

UNCONFIRMED

**DRAFT Minutes of the Audit and Assurance Committee
held on 18 January 2021
Via Microsoft Teams/Teleconference (through Ty Dysgu)**

Present:

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

In Attendance:

Alex Howells Chief Executive
Dafydd Bebb Board Secretary
Eifion Williams Director of Finance
Martyn Pennell Head of Financial Accounting
Paul Dalton Head of Internal Audit (NWSSP)
Emma Samways Deputy Head of Internal Audit (NWSSP)
Ken Hughes Audit Manager (NWSSP)
Ann-Marie Harkin Engagement Director, Audit Wales
Clare James Performance Audit Lead, (Audit Wales)
Helen Goddard External Audit Manager, Audit Wales
Nigel Price Deputy Counter Fraud Manager (Cardiff & Vale UHB)
Christine Thorne Head of Procurement (NWSSP)
Rhian Sadler Procurement Business Manager (NWSSP)
Kay Barrow Corporate Services Manager (Secretariat)

PART 1	PRELIMINARY MATTERS	Action
AAC: 18/01/1.1	Welcome and Introductions	
	<p>The Chair welcomed everyone to the meeting and, in particular, Dr Heidi Phillips (Independent Member) who was attending her first meeting since her appointment as a member of the Committee, and Ann-Marie Harkin (Engagement Director, Audit Wales) who was attending her first Committee meeting as the replacement following the retirement of her predecessor Mike Usher.</p> <p>A warm welcome was also extended to Nigel Price who was attending from the Local Counter Fraud Service.</p>	
AAC: 18/01/1.2	Apologies for Absence	
	<p>Apologies were received from Craig Greenstock (Counter Fraud Manager, Cardiff & Vale UHB). The Committee passed on their best wishes to Craig for a speedy recovery.</p>	

AAC: 18/01/1.3	Declarations of Interest	
	There were no declarations of interest.	
AAC: 18/01/1.4	Minutes of the Meeting held on 20 October 2020	
	The minutes of the meeting held on 20 October 2020 were received and approved as an accurate record of the meeting.	
AAC: 18/01/1.5	Action Log	
	<p>The Committee received the Action Log and noted 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 following updates were received:</p> <ul style="list-style-type: none"> • AAC: 20/10/2.7 Independent Review of HEIW's Procurement Systems and Processes: The Committee noted that a verbal update would be provided in the 'In-Committee' Session which was to follow the 'Open' meeting. • AAC: 20/10/2.12 Complaints Policy: The Committee noted that the draft Policy had been circulated to Board Members for comment. It was noted that the Board would be considering the Complaints Policy for approval at its meeting scheduled for 28 January 2021. 	
Resolved	The Committee noted the Action Log and the updates received.	
AAC: 18/01/1.6	Matters Arising	
	There were no matters arising.	
PART 2	MATTERS FOR CONSIDERATION	
AAC: 18/01/2.1	Memorandum of Understanding and Information Sharing Agreement with General Pharmacy Council	
	<p>The Committee received the report and Memorandum of Understanding (MOU) and Information Sharing Agreement (ISA) with the General Pharmacy Council (GPhC).</p> <p>In presenting the report, Dafydd Bebb informed the Committee that this was the first MOU with a Regulator. Dialogue had commenced with the General Medical Council (GMC) to enter into similar agreements.</p> <p>It was confirmed that whilst the MOU was not legally binding, it defined the expectations from both parties. The ISA was legally binding and clarified the information flows between both parties in order to comply with the General Data Protection Regulations (GDPR).</p> <p>It was confirmed that the Executive Team had approved both the MOU and ISA in July 2020 prior to both documents being signed. The Committee questioned whether both documents had been reviewed by Legal and Risk Services. Dafydd Bebb advised that an ISA would usually be reviewed by either an Information Governance Officer or by Legal and Risk and would confirm the position.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the MOU and ISA; 	

	<ul style="list-style-type: none"> • requested confirmation that the MOU and ISA had been reviewed by Legal and Risk Services or an Information Governance Officer prior to being signed. 	DB
AAC: 18/01/2.2	Counter Fraud:	
AAC: 18/01/2.2.1	Progress Report	
	<p>The Committee received the report.</p> <p>In presenting the report, Nigel Price advised that 27.5 days of commissioned work had been completed and that there were currently no investigations linked to HEIW. The level of interest being shown by directorates and departments regarding 'virtual' fraud awareness sessions was being maintained with one day per month allocated to Induction Sessions and staff awareness raising.</p> <p>It was confirmed that all the required HEIW data extraction for the National Fraud Initiative (NFI) for 2020/21 had been submitted to the NFI. The date for the release of any data matches was 31 January 2021. Any matches would be reviewed and reported to the Committee at its next meeting.</p> <p>The Committee queried the delivery of the remaining 22.5 days of the Plan for 2020/21. It was confirmed that the Counter Fraud Team would use this time to undertake further reinforcement of prevention actions. This would include increased staff awareness sessions and opportunities to improve communication of good governance and good practice measures in the virtual environment.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report; • to receive an update on the NFI data matches at its next meeting; • to receive an update on the actions being taken to deliver the remaining days within the Plan for 2020/21. 	Counter Fraud/ EW
	Alex Howells joined the meeting.	
AAC: 18/01/2.3	Audit Wales:	
AAC: 18/01/2.3.1	Annual Audit Report 2020	
	<p>The Committee received the report.</p> <p>In presenting the report, Clare James advised that this was a summary of the findings from the audit work undertaken during the year and was to be published on the Audit Wales website. She explained that the local project for 2020/21 was currently being scoped and would focus on the governance of commissioning arrangements for Health Professional Education. A meeting was being arranged with Eifion Williams and Martin Riley during February 2021 to discuss the scoping of the audit work in more detail. It was clarified that Angela Parry should also be included in this meeting as the lead for Health Professional Education.</p>	

	<p>The Committee welcomed the positive report and acknowledged the good engagement and flexible working of both parties during the COVID-19 Pandemic, despite working in a virtual environment. The Committee wished to formally record its thanks to the Audit Wales Team and HEIW officers in recognition of the strong working relationship and collaboration.</p> <p>It was clarified that the audit fee was proportionate to other NHS audited bodies and was reflective of the work expected to be undertaken by Audit Wales.</p>	
Resolved	The Committee noted the report.	
AAC: 18/01/2.3.2	Indicative Annual Audit Plan 2021	
	<p>The Committee received the Indicative Annual Audit Plan for 2021.</p> <p>In presenting the Indicative Audit Plan, Helen Goddard advised that the financial audit work had commenced, although it was subject to detailed planning and reassessment of the audit of financial statement risks. Any emerging issues would be communicated to HEIW officers and the Committee prior to the next meeting, should the need arise. Delivery of the financial audit work was scheduled to be completed in June 2021 following confirmation by Welsh Government. The submission date is a week later than the original timetable for the 2019/2020 Annual Accounts.</p> <p>Eifion Williams highlighted that HEIW was planning to deliver the financial accounts within the same, shorter timescales as the previous year. In order to achieve this where practically possible, HEIW officers would work closely with the Audit Wales Team.</p> <p>An overview of the performance audit plan was provided which consisted of the core work relating to the two phases of the Structured Assessment 2021 and the follow up of previous audit recommendations. It was highlighted that the locally focussed audit work would be scoped later in the year. This was due to the lateness in the planning, scoping and delivery of the 2020/21 local audit project which was currently underway.</p> <p>In relation to the proposed Phase 1 Structured Assessment for 2021, Alex Howells clarified that HEIW had already submitted their Q3/Q4 Annual Plan to Welsh Government and were currently developing the Annual Plan for 2021/22 for submission to Welsh Government following consideration by the Board at its meeting scheduled for 28 January 2021. Clare James advised that the scope of the Phase 1 audit work would be discussed at the meeting arranged with Nicola Johnson.</p> <p>Helen Goddard advised that the Fee Scheme had been submitted to the Senedd's Finance Committee for consideration and would be confirmed in writing in due course with the amended audit plan. However, it was clarified that this would not prevent the progress of any audit work.</p>	

Resolved	The Committee noted the report.	
AAC: 18/01/2.4	Internal Audit:	
AAC: 18/01/2.4.1	Progress Report	
	<p>The Committee received the report.</p> <p>In presenting the report, Paul Dalton highlighted the status of the internal audit plan for 2020/2021. He explained that COVID 19 was continuing to cause challenges however, every effort was being made to ensure the delivery of the full work programme. He confirmed that while at this stage there were no concerns for HEIW, the approach to the delivery of plan was flexible with the overall aim of providing the Head of Internal Audit Opinion for year-end reporting.</p> <p>Due to the delay with the implementation of the Information Governance Toolkit by Welsh Government, the audit work planned for 2020/21 would be deferred and added into the 2021/22 Audit Plan. It was clarified that the finalising of the Workplace Culture audit was progressing and would be completed in the coming weeks.</p> <p>The Committee queried the capacity within Internal Audit to deliver the remaining circa 60 days within the Audit Plan. Paul Dalton confirmed that there was sufficient capacity and resource within Internal Audit to deliver the remaining Audit Plan however, he was mindful of the commitment priorities of key individuals and would maintain clear communication of the position with HEIW officers.</p> <p>The Chair raised concern regarding the assurance of the year-end Opinion. It was clarified that the Advisory Review of Governance Arrangements during COVID-19 in conjunction with Audit Wales was an additional piece of work that would assist in providing assurance of the overall governance picture. He explained that Internal Audit would also be undertaking a short piece of follow up audit work to review the implementation of the actions arising from the Advisory Review work.</p> <p>In terms of the planning for the 2021/22 Audit Plan, it was highlighted that meetings with key individuals were being arranged in preparation for the Audit Plan to be presented to the Committee at its next meeting.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report; • to receive the Annual Plan for 2021/22 at the next meeting. 	Internal Audit
AAC: 18/01/2.4.2	Personal Development Review Process Internal Audit Report	
	<p>The Committee received the report and management response.</p> <p>In presenting the report, Emma Samways advised that the overall assessment was of reasonable assurance. The findings from the review had highlighted no issues in the design of systems/controls however, four issues were classified as weaknesses in the operation of the designed system/control for the Personal Development Review</p>	

	<p>(PDR) Process. There were four recommendations which were all of medium priority.</p> <p>Whilst HEIW was not meeting the Welsh Government target of an 85% appraisal completion rate, significant work had been undertaken to develop and implement a PDR process which was based on the HEIW Values and Behaviour Framework and complied with the new All Wales Pay Progression Policy.</p> <p>The Committee welcomed the positive report but questioned whether HEIW was vulnerable where staff who were performing poorly had not received an up to date appraisal where such matters would be addressed. It was acknowledged that whilst the principle of staff receiving a timely annual appraisal was important, HEIW was not appraising clinical competence but the ability to deliver education and training. Consequently, the impact was much less extreme than within a Health Board or Trust who deal with direct patient care/treatment. It was highlighted that clinical staff were subject to the cyclical Revalidation Process.</p>	
Resolved	The Committee noted the report.	
AAC: 18/01/2.4.3	Financial Systems Internal Audit Report	
	<p>The Committee received the report.</p> <p>In presenting the report, Ken Hughes advised that this was a cyclical audit that reviewed different aspects of the financial system. The scope of the audit included a review of the asset register; cash management; general ledger; income and debtors and manual payments.</p> <p>The findings from the review had not highlighted any issues that were classified as weaknesses in the system control/design for the Financial Systems reviewed. Although the findings from the review highlighted seven issues that were classified as weaknesses in the operation of the designed system/ control for the Financial Systems reviewed.</p> <p>The overall level of assurance was that of reasonable assurance. There were seven recommendations of which there was one high priority; three medium priorities and three low priorities.</p> <p>Martyn Pennell was content with the report which was reflective of the current position. He confirmed that five out of the seven recommendations had already been completed. Significant work had already been undertaken with the IT/Digital Team in relation to the IT inventory to support the Asset Register and should be completed by the end of March 2021.</p>	
Resolved	The Committee noted the report and the progress being made in addressing the recommendations.	
AAC: 18/01/2.4.4	All Wales COVID-19 Summary Report	
	The Committee received the report.	

	<p>In presenting the report, Paul Dalton advised that the report provided an overarching picture across Wales of the common themes across the areas reviewed and the areas for future consideration.</p> <p>The Committee welcomed the report and asked whether the IT/Digital and Cyber Security Team have sight of audit reports that contain matters relevant to their area of responsibility. It was confirmed that the audit reports can be shared if required.</p> <p>Clare James advised that Audit Wales had issued a similar report 'Doing it Differently, Doing It Right?' which summarised the governance in the NHS during the COVID-19 crisis and draws out the key themes, lessons and opportunities. A copy of the report had already been provided to Alex Howells and Dafydd Bebb and would also be circulated to Committee Members. The report would be presented to the next Committee meeting for completeness.</p> <p>Clare James advised that Audit Wales had undertaken a review of Cyber Resilience and that the report would be presented to the next meeting of the Committee at its 'In Committee' Session.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report; • agreed that the 'Doing It Differently, Doing It Right?' Audit Wales Report to be circulated to Committee Members; • to receive the 'Doing It Differently, Doing It Right?' Audit Wales Report at the next Committee meeting; • to receive the Audit Wales Cyber Resilience Report at the next meeting of the Committee at its 'In Committee' Session. 	<p>DB</p> <p>Audit Wales</p> <p>Audit Wales</p>
AAC: 18/01/2.5	Information Governance and Information Management Report	
	<p>The Committee received the report.</p> <p>In presenting the report, Dafydd Bebb advised that the reporting period was from 1 October 2020 to 31 December 2020. The Information Governance (IG) Work Plan had been updated to respond to the 10 Steps to Accountability. The Work Plan included 30 actions of which 23 were assessed as 'Green' status and seven assessed as 'Amber' status. The newly appointed IG Officer was continuing to work through the 10 Steps to Accountability process.</p> <p>The Committee welcomed the revised approach to the IG Work Plan. It was clarified that whilst classroom-based IG Awareness Training had been suspended due to the current COVID-19 restrictions, these would take place 'virtually' via Microsoft Teams.</p> <p>An update was provided in relation to the seven Freedom of Information (FOI) requests and one Data Subject Access Requests (DSAR) that had been received during the reporting period. It was clarified that more than one exemption could be applied to an FOI response which explained why the number of exemptions applied for the reporting</p>	

	<p>period was higher compared to the number of FOI requests that had been received.</p> <p>It was noted that progress against the cyber security work plan would be provided in the 'In Committee' Session of the meeting.</p>	
Resolved	The Committee noted the report for assurance.	
AAC: 18/01/2.6	Annual Review of Standing Orders	
	<p>The Committee received the report.</p> <p>In presenting the report, Dafydd Bebb confirmed that the review of the HEIW's Standing Orders had been undertaken in two parts. The first part were the updates to reflect the amendments approved by the Board during 2020 as set out in Section 2 of the covering report. The second part of the review were proposed further amendments, arising from the review as set out below:</p> <ul style="list-style-type: none"> • the deadline for holding the Annual General Meeting (AGM) to revert back to 30 September for each year; • the Scheme of Delegation amended to reflect the appointment and responsibilities of the Director of Planning, Performance and Corporate Services and the Director of Digital; • to reflect the correct title for the role of Director of Finance; • the delegated financial limit for the Director of Planning, Performance and Corporate Services and Director of Digital be set at £50,000 for non-Education and Training Contracts. 	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the amendments to the HEIW Standing Orders in 2020 as set out in Section 2 of the cover report; • supported and recommended to the Board for approval, the further amendments to the HEIW Standing Orders as set out below: <ul style="list-style-type: none"> ○ the deadline for holding the Annual General Meeting (AGM) to revert back to 30 September for each year; ○ the Scheme of Delegation amended to reflect the appointment and responsibilities of the Director of Planning, Performance and Corporate Services and the Director of Digital; ○ to reflect the correct title for the role of Director of Finance; ○ the delegated financial limit for the Director of Planning, Performance and Corporate Services and Director of Digital be set at £50,000 for non-Education and Training Contracts. • recommended the revised version of the HEIW Standing Orders for approval by the Board at its meeting scheduled for 28 January 2021. 	<p>DB</p> <p>DB</p>
AAC: 18/01/2.7	Annual Accounts Plan 2020/21	
	<p>The Committee received the report.</p> <p>In presenting the report, Martyn Pennell provided an overview of the proposed accounts closure plan for the 2020/21 financial year. He explained that the planning process had identified a number of key financial and technical issues that could impact the accounts closure. However, addressing these matters had already commenced ensuring</p>	

	<p>early engagement of the appropriate individuals in order to reach a resolution.</p> <p>It was highlighted that the dates set for the Committee to receive the final accounts on 26 May 2021, and the Board sign off of the final accounts on 27 May 2021 may need to be moved to accommodate the proposed extended audit period and submission date by noon on Friday, 11 June 2021.</p> <p>It was clarified that for holiday pay accrual, HEIW staff were eligible to carry over five days annual leave into 2021/22, which would not be a major concern for the final accounts. It was highlighted that the leave accrual for trainees would be accounted for within Health Board and Trust final accounts.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the Annual Accounts Plan for 2020/21 for assurance; • agreed that, should the need arise, Committee Members and Officers would assist in accommodating any change in dates for the Committee and Board sign off of the final accounts should the need arise. 	DB
	<p>John Hill-Tout left the meeting. Christine Thorne and Rhian Sadler joined the meeting.</p>	
AAC: 18/01/2.8	Procurement Compliance Report	
	<p>The Committee received the report.</p> <p>In presenting the report, Christine Thorne provided an overview of the procurement activity undertaken during the period 1 October 2020 – 31 December 2020 and in accordance with reference 1.2 (Schedule 2.1.2 Procurement and Contracts Code for Building and Engineering Works) of the Standing Financial Instructions.</p> <p>There were no financial implications arising from the procurement activity for this reporting period and no areas of concern, however, the following activity was brought to the Committee’s attention:</p> <ul style="list-style-type: none"> • HEIW-STA-556: Whilst this was high value, it did qualify as a Single Tender Action (STA) with the Royal College of Nursing (RCN) as the only option available in the UK. Although, as this was a financial obligation to the RCN, NWSSP Procurement Services would be reviewing the HEIW Procurement Strategy and Contract Programme to ensure activity such as this was being appropriately monitored and managed. • HEIW-FN-084: This had arisen due to long term sickness within the Dental Team however, it had been appropriately managed as an STA. <p>The Committee noted that a revised Procurement Manual had been launched by NWSSP Procurement Services and that they were working with the Finance Academy to develop awareness training for</p>	

	<p>the roll-out of the new Procurement Manual across NHS Wales organisations.</p> <p>The Committee queried the following activity:</p> <ul style="list-style-type: none"> • HEIW-FN-082: It was clarified that Swansea University was not the sole provider and was part of a collaboration and this was part of the funding attributable to Swansea University. • CCN-HEIW-037: It was clarified that the payment was for the procurement of consumables for the Dental Phantom Heads with the current provider which had not been included in the original contract. This would be scoped into the contract review to ensure spares were captured as part of the overall contract renewal. 	
Resolved	The Committee noted the position.	
AAC: 18/01/2.9	Corporate Risk Register	
	<p>The Committee received the report.</p> <p>In presenting the Register, Dafydd Bebb provided an overview of the assessment of the 12 risks. He advised that there was an error with Risk 19 which was a new risk. He explained that the risk had originally been assessed as 'Green' status however, following a review of the risk it had been reassessed as an 'Amber' status. Therefore, the risk categorisations were two 'Red' status, eight 'Amber' status and two 'Green' status</p> <p>The two 'Red' status risks related to Risk 8: Cyber Security and Risk 15: Employment Opportunities for Bursary Tie In.</p> <p>The Committee noted the following changes to the Corporate Risk Register:</p> <ul style="list-style-type: none"> • Risk Amalgamation: <ul style="list-style-type: none"> ○ Risk 1 was primarily focussed on the risk to education and training of all students and trainees posed by the first wave of the COVID-19 pandemic. Risk 16 focussed on the risk to education and training for Nursing students caused by the second wave of the pandemic. It was proposed that, subject to the approval of the Committee, that both risks are amalgamated into a single Risk 16 and that Risk 1 would be deleted. <p>The Committee reflected on the Corporate Risk Register and noted that the impact of COVID-19 was significant to the core work of HEIW. It was clarified that following a detailed risk assessment of the current risks, the major concern for HEIW related to the ability of Dental and Surgical Trainees to progress which would have an impact on the NHS workforce.</p> <p>In answer to a query raised in relation to Risk 19 and the contract position, it was clarified that this was a legacy position. It was clarified</p>	

	that this risk would remain on the CRR until removed with the consent of the Committee. Phase 2 of the Strategic Review of Health Professional Education Contracts would be reviewing these arrangements as priority areas.	
Resolved	The Committee: <ul style="list-style-type: none"> • noted the Corporate Risk Register and the assessment of the risks; • agreed to the amalgamation of Risk 1 and 16 into one risk 16 with Risk 1 being deleted; • agreed the removal of any risks assessed as 'Green' status. 	DB DB
AAC: 18/01/2.10	Audit Recommendations Tracker	
	<p>The Committee received the Tracker.</p> <p>In presenting the report, Dafydd Bebb advised that there were 19 current Internal Audit recommendations. Of the eight that were currently overdue, one was categorised as high priority. There were 13 current external audit recommendations, of which seven were overdue.</p> <p>The Committee noted that a number of the recommendations were overdue as a result of the impact of COVID-19 and the delays in the recruitment of the two new Director posts. The Director of Planning, Performance & Corporate Services commenced in September 2020 and good progress was being made with the development of the Performance Framework and Dashboard. The Director of Digital would be commencing in February 2021.</p> <p>Paul Dalton informed the Committee that Internal Audit routinely follow up on any recommendations arising from 'limited' assurance audit reports and also undertake a sense check of recommendations that have been completed to examine the evidence of the actions undertaken to close the recommendations.</p> <p>Alex Howells confirmed that the Executive Team undertake detailed reviews of the Audit Tracker prior to it being presented to the Committee.</p> <p>The Committee was content with the overall position and expected the position regarding overdue recommendations to improve by its next Committee meeting.</p>	
Resolved	The Committee: <ul style="list-style-type: none"> • noted the progress; • approved the removal of the green recommendations that have been assessed as completed. 	DB
AAC: 18/01/2.11	Forward Work Programme 2021/22	
	<p>The Committee received the Forward Work Programme 2021/22.</p> <p>The Committee raised concerns with the volume of business planned for consideration at its meeting in April 2021 and the time available to appropriately consider each item.</p>	

Resolved	The Committee: <ul style="list-style-type: none"> • noted the Forward Work Programme; • requested that a review of the business planned for consideration at its meeting in April 2021 be undertaken and the Committee Chair informed of the outcome. 	DB
PART 3	CLOSE	
AAC: 18/01/3.1	Any Other Business	
	There being no other business, the Committee resolved to go into closed session.	
AAC: 18/01/3.2	Date of Next Meeting	
	The date of the next meeting to be held on Wednesday, 7 April 2021 at 13:30 and to be confirmed to take place either via Microsoft Teams/Teleconference or to be held in HEIW Meeting Room 1, Ty Dysgu, Nantgarw.	

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Gill Lewis (Chair)

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Date:

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