

UNCONFIRMED

**DRAFT Minutes of the Audit and Assurance Committee
held on 26 May 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
Craig Greenstock Counter Fraud Manager (Cardiff & Vale UHB)
Mike Usher Engagement Director (Audit Wales)
Helen Goddard External Audit Manager (Audit Wales)
Paul Dalton Head of Internal Audit (NWSSP)
Suraj Hirani Auditor (Audit Wales) (Observer)
Kay Barrow Corporate Services Manager (Secretariat)

PART 1	PRELIMINARY MATTERS	Action
AAC: 26/05/1.1	Welcome and Introductions	
	The Chair welcomed everyone to the meeting and, in particular, Suraj Hirani from Audit Wales who was in attendance as an observer.	
AAC: 26/05/1.2	Apologies for Absence	
	Apologies were received from Clare James (Performance Audit Lead, Audit Wales), Helen James (Head of Procurement, NWSSP) and Emma Samways (Deputy Head of Internal Audit, NWSSP).	
AAC: 26/05/1.3	Declarations of Interest	
	There were no declarations of interest.	
AAC: 26/05/1.4	Minutes of the Meeting held on 6 May 2020	
	The minutes of the meeting held on 6 May 2020 were received and approved as an accurate record of the meeting subject to the following amendment: <ul style="list-style-type: none"> • AAC: 06/05/2.5 Review of Draft Accounts 2019/2020: The addition of an 's' to the end of the word 'account' in the first sentence of the second paragraph so that the start of the sentence reads 'In presenting the draft accounts,' 	DB

AAC: 26/05/1.5	Action Log	
	<p>The Committee received and considered the Action Log from the meeting held on 6 May 2020.</p> <p>Dafydd Bebb advised that the Action Log contained a number of items that had been deferred to a later date because of the decision to streamline meeting agendas to only 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>In relation to action AAC 06/05/3.1.1 Annual Report and Annual Accounts Timetable Revisions, Dafydd Bebb confirmed that following the update received at the last meeting from Audit Wales, HEIW would be filing the Annual Report with Welsh Government at the later date.</p>	
Resolved	The Committee noted the update.	
AAC: 26/05/1.6	Matters Arising	
	<ul style="list-style-type: none"> • AAC 06/05/2.1.1 Information Governance: General Data Protection Regulation (GDPR) Internal Audit Report Dr Ruth Hall informed the Committee that the matter of low compliance with statutory and mandatory training within the Medical Directorate was discussed at the last Education, Commissioning and Quality Committee. She explained that the Postgraduate Dean would be pursuing this matter and scoping improvement actions to address this and opportunities to ensure compliance was maintained in the future. 	
Resolved	The Committee noted the position.	
	<ul style="list-style-type: none"> • AAC 06/05/2.4 Senior Information Risk Owner (SIRO) Annual Report 2019/2020 Dr Ruth Hall raised a query in relation to whether there were any anticipated difficulties in addressing the information governance areas highlighted by both the internal and external auditors in the reports presented at previous meetings. It was highlighted that the improvement actions were covered in the Annual Governance Statement, which was to be considered later on the agenda. 	
Resolved	The Committee noted the position.	
PART 2	MATTERS FOR CONSIDERATION	
AAC: 26/05/2.1	Counter Fraud:	
AAC: 26/05/2.1.1	<p>Counter Fraud Annual Report 2019/2020</p> <p>The Committee received the report.</p> <p>In presenting the report, Craig Greenstock provided a brief summary of the report, highlighting the activity undertaken in relation to the Welsh Government Directions. One referral to Counter Fraud had been received which required investigation and was ongoing. The overall annual assessment declaration was 'Green' however, the summary of</p>	

	<p>risk against the Contract and Standards as at 31 March 2020, based on the Self Risk Tool, highlighted that the 'Inform and Involve' element was 'Amber'. He explained that a programme of fraud awareness sessions had been delivered to staff within Finance, Senior Leadership Team and as part of Induction. However, the offer for further sessions to the wider organisation had not been taken up. Following discussion with the Director of Finance, arrangements were being made to hold further mandated sessions during 2020/21, but this had been paused due to the COVID 19 Pandemic and would recommence once normal working arrangements resumed.</p> <p>The Committee noted that the annual submission deadline for the Self Risk Tool had been extended to 31 May 2020. The completed Self Risk Tool had been signed off by the Director of Finance and would be submitted to the NHS Counter Fraud Authority for assessment.</p> <p>The Committee was pleased with the overall 'Green' assessment but was concerned that this was not the only incidence of poor participation in training. There appeared to be an emerging cultural theme regarding training within areas of the organisation. It was highlighted that a robust organisational framework was required to ensure that staff embrace and adhere to the requisite training requirements and compliance targets. It was confirmed that both the Executive Team and Senior Leadership Team were aware of the issues and that targeted improvement actions were in place to address the low compliance.</p> <p>The Committee thanked Craig Greenstock and the Counter Fraud Team.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report; • noted the Director of Finance's commitment to roll out fraud awareness raising and training within the organisation. • agreed that the completed Self Risk Tool be presented at the next meeting. • agreed that the report from the NHS Counter Fraud Authority regarding the areas of concern relating to COVID 19 to be presented at the next meeting 	<p style="text-align: center;">EW</p> <p style="text-align: center;">EW</p>
	<p>Craig Greenstock left the meeting.</p>	
AAC: 26/05/2.2	<p>Draft Annual Governance Statement</p>	
	<p>The Committee received the draft Annual Governance Statement (AGS).</p> <p>In presenting the draft, Dafydd Bebb informed the Committee that HEIW would be complying with the revised timetable for the submission of its AGS, which formed part of the Accountability Report in the overall Annual Report. He highlighted that the draft had been amended to reflect the feedback received at the April meeting regarding those risks that had materially affected the organisation. Following further guidance received from Welsh Government regarding revisions to the content of the AGS, the draft had also been updated to reflect the impact of Coronavirus on the organisation.</p>	

	<p>It was clarified that the Annual Report would not be filed with Welsh Government as a single unified document as originally required on 29 May 2020. Welsh Government had revised the submission dates in light of the impact of COVID 19 on NHS Wales as follows:</p> <ul style="list-style-type: none"> • Draft Accounts, AGS, Statement of Directors Responsibilities and Remuneration Report – 22 May 2020 • Final Accounts, AGS, Statement of Directors Responsibilities and Remuneration Report – 30 June 2020 • All other sections of the Annual Report, includes Performance Report and the Accountability Report (excluding the AGS and the Remuneration Report) – 31 August 2020 <p>The Committee would be receiving the Final Accounts, AGS, Statement of Directors Responsibilities and Remuneration Report for approval at the June Committee, in preparation for submission to the Board on 25 June 2020 and filing with Welsh Government by 30 June 2020. The draft Performance Report would be considered by the Committee at the July Committee, in preparation for final Board approval on 30 July 2020.</p> <p>The Committee considered the draft AGS, welcoming the early sight of the draft, which covered most areas. A number of amendments were suggested in relation to the completed effectiveness review and the review of the Board Assurance Framework. It was also suggested that a review be undertaken of the actions identified within the AGS and an action plan developed to enable progress to be monitored. This would assist monitoring HEIW’s response to the challenges identified within the AGS.</p> <p>Mike Usher advised that Audit Wales had not undertaken its review of the AGS. However, any comments would be fed back to Dafydd Bebb to enable the final AGS to be updated in preparation for the June Committee.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the draft; • agreed that the narrative be amended to reflect that the Effectiveness Review had been completed and that the Board Assurance Framework was under review; • agreed to develop an action plan and to monitor the progress of the actions within the AGS; • agreed that comments from Audit Wales be incorporated in the final AGS. 	<p>DB</p> <p>DB</p> <p>Audit Wales</p>
AAC: 26/05/2.3	Review of Final Annual Accounts 2019/2020	
	<p>The Committee received the Final Accounts for 2019/2020.</p> <p>In presenting the accounts, Eifion Williams advised that, following submission of the accounts, Audit Wales had been undertaking their statutory audit of the financial statements. He explained that since the last Committee meeting the numbers within the accounts had not</p>	

	<p>changed. However, there had some textual changes to the narrative accompanying the accounts and those had been reflected in the accounts presented. The Committee noted that HEIW had met its obligations to break-even against the Revenue Resource and Capital Resource Limits and had also met the Public Sector Payment Policy.</p> <p>The Committee was pleased to note that the Finance Department had managed to keep to the original submission timescales. This was testament to the hard work and dedication of Martyn Pennell and the Finance Team in delivering the requirements given the extreme circumstances.</p> <p>Mike Usher commended HEIW for being the first NHS Wales organisation to produce its draft accounts within the timescale. The auditing had been extremely smooth, aided by the excellent working papers, good access to the Finance Team and the timely response to any queries that arose.</p> <p>The Committee noted that whilst the final accounts for HEIW were substantially complete, they would not be filed until 30 June 2020.</p> <p>The Committee expressed its thanks to Martyn Pennell and the Finance Team.</p>	
Resolved	The Committee noted the accounts.	
AAC: 26/05/2.4	Audit Wales:	
AAC: 26/05/2.4.1	Audit of Financial Statements Report (ISA 260) and Letter of Representation	
	<p>The Committee received the draft ISA 260.</p> <p>In presenting the draft, Helen Goddard advised that the auditing of HEIW's financial statements was largely complete and outlined a number of areas of work still to be completed. Due to the COVID 19 Pandemic, Welsh Government had extended the Accounts submission dates. However, HEIW had met the original deadline for submission of the draft accounts on 28 April 2020.</p> <p>Based on the interim audited position, and with no material concerns, it was anticipated that an unqualified audit opinion could be provided, subject to the satisfactory conclusion to the areas of work outstanding. The final audit of accounts report would be presented at the June Committee.</p> <p>The Committee noted that given the current 'lockdown' circumstances, Audit Wales was exploring the use of electronic signatures for the signing of the accounts for the Accounting Officer and Chair. It was anticipated that the Auditor General for Wales would be certifying the accounts on 2 July 2020.</p> <p>A review of the learning from the audit process during unprecedented circumstances would be undertaken to adopt new ways of working and enhance the audit process for the future.</p>	

	<p>The Committee was pleased with the interim position and commended the way in which the audit process had been conducted. This was because of the good working relationship between HEIW and Audit Wales.</p> <p>It was clarified in relation to outstanding matters, that there was some uncertainty in relation to the response required from the Civil Service Pension Scheme. This information had also been problematic last year, but this was being chased.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report • agreed that the HEIW Accounting Officer and HEIW Chair be present at the meeting on 23 June 2020. 	DB
AAC: 26/05/2.5	<p>Welsh Government Guidance Note: Discharging Board Committee Responsibilities during COVID 19 Response Phase</p> <p>The Committee received the Guidance Note.</p> <p>In presenting the Guidance Note, Dafydd Bebb highlighted that the guidance provided further direction on the role of the Audit Committee and Quality & Safety Committee in the discharging of responsibilities during the COVID 19 Pandemic. He explained that the guidance was predominantly focussed on direct patient care, which was of limited relevance to HEIW. An overview of HEIW's actions in response to the areas within the guidance that were impacted and the mitigation was provided.</p> <p>The Committee noted that HEIW's corporate governance arrangements had not been impacted as significantly as other patient facing NHS Wales organisations. The guidance reinforced the governance arrangements HEIW had put in place, and that all Board, Committee and Executive Team meetings had taken place as planned. Whilst Board and Committee meetings were not being held in public it was emphasised that a briefing note was issued within 48 working hours of each meeting and that the unconfirmed minutes were published on the HEIW website within 2 weeks.</p> <p>In answer to a query raised in relation to items postponed during the COVID 19 Pandemic, it was clarified that the Action Logs and Forward Work Programmes were updated to ensure that not matters were overlooked.</p> <p>The Committee emphasised that the joint working and liaison with the Education, Commissioning and Quality Committee was important during this unprecedented time. Particularly in relation to the role of HEIW as Commissioner in the provision of education and in ensuring the ability of supply chains to deliver the services commissioned.</p> <p>The Committee received assurance from both internal and external audit that communication channels were open between parties and that the audit plans were being reviewed to reflect any changes.</p>	
Resolved	The Committee noted the guidance note for assurance purposes.	

PART 3	CLOSE	
AAC: 26/05/3.1	Any Other Business	
AAC: 26/05/3.1.1	<p>Audit Wales Work Programme</p> <p>The Committee received the letter.</p> <p>In presenting the letter, Mike Usher highlighted that the letter had been issued to all audited bodies and provided an overview of the immediate changes to the Audit Wales Work Programme as a result of the COVID 19 Pandemic. An exception to this was the publishing of the Well-being of Future Generations National Report, which was required by statute by 5 May 2020. It was planned for this report to be presented to the Committee and the Board in the Autumn 2020.</p> <p>The Committee welcomed the progress being made in relation to the proposal for the development of the real-time capture, agile reporting and the sharing of learning and experience across audited bodies.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the letter; • agreed that the Well-being of Future Generations National Report be presented to the Committee in the Autumn 2020; • agreed that the Well-being of Future Generations National Report be presented to the Board in the autumn 2020. 	<p>DB</p> <p>DB</p>
AAC: 26/05/3.2	Date of Next Meeting	
	<p>The Committee noted the arrangements for the following meetings:</p> <p>A further meeting of the Committee would be held on 23 June 2020 at 1.00pm to approve the Final Accounts and Accountability Report in preparation for recommending for submission to the Board on 25 June 2020 for approval.</p> <p>The next business meeting of the Committee would be held on 16 July 2020 at 10.00am in the HEIW Conference Room.</p>	

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Gill Lewis (Chair)

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Date: