Director joined the meeting to respond to members questions, acknowledging that significant improvements were required and that the plan needed to reflect the key organisational risks. Significant staffing issues within the Team remained, which were in the process of being addressed. Members noted that the Clinical Audit Plan for the current financial year had been presented to the Quality, Safety and Experience Committee and was now being updated, taking into account the findings of the Internal Audit report. The Interim Board Secretary requested that the responses to the audit recommendations be updated prior to the next Audit Committee and would inform the Annual Governance Statement.</p> <p>Nursing Roster Management - Introduction of e-timesheets for Agency staff – the Executive Director of Workforce and Organisational Development joined the meeting to respond to the report. She expressed her initial surprise that the report had received limited assurance and drew attention to one recommendation which had not been accepted by management regarding the Temporary Staffing Team amending time sheet records which was made to ensure compliance with the Health Board's own draft operational procedure. Members noted the 48 hours turnaround time for agency timesheet sign off and the potential for future adjustments of the policy.</p> <p>On-call arrangements – the Head of Internal Audit highlighted the worrying findings in terms of the comments received from staff during the audit. The Deputy Chief Executive and Executive Director of Integrated Clinical Services responded to the report. The Chair of the Committee also raised concerns at the lack of training/process particularly in view of the loss of experience from the organisation in light of changes to the Operating Model and impact of the Voluntary Early Release Scheme. Members noted the concerns of staff side in relation to the on call arrangements which had been raised for a number of years.</p> <p>Business continuity (taken out of order for expediency – following discussion on Clinical Audit Plan AC22.30) – the Deputy CEO and Executive Director of Integrated Clinical Services, supported</p> | <p>CW/MM</p> |

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| <p>by the Interim Emergency Preparedness, Resilience and Response Lead joined the meeting to respond to questions. The Head of Internal Audit highlighted the ongoing nature of some of the concerns identified. Members noted the refreshed Civil Contingencies Group and terms of reference – reflecting the new Operating Model, meetings for which were now quarterly. The Interim Lead highlighted that she had implemented more tactical management and strategic escalation. With only two members in the team, business as usual work had understandably been put to one side as a result of the pandemic. A Business Continuity Standard Operating Procedure had now been produced and was out for consultation and road testing had commenced with the Vascular Services Team. It was acknowledged that there needed to be a ‘read across’ between on call and business continuity arrangements. The Lead confirmed that all dates set out in the management response to the internal audit recommendations had been met. Members acknowledged the improvements to the website whilst reminding the Lead of the Welsh context.</p> <p>AC22.28.2 Members expressed surprise at the reasonable assurance opinion given to the audit of risk management arrangements, particularly given the overall limited assurance Head of Internal Audit opinion. The Head of Internal Audit explained the rationale and the scope of the risk management audit. Whilst the initial findings had resulted in a limited assurance opinion, management had provided further evidence to counter the initial findings.</p> <p>AC22.28.3 Members noted the significant improvement in overall management response turnaround times. Members also supported the proposal by Internal Audit to cease issuing ‘not applicable’ ratings.</p> <p>AC22.28.4 The Committee expressed their concern and disappointment in the limited assurance Head of Internal Audit Opinion and agreed to highlight this to the Board in the Chair’s assurance report. Whilst expressing their disappointment, Members recognised that there was a determination by the Executive Team to address the failings and that there was nothing that could not be resolved with good will and hard work.</p> <p>RESOLVED: That</p> <ol style="list-style-type: none"> 1. the progress report together with the Limited Assurance Head of Internal Audit opinion and annual report for 2021/22 be received; 2. the change in process regarding the issuing of draft reports and removal of issuing discussion draft reports be approved; and 3. the Limited Assurance Reports as detailed above be received and highlighted in the Chair’s assurance report to the Board, together with the Limited Assurance Head of Internal Audit opinion. | |

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| <p>AC22.29: Claims Report Public Session</p> <p>The Acting Associate Director of Quality joined the meeting to present the report.</p> <p>RESOLVED: That the report be received.</p> | |
| <p>AC22.30: Clinical Audit Plan</p> <p><i>This item was taken out of order (before AC22.28 – Business Continuity) for expediency/officer availability.</i></p> <p>AC22.30.1 The Interim Deputy Medical Director provided a verbal briefing for Members in terms of progress of the Audit Plan which had been presented to the Quality, Safety and Experience Committee. The plan had been approved at that stage subject to providing further information in relation to its implementation. Tier 1 audits were directed by Welsh Government. In relation to Tier 2 these were being reduced in volume from last year and would be limited to key risk areas in lieu of being able to use the agreed Board Assurance Framework to identify the risks. Tier 3 audits had improved with a clear visibility following the introduction of a new electronic system and development of a process ensuring that the outputs were fed through to the Clinical Effectiveness Group.</p> <p>AC22.30.2 Members noted the position and the Chair of the Committee asked that a written report be presented to the next scheduled meeting.</p> <p>RESOLVED: That the position be noted and a written report be prepared for the next scheduled meeting of the Audit Committee.</p> | CW/NL |
| <p>AC22.31: Risk Management Strategy</p> <p>The Interim Board Secretary presented the draft strategy to which Members raised a number of queries/corrections.</p> <p>RESOLVED: That the Strategy be further updated to address the queries/corrections raised in the meeting and be re-presented to the Special Audit Committee meeting to be held in mid-July.</p> | MM |
| <p>AC22.32: Chair's Assurance Report : Risk Management Group</p> <p>The Interim Board Secretary presented the report on behalf of Assistant Director of Information Governance & Risk.</p> <p>RESOLVED: That the Chair's Assurance Report: Risk Management Group be received.</p> | |

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| <p>AC22.33: Corporate Risk Register</p> <p>The Interim Board Secretary presented the report on behalf of the Assistant Director Of Information Governance & Risk. She highlighted the changes to process as set out in paragraph 2.2 of the report. Risks approved by Executive Directors would no longer be presented to the Executive Team, Risk Management Group or Committees for approval as this did not align with best practice and the dynamic and timely escalation of risks. This was to be reflected in the revised Risk Management Strategy. Members noted the five new risks which had been escalated and incorporated onto the Corporate Risk Register.</p> <p>RESOLVED: That the report be received.</p> | |
| <p>AC22.34: Operational Scheme of Reservation and Delegation (SORD)</p> <p><i>This item was taken out of order (before AC22.33) for expediency/officer availability.</i></p> <p>The Chief Finance Officer joined the meeting to present the item and shared a presentation which clarified what had changed from the previous version of the Operational SORD. An Independent Member queried whether the revisions were aligned to the latest position in relation to certain workforce policies. The Chief Finance Officer agreed to discuss this further with the Independent Member outside the meeting but assured Members that there were no further changes proposed to what was presented.</p> <p>RESOLVED: That</p> <ol style="list-style-type: none"> 1. the narrative in red within the report as presented (where additions or amendments have been made from the SORD approved by the Audit Committee in March 2022) be noted; 2. the addition and clarity of the flow of Delegated Matters through the Board & Executive to the Operational front-line (as per the 3 columns within Schedule 1 of the SORD) be noted; 3. it be recognised that Table B2 will be populated as and when the next tier of structures are agreed, either in the IHC, other Division or Support Function and as such this SORD will continue to be updated during the next 6 to 12 months. 4. it be noted that implementation locally (in the first instance) will be through the Chief Finance Officers (CFO's) working with their IHC/ Divisional Management Teams; {as this is largely about Financial Limits & Controls it is logical for it to be via the CFO's. This will be implemented as part of the overall Governance & Assurance Framework}. 5. the attached SORD and approach, be recommended to the July 2022 Board for approval; and 6. the continued development of the next level of detail (as posts are | <p>NMcC</p> |

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| agreed within the structures) ready for implementation alongside the Operating Model go-live be endorsed. | |
| <p>AC22.35: Issues of Significance for reporting to Board</p> <p>Members agreed to highlight the five limited assurance internal audit reports as discussed earlier, together with the Limited Assurance Head of Internal Audit Opinion.</p> <p>RESOLVED: That the Chair of the Audit Committee prepare the Chair's Assurance Report for submission to the Board.</p> | DS |
| AC22.36: Date of Next Meeting: 13/07/22 | |
| <p>AC22.37: Move to Closed Session</p> <p>RESOLVED: That the remainder of this meeting be conducted in private session 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> | |

Final V1.0