

**UNCONFIRMED**

**DRAFT Minutes of the Audit and Assurance Committee  
held on 23 June 2020  
Via Skype/Teleconference**

**Present:**

Gill Lewis Independent Member (Chair)  
John Hill Tout Independent Member (Vice Chair HEIW)  
Dr Ruth Hall Independent Member

**In Attendance:**

Dafydd Bebb Board Secretary  
Eifion Williams Director of Finance  
Martyn Pennell Head of Financial Accounting  
Emma Samways Deputy Head of Internal Audit (NWSSP)  
Mike Usher Engagement Director (Audit Wales)  
Helen Goddard External Audit Manager (Audit Wales)  
Dr Chris Jones HEIW Chair  
Alex Howells Chief Executive  
Julie Rogers Deputy Chief Executive/Director of Workforce & OD  
Kay Barrow Corporate Services Manager (Secretariat)  
Tina Donnelly Independent Member (Observer)  
Carwyn Rees Audit Wales (Observer)

<b>PART 1</b>	<b>PRELIMINARY MATTERS</b>	<b>Action</b>
<b>AAC: 23/06/1.1</b>	<b>Welcome and Introductions</b>	
	The Chair welcomed everyone to the meeting and, in particular, Dr Chris Jones, Alex Howells and Julie Rogers who were attending for the consideration of the Annual Accounts. Tina Donnelly (Independent Member) and Carwyn Rees (Audit Wales) were also welcomed as observers.	
<b>AAC: 23/06/1.2</b>	<b>Apologies for Absence</b>	
	Apologies were received from Clare James (Performance Audit Lead, Audit Wales), Paul Dalton (Head of Internal Audit, NWSSP), Helen James (Head of Procurement, NWSSP) and Craig Greenstock (Counter Fraud Manager, Cardiff & Vale UHB).	
<b>AAC: 23/06/1.3</b>	<b>Declarations of Interest</b>	
	There were no declarations of interest.	

<b>AAC: 23/06/1.4</b>	<b>Minutes of the Meeting held on 26 May 2020</b>	
	The minutes of the meeting held on 26 May 2020 were <b>received</b> and <b>approved</b> as an accurate record of the meeting.	
<b>AAC: 23/06/1.5</b>	<b>Action Log</b>	
	<p>The Committee <b>received</b> and <b>considered</b> the Action Log from the meeting held on 26 May 2020.</p> <p>Dafydd Bebb advised that the Action Log contained a number of items that had been deferred because of the decision to streamline meeting agendas to concentrate on business critical items and those matters related to the COVID 19 Pandemic. These items would be scheduled into the Committee Forward Work Programme as identified in the Action Log or once 'business as usual' had resumed.</p> <p>The following updates were received:</p> <ul style="list-style-type: none"> <li>• <b>AAC 27/10/2.11 HEIW and HIW Memorandum of Understanding:</b> It was confirmed that the final MOU was with HIW for signing.</li> <li>• <b>AAC 06/06/2.1.3 Audit Plan for 2020/21:</b> It was confirmed that Internal Audit Plan for 2020/21 was considered by the Executive Team who determined not to amend the plan. This has been discussed and agreed with Internal Audit. The Audit Plan to remain as noted by the Committee on 6 May 2020. However, it was highlighted that Internal Audit would be undertaking an additional 'all Wales' review of governance arrangements during COVID 19.</li> </ul>	
<b>Resolved</b>	The Committee <b>noted</b> the Action Log and updates.	
<b>AAC: 23/06/1.6</b>	<b>Matters Arising</b>	
	There were no matters arising.	
<b>PART 2</b>	<b>MATTERS FOR CONSIDERATION</b>	
<b>AAC: 23/06/2.1</b>	<b>Counter Fraud:</b>	
<b>AAC: 23/06/2.1.1</b>	<p><b>Self Review Tool Process Summary 2019/2020</b></p> <p>The Committee <b>received</b> the report.</p> <p>In presenting the report, Eifion Williams advised that the overall assessment was 'Green'. It was highlighted that under section 'Inform and Involve' standard 2.1 had been assessed as 'Amber'. This related to the requirement for an ongoing programme to raise awareness of fraud, bribery and corruption within HEIW.</p> <p>It was confirmed that the take up of additional sessions by Teams had been low. Following discussion at the Executive Team, it had been agreed that there was the need for more opportunities for members of the Counter Fraud Team to attend HEIW internal directorate/departmental meetings to raise fraud awareness. A further programme of awareness sessions would be scheduled in order to ensure that staff were aware of</p>	

	<p>HEIW's approach to fraud. It was highlighted that representatives of the Counter Fraud Team attend the monthly Finance and Procurement Team meetings.</p> <p>Eifion Williams reassured the Committee that the programme of awareness sessions with other fraud prevention and promotion measures would assist with improving compliance with standard 2.1.</p> <p>Mike Usher informed the Committee that Audit Wales would be publishing its report on Counter Fraud Arrangements across Wales in July 2020.</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> that the Audit Wales report on Counter Fraud arrangements in Wales be considered at the October Committee;</li> <li>• <b>agreed</b> that Craig Greenstock be in attendance for the presentation of the Audit Wales Counter Fraud Report.</li> </ul>	<b>Audit Wales EW</b>
<b>AAC: 23/06/2.2</b>	<b>Accountability Report:</b>	
<b>AAC: 23/06/2.2.1</b>	<b>Annual Governance Statement</b>	
	<p>The Committee <b>received</b> the Annual Governance Statement (AGS).</p> <p>In presenting the AGS, Dafydd Bebb highlighted that this was one part of the three elements that contributed to the overall Accountability Report for the reporting period 1 April 2019 to 31 March 2020. The Committee had previously considered the draft AGS at its meeting on 1 April and 26 May 2020 and comments received from the Committee, Welsh Government and the Auditors had been incorporated.</p> <p>The Committee considered the AGS and the following amendments to be made to the AGS for presenting to the Board:</p> <ul style="list-style-type: none"> <li>• Include page numbering;</li> <li>• Correction of typos;</li> <li>• Alignment with the Audit Wales Structured Assessment Report;</li> <li>• Inclusion of the Committee Chair's reflections from the Committee Annual Report as part of Section 5 – Review of Effectiveness.</li> <li>• Provide clarity regarding the reporting timeline at the beginning of the document to reflect the requirement to document any material governance issues up to the time of Board approval.</li> </ul>	
<b>Resolved</b>	The Committee <b>recommended</b> the AGS for submission to the Board subject to the amendments, as detailed above, being made to the AGS.	<b>DB</b>
<b>AAC: 23/06/2.2.2</b>	<b>Remuneration and Staff Report</b>	
	<p>The Committee <b>received</b> and <b>considered</b> the Remuneration and Staff Report.</p> <p>Clarification was provided in relation to redressing the balance of staff between HEIW and Cardiff University, and the contractual employment policies and processes that require due considered in the transfer of staff into the NHS.</p>	

	Clarification was required in relation to the staff numbers detailed in the report compared to those reflected in the Annual Accounts.	
<b>Resolved</b>	The Committee <b>recommended</b> the Remuneration and Staff Report for submission to the Board subject to the clarification and amendments, as detailed above.	<b>DB</b>
<b>AAC: 23/06/2.2.3</b>	<b>NAfW Accountability and Audit Report</b>	
	The Committee agreed that this item should be picked up under agenda item 2.5.1 Audit of Financial Statements Report (ISA 260) and Letter of Representation.	
<b>AAC: 23/06/2.3</b>	<b>Internal Audit:</b>	
<b>AAC: 23/06/2.3.1</b>	<b>Final Annual Report and Head of Internal Audit Opinion 2019/2020</b>	
	<p>The Committee <b>received</b> the final report.</p> <p>In presenting the Head of Internal Audit Opinion 2019/2020, Emma Samways advised that there had been some minor amendments to the draft considered by the Committee on 6 May 2020.</p> <p>Emma Samways wished, on behalf of Internal Audit, to express their thanks to the staff involved for their continued support in the delivery of the Audit Plan for 2019/2020.</p> <p>The Committee wished to formally reiterate its thanks to all the staff involved for assisting in HEIW achieving reasonable assurance for its Internal Audit Plan for 2019/2020.</p> <p>Chris Jones, Alex Howells and the Committee formally thanked Internal Audit colleagues for their hard work in supporting HEIW to achieve reasonable assurance.</p>	
<b>Resolved</b>	The Committee <b>noted</b> the report.	
<b>AAC: 23/06/2.4</b>	<b>Final Annual Accounts 2019/2020</b>	
	<p>The Committee <b>received</b> the Final Annual Accounts for 2019/2020.</p> <p>In presenting the final accounts, Eifion Williams advised that HEIW had kept to the original Welsh Government Accounts submission timetable.</p> <p>Eifion Williams highlighted the following points:</p> <ul style="list-style-type: none"> <li>• £84k underspend on revenue budget at year end (page 22) and that HEIW had met its financial duty to break-even against its Revenue Resource Limit over the period;</li> <li>• Balanced its capital allocation at £95k (page 22) and that HEIW had met its financial duty to break even against its Capital Resource Limit over the period;</li> <li>• The creditor payment target was achieved at 95.2% for the reporting period (page 23).</li> </ul>	

	<p>Since the last Committee meeting, it was highlighted that the figures within the accounts had not changed. Although there had been some changes to the notes and disclosure statements accompanying the accounts and those had been reflected in the accounts presented. However, it was noted that there was an amendment to be made under section 8 Operating Leases under the heading 'HEIW as lessee' for the inclusion of additional narrative. This would be included in the final version presented to the Board.</p> <p>The Committee congratulated the Finance Team for delivering an excellent set of final accounts during a challenging time.</p> <p>Chris Jones, Alex Howells and the Committee acknowledged the excellent working relationship between the Finance Team and Audit Wales that had assisted in delivering to the agreed Welsh Government timetable.</p>	
<b>Resolved</b>	Subject to the clarification required regarding the cross checking of the staff numbers within the Remuneration & Staff Report, and the additional text under Section 8, the Committee <b>recommended</b> that the Accounts be submitted to the Board for approval on 25 June 2020.	<b>EW</b>
<b>AAC: 23/06/2.5</b>	<b>Audit Wales</b>	
<b>AAC: 23/06/2.5.1</b>	<b>Audit of Financial Statements Report (ISA 260) and Letter of Representation</b>	
	<p>The Committee <b>received</b> the report.</p> <p>In presenting the ISA 260, Mike Usher confirmed that the audit of the financial statements had run smoothly despite the remote working. On behalf of Audit Wales, Mike Usher formally thanked all staff involved in the satisfactory conclusion.</p> <p>Helen Goddard provided a brief summary of the salient points within the ISA 260, which also incorporated the draft Letter of Representation. She explained the impact of COVID 19 on this year's audit work and confirmed that all outstanding matters had been satisfactorily concluded. In terms of ensuring consistency across all NHS Wales organisations final accounts, there was need to update the disclosure statements.</p> <p>The Committee noted that there were no non-trivial misstatements identified in the accounts that remain uncorrected; there was no need for the correction of any misstatements as a result of the audit work and that there were no significant issues arising from the audit.</p> <p>Audit Wales confirmed the issuing of an unqualified audit opinion on the HEIW accounts for 2019/2020. It was highlighted that there was one recommendation of medium term priority relating to the delegated limits that should be in place for the approval of material in-year budget virements.</p> <p>Audit Wales wished to formally thank Martyn Pennell, Eifion Williams and the Finance Team for the smooth running of the audit process.</p>	

	The Committee was pleased to receive the overall unqualified opinion and thanked Audit Wales for their support in this achievement.	
<b>Resolved</b>	The Committee <b>recommended</b> the ISA 260 and final Letter of Representation for consideration by the Board on 25 June 2020.	<b>EW</b>
<b>PART 3</b>	<b>CLOSE</b>	
<b>AAC: 23/06/3.1</b>	<b>Any Other Business</b>	
	There being no other business, the Committee resolved to go into closed session.	
<b>AAC: 23/06/3.2</b>	<b>Date of Next Meeting</b>	
	The date of the next meeting to be held on Thursday, 16 July 2020 at 10:00am and to be confirmed to take place either via Skype/Teleconference or to be held in Ty Dysgu, Nantgarw.	

.....  
**Gill Lewis (Chair)**

.....  
**Date:**

DRAFT