

**UNCONFIRMED**

**DRAFT Minutes of the Audit and Assurance Committee  
held on 7 April 2021 at 13:40  
Via Microsoft Teams/Teleconference (through Ty Dysgu)**

**Present:**

|                   |                                 |
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| Gill Lewis        | Independent Member (Chair)      |
| John Hill Tout    | Independent Member (Vice Chair) |
| Dr Ruth Hall      | Independent Member              |
| Dr Heidi Phillips | Independent Member              |

**In Attendance:**

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| Dafydd Bebb       | Board Secretary                                   |
| Eifion Williams   | Director of Finance                               |
| Martyn Pennell    | Head of Financial Accounting                      |
| Paul Dalton       | Head of Internal Audit (NWSSP)                    |
| Ken Hughes        | Audit Manager (NWSSP)                             |
| Clare James       | Performance Audit Lead, (Audit Wales)             |
| Nigel Price       | Deputy Counter Fraud Manager (Cardiff & Vale UHB) |
| Christine Thorne  | Head of Procurement (NWSSP)                       |
| Urvisha Perez     | Senior Auditor (Audit Wales) (Observer)           |
| Catherine English | Corporate Governance Manager (Secretariat)        |

| <b>PART 1</b>            | <b>PRELIMINARY MATTERS</b>   | <b>Action</b> |
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| <b>AAC:<br/>0704/1.1</b> | <b>Welcome and Introductions</b>   |               |
|                          | The Chair welcomed everyone to the meeting.  |               |
| <b>AAC:<br/>0704/1.2</b> | <b>Apologies for Absence</b>   |               |
|                          | There were no apologies for absence.   |               |
| <b>AAC:<br/>0704/1.3</b> | <b>Declarations of Interest</b>  |               |
|                          | There were no declarations of interest.  |               |
| <b>AAC:<br/>0704/1.4</b> | <b>Minutes of the Meeting held on 18 January 2020</b>  |               |
|                          | The minutes of the meeting held on 18 January 2020 were <b>received</b> and <b>approved</b> as an accurate record of the meeting.  |               |
| <b>AAC:<br/>0704/1.5</b> | <b>Action Log</b>  |               |
|                          | The Committee <b>received</b> the Action Log and <b>noted</b> the actions were either complete, deferred due to the impact of the COVID-19 Pandemic or matters for consideration on today's agenda. Those items that remained outstanding would be kept on the Action Log until they had been completed. The Committee received the following updates: |               |

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|                            | <ul style="list-style-type: none"> <li>• <b>18/012.1:</b> The Memorandum of Understanding (MOU) and Information Sharing Agreement (ISA) have been reviewed and agreed by the Information Governance Manager.</li> </ul>  |  |
| <b>Resolved</b>            | The Committee <b>noted</b> the Action Log and the update received.   |  |
| <b>AAC:<br/>18/01/1.6</b>  | <b>Matters Arising</b>   |  |
|                            | There were no matters arising.   |  |
| <b>PART 2</b>              | <b>MATTERS FOR CONSIDERATION</b>   |  |
| <b>AAC:<br/>0704/2.1</b>   | <b>Counter Fraud:</b>  |  |
| <b>AAC:<br/>0704/2.1.1</b> | <b>Progress Report</b>   |  |
|                            | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Nigel Price confirmed that as at 31 March 2021, Counter Fraud had spent 39 of the planned 50 days on counter fraud work for HEIW. This shortfall of 11 days resulted from the COVID-19 pandemic.</p> <p>Since January 2021, there have been no investigations linked to HEIW. Additionally, there were no system weaknesses and lessons learned from investigations during quarter four. From 1 April 2020 to 31 March 2021, 16 fraud awareness presentations had been delivered to 225 delegates. Based on those delegates' feedback, 52% 'strongly agreed' and 45% 'agreed' the sessions improved their knowledge of fraud.</p>  |  |
| <b>Resolved</b>            | <p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>noted</b> the report and progress made against the 2020/2021 Counter Fraud Plan.</li> </ul>  |  |
| <b>AAC:<br/>0704/2.1.2</b> | <b>Update on National Fraud Initiatives</b>  |  |
|                            | <p>Giving an update on the National Fraud Initiative, Nigel Price explained the data had been released on 31 January 2021, and there were 122 matches linked to HEIW. 26 of these are considered a priority, with the remaining 96 considered low risk. All the priority matches and 10% of the low-risk matches will be investigated, although there is no deadline for this. If any of the matches are considered a cause for concern, counter fraud will undertake further enquiries with the findings reported back to HEIW. Following a query from the Committee, Nigel Price explained all HEIW's matches related to payroll data sets and were identified by comparing payroll across all public sector bodies. However, a high percentage of those matches would be genuine as it is possible for employees to feature in more than one organisation's payroll legitimately. The Committee raised concerns over the lack of timescales for completing the priority matches and noted issues around resources. The Committee requested a further report outlining timescales for completion and barriers which need to be removed to enable the work to progress.</p> |  |

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|                            | It was clarified that the fraud awareness presentations had been tailored to each audience to keep the information relevant and engaging. There is also an online fraud awareness training package available to staff and fraud awareness features in new staff inductions.  |           |
| <b>Resolved</b>            | <b>The Committee:</b> <ul style="list-style-type: none"> <li>• <b>noted</b> the update on the National Fraud Initiative 2020/21.</li> <li>• to <b>receive</b> an update on the timescales and barriers for completing the priority matches at their next meeting.</li> </ul>   | <b>NP</b> |
| <b>AAC:<br/>0704/2.1.3</b> | <b>Annual Counter Fraud Workplan 2021/22</b>   |           |
|                            | <p>The Committee received the Annual Counter Fraud Workplan for 2021/22.</p> <p>Nigel Price highlighted that the plan is fundamentally the same as last year except for the counter-fraud strategy, which has been updated following the introduction of the Government Functional Standard GovS:013 Counter Fraud. Previously the strategy consisted of five components; this has been expanded to 12 and introduces a traffic light system. The only 'amber' component relates to the Annual Counter Fraud Plan, which is waiting to be signed off by the Director of Finance. It was clarified that the first three columns of the table contained under section 4 of the report are illustrative; the fourth colour relates to HEIW's position.</p>  |           |
| <b>Resolved</b>            | <b>The Committee:</b> <ul style="list-style-type: none"> <li>• <b>approved</b> the Annual Counter Fraud Workplan for 2021/22.</li> </ul>   |           |
| <b>AAC:<br/>0704/2.2</b>   | <b>Internal Audit</b>  |           |
| <b>AAC:<br/>0704/2.2.1</b> | <b>Progress Report</b>   |           |
|                            | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Paul Dalton explained that the progress report outlines the position as at 18 March 2021 and confirmed there had been a few updates since it was drafted which he proceeded to highlight. Reviewing table 1, Paul Dalton confirmed the Cyber-Security project has now been finalised and would be considered during the in-committee session. Additionally, the Performance Management Review is nearing conclusion and will be completed shortly, while the Communication and Engagement Strategy has been issued in final with substantial assurance. It was noted that progress with the Pharmacy Pre-Registration project was slower than expected as there had been delays in HEIW returning information.</p> <p>Paul Dalton explained that disruptions attributable to COVID-19 had impacted the audit work programme. While the pandemic had not impacted the number of planned reviews for HEIW, there had been less activity during the early part of the year.</p> |           |

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|                            | <p>While some programme elements have been delayed, it is planned to issue a full Internal Audit Opinion to the Committee on 9 June.</p> <p>The Committee were disappointed that several of the audits remain outstanding. It resolved to keep the position under review and sought assurance that the outstanding reviews would be accelerated to mitigate any impact on next year's programme.</p>   |   |
| <b>Resolved</b>            | The Committee <b>noted</b> the report and progress made.   |   |
| <b>AAC:<br/>0704/2.2.2</b> | <b>Workplace Culture Internal Audit Report</b>   |   |
|                            | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Ken Hughes explained that in line with the 2020/21 Internal Audit Plan, a review of workplace culture had been undertaken to evaluate and determine the adequacy of the systems and controls in place relating to workplace culture. The study highlighted the importance of workplace culture to HEIW and identified many good practices across the organisation.</p> <p>The overall level of assurance was that of reasonable assurance, and there were 5 recommendations, of which there were 1 medium priority and 4 low priorities.</p> <p>The Committee welcomed the positive report and considered the role Independent Board Members play in dealing with staff issues. The Committee requested the Executive Team consider how Independent Board Members should be involved in dealing with staff issues.</p> <p>The Committee considered the point that HEIW as a training organisation had not achieved full assurance in relation to training staff and felt this should be discussed at Board along with the issue of training for Independent Members on the handling of issues raised by staff.</p> <p>It was clarified that the reference within the report to 'physical space' related to looking at the office's layout and the possibility of encouraging better integration of teams by moving staff around more effectively in the space.</p> |   |
| <b>Resolved</b>            | <p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>noted</b> the report.</li> <li>• <b>requested</b> the Executive Team consider how Independent Board Members should be involved in dealing with staff issues.</li> <li>• <b>requested</b> the Board consider the fact HEIW did not achieve full assurance in relation to staff training.</li> </ul>   | <b>Dir of<br/>Workforce<br/>and OD<br/>Director of<br/>Workforce<br/>and OD</b> |
| <b>AAC:<br/>0704/2.2.3</b> | <b>Governance Arrangements Internal Audit Report</b>   |   |

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|                            | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Ken Hughes explained that the follow-up work confirmed HEIW had implemented almost all the priorities suggested by the rapid advisory review.</p> <p>The only one that is outstanding is recording board meetings being made available to the public via HEIW's website. It was confirmed the recordings had not been made available due to a technical fault. This was now resolved, and the recordings would be added to the website.</p>   |  |
| <b>Resolved</b>            | The Committee <b>noted</b> the report.  |  |
| <b>0704/2.2.4</b>          | <b>Annual Audit Plan 2021/22</b>  |  |
|                            | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Paul Dalton explained the purpose of internal audit is to provide the Accountable Officer and the Board with an independent and objective annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk, management and control. The plan sets out the risk-based approach for 2021/22 and will be delivered in accordance with the Internal Audit Charter and agreed key performance indicators.</p> <p>Turning to Appendix A, Paul Dalton noted that Welsh Government no longer mandate areas for review and that, in a move towards a more dynamic risk-based approach, indicative days had been removed from the table, bringing HEIW into line with other public bodies.</p> <p>There have been no changes to the Internal Audit Charter.</p> <p>The Committee noted that both Internal Audit and Audit Wales have work planned around the bursary and sought clarity on whether the audits would focus on different aspects of the bursary and whether the work was linked. Paul Dalton advised that the audits would focus on different aspects of the bursary and avoid duplication.</p> |  |
| <b>Resolved</b>            | The Committee <b>approved</b> the Annual Audit Plan 2021/22.  |  |
| <b>AAC:<br/>0704/2.3</b>   | <b>Audit Wales:</b>   |  |
| <b>AAC:<br/>0704/2.3.1</b> | <b>Progress Report</b>  |  |
|                            | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Clare James confirmed the Annual Accounts 2020/21 audit, the audit planning and risk assessment had been completed and the final audit would commence on the 4 May following receipt of the unaudited accounts on the 30 April. The final submission would need to reach Welsh Government by 11 June.</p> <p>Turning to page 5 of the report, Clare James noted the work on the Structured Assessment 2021 would be completed in two phases</p>   |  |

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|                             | allowing more agile real time reporting on issues. Phase 1 has now concluded and a report outlining the findings will be presented at the next meeting of the Committee. Furthermore, the 2021 Local Project work has now commenced, and a draft project briefing is currently under review.  |           |
| <b>Resolved</b>             | The Committee: <ul style="list-style-type: none"> <li>• <b>noted</b> the report and that</li> <li>• it would <b>receive</b> a report outlining the findings of Phase 1 of the Structure Assessments 2021 at its next meeting.</li> </ul>  | <b>CJ</b> |
| <b>AAC:<br/>18/01/2.3.2</b> | <b>Annual Plan 2021 and Audit Fee</b>   |           |
|                             | <p>The Committee <b>received</b> the Annual Audit Plan for 2021/2022.</p> <p>Clare James presented the report confirming that very little changes had been made since the Committee had reviewed the draft plan in January. The only change is the addition of student bursary scheme which will see the financial audit team undertake a review of the bursary recovery accounting processes.</p> <p>It was confirmed that Ann-Marie Harkin had been promoted to Executive Director of Audit Services and that Clare James would be taking over Ann-Marie Harkins role as Engagement Director for HEIW.</p> <p>It was confirmed the audit fee for 2021/22 would remain at £165,500.</p> <p>The Committee congratulated Ann-Marie Harkin on her promotion and thanked Clare James for her update.</p> |           |
| <b>Resolved</b>             | The Committee <b>noted</b> the report.  |           |
| <b>AAC:<br/>0704/2.3.3</b>  | <b>Doing it Differently, Doing it Right?</b>  |           |
|                             | <p>The Committee received the report.</p> <p>In presenting the report, Clare James explained it provided an all-Wales summary of Audit Wales structured assessment work to highlight key themes, identify future opportunities, and share learning both within the NHS and across the public sector in Wales more widely. The report discussed the importance of maintaining good governance during a crisis and the key lessons that can be drawn while highlighting potential future opportunities.</p> <p>The Committee felt the report offered key learning opportunities for HEIW and requested any recommendations identified by a review of the report be included as an element for board development.</p>  |           |
| <b>Resolved</b>             | The Committee: <ul style="list-style-type: none"> <li>• <b>noted</b> the report.</li> </ul>   | <b>DB</b> |

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|                            | <ul style="list-style-type: none"> <li>• <b>requested</b> any recommendations identified by a review of the Doing it Differently, Doing it Right? report be included as an item for board development.</li> </ul>  |                   |
| <b>AAC:<br/>0704/2.4</b>   | <b>Audit Wales Audit Enquiries to those Charged with Governance and Management</b>   |                   |
|                            | <p>The Committee received the report.</p> <p>In presenting the report, Martyn Pennell advised that as part of the audit of statutory accounts, Audit Wales are required to review the governance arrangements in place at HEIW and have written seeking assurances on several specific areas. The report set out HEIW's draft response to the letter which is required to be submitted to Audit Wales by 30 April.</p> <p>The Committee felt the response was comprehensive but suggested the response could mention HEIW's regulators in terms of the evidence considered.</p>  |                   |
| <b>Resolved</b>            | The Committee <b>approved</b> the submission of the letter to Audit Wales subject to the response including more detail about HEIW's regulators in terms of the evidence considered.   | <b>MP</b>         |
| <b>AAC:<br/>0704/2.5</b>   | <b>Review of Draft Accountability Report</b>   |                   |
| <b>AAC:<br/>0704/2.5.1</b> | Annual Governance Statement  |                   |
|                            | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Dafydd Bebb explained the Annual Governance Statement had been developed in line with Welsh Government requirements and provides a summary of the governance work undertaken by HEIW during 2020/21, forming a key part of the Annual Report.</p> <p>The Committee welcomed the positive report but raised queries around its structure. It was clarified that the Annual Governance Statement was in line with Welsh Government guidance in particular Chapter 3 of the [Manual of Accounts]. The Committee also felt more could be added to the section on partnerships to better reflect the HEIW's contribution and value as an all-Wales partner. It was agreed to circulate the draft Annual Governance Statement with Committee members on the basis that members provide comments on the draft Statement by Friday 16 April.</p> |                   |
| <b>Resolved</b>            | <p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>noted</b> the report and Annual Governance Statement.</li> <li>• to <b>provide</b> comments on the Annual Governance Statement by Friday 16 April.</li> </ul>  | <b>DB<br/>ALL</b> |
| <b>AAC:<br/>0704/2.6</b>   | <b>Draft Committee Annual Report 2020/21</b>   |                   |

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|                          | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Dafydd Bebb explained the main purpose of the Audit and Assurance Committee Annual Report is to assure the Board that the assurance system is fit for purpose and operating effectively. The report summarises the key areas of business activity undertaken by the Committee during 2020/21 and highlights some of the issues the Committee intends to consider further over the next twelve months.</p>   |                   |
| <b>Resolved</b>          | The Committee <b>approved</b> the Annual Report 2020/21 for submission to the Board for assurance subject to the outcome of the annual self-assessment being included within the report.  |                   |
| <b>AAC:<br/>0704/2.7</b> | <b>Draft Committee Effectiveness Review 2020/21</b>   |                   |
|                          | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Dafydd Bebb explained the Audit and Assurance Committee's self-assessment is undertaken annually to assure the Board that the Committee is discharging its duties effectively. Subject to Committee approval, the self-assessment questionnaire would be issued to Committee members for completion and, once completed, responses to come back to the Committee for consideration.</p> <p>The Committee queried whether the self-assessment results would feed into the Committees Annual Report and discussed their preferred approach to completing the self-assessment. It was agreed the Committee would complete the self-assessment questionnaires independently by Friday 16th April, and then collectively consider the results at the Audit and Assurance Committee on the 6 May.</p> |                   |
| <b>Resolved</b>          | <p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>approved</b> the content of the Committee Effectiveness Review Document (Appendix 1).</li> <li>• <b>agreed</b> to complete the Self-Assessment Questionnaire by Friday 16<sup>th</sup> April.</li> <li>• to <b>review</b> the Self-Assessment Questionnaire responses at the next meeting and that this be incorporated into the Annual Report.</li> </ul>  | <b>All<br/>DB</b> |
| <b>AAC:<br/>0704/2.8</b> | <b>Information Governance and Information Management Report</b>   |                   |
|                          | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Dafydd Bebb advised that the Work Plan included 30 actions, of which 24 were assessed as 'Green' and 6 assessed as 'Amber'. The Committee was asked to note the extension of the timescales around the Information Asset Register. The timescales have been extended as some of the initial scoping work indicated further work was required to fully understand the information processed by HEIW.</p>   |                   |

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|                           | <p>During the period 1st January 2021 to 28th February 2021, HEIW received 7 Freedom of Information requests, all of which were responded to within time. There have been no requests for review, no complaints from the Information Commissioners Officer and no Subject Access Requests.</p> <p>It was noted that Cyber Security internal audit received reasonable assurance.</p> <p>The Chair queried whether there were any timescales concerning the Information Asset Register. Dafydd Bebb explained that the nature of the Information Asset Register made it difficult to provide timescales as it was constantly changing. In terms of the scoping exercise, an update would be provided outside of the meeting.</p> |           |
| <b>Resolved</b>           | <p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>noted</b> the report for assurance.</li> <li>• to <b>receive</b> an update on timescales for the Information Asset Register scoping exercise outside of the meetings.</li> </ul>  | <b>DB</b> |
| <b>AAC:<br/>0704/2.9</b>  | <b>Procurement Compliance Report</b>  |           |
|                           | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Eifion Williams explained the purpose of the report is to highlight any single tender actions and any procurement activity outside of normal practice. Appendix 1 sets out the activities for the period 1<sup>st</sup> January 2021 to 19<sup>th</sup> March 2021 and the approach taken for all activities noted have received procurement endorsement.</p> <p>The Head of Procurement (NWSSP), Christine Thorne, noted that there were no overall concerns to highlight and the general position suggested an improvement in HEIW's management of procurement contracts with each reporting cycle.</p>   |           |
| <b>Resolved</b>           | The Committee <b>noted</b> the report for assurance.  |           |
| <b>AAC:<br/>0704/2.10</b> | <b>Corporate Risk Register</b>  |           |
|                           | <p>The Committee <b>received</b> the report.</p> <p>Dafydd Bebb introduced the report noting the Corporate Risk Register contained 9 risks in total, 1 red status risk and 8 amber status risks. The red risk relates to cyber-security, and good progress continues to be made in terms of implementing the Cyber Security Implementation Plan. It was noted that one risk had increased in score during the reporting period.</p> <p>The Committee considered Risk 19 and were advised the situation had arisen because HEIW had inherited arrangements for providing services and courses that were not supported by contracts. There is a</p>   |           |

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|                           | <p>need to work through these arrangements and put contracts in place, and this is what Phase 2 of the Strategic Review of Health Education intends to do. As part of that review, HEIW can consider whether our use of those services is sufficiently large to justify a contract of our own or whether there are opportunities to partner with other institutions.</p> <p>It was clarified the score had increased because HEIW are more aware of the risk, rather than in response to any issues that have arisen.</p> <p>The Committee considered Risk 16 and queried why the inherent and residual scores were the same and whether the mitigating actions were making any difference. Eifion Williams explained that while the risks had not materialised and mitigating measures were in place, HEIW did not feel comfortable reducing the risk scores. Dafydd Bebb further explained that at the last Audit and Assurance Committee, the Committee had been agreed to combine Risk 1 and 16, and that this in part explained why the scores are the same.</p> <p>Reviewing Risk 8, the Committee noted there were no deadlines for completing the mitigating actions. Dafydd Bebb confirmed that 2 of the 3 actions had been completed and that while deadlines are usually included, it was difficult to assign deadlines to actions due to the constantly evolving nature of cyber-security.</p> |           |
| <b>Resolved</b>           | The Committee <b>noted</b> the report.   |           |
| <b>AAC:<br/>0704/2.11</b> | <b>Audit Committee Recommendations</b>   |           |
|                           | <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Dafydd Bebb explained the Audit Recommendations Tracker (Tracker) contains the current agreed actions in response to the recommendations and advisory considerations within audit reports received from Internal Audit and Audit Wales. The Internal Audit Tracker currently includes 29 recommendations, 17 of which are 'green' and 12 'amber'. Of those 29 recommendations, 8 are overdue and this in part reflected the after-effects of COVID and areas where HEIW has only recently appointed key staff members.</p> <p>The Audit Wales Tracker contains ten recommendations, 6 of which are green and 3 of which are overdue.</p> <p>It was confirmed the tracker includes the original assurance rating of each recommendation in column D to demonstrate improved transparency.</p>   |           |
| <b>Resolved</b>           | <p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>noted</b> the report;</li> <li>• <b>agreed</b> the green recommendations that have been assessed as completed be removed from the Tracker.</li> </ul>  | <b>DB</b> |

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| <b>PART 3</b>             | <b>CLOSE</b>   |  |
| <b>AAC:<br/>18/01/3.1</b> | <b>Any Other Business</b>  |  |
|                           | There being no other business, the Committee resolved to go into closed session.   |  |
| <b>AAC:<br/>18/01/3.2</b> | <b>Date of Next Meeting</b>  |  |
|                           | The date of the next meeting to be held on Wednesday, 6 May 2021 at 13:30 via Microsoft Teams/HEIW Meeting Room 1, Ty Dysgu, Nantgarw. |  |

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**Gill Lewis (Chair)**

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**Date:**

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