

UNCONFIRMED

**Minutes of the Audit and Assurance Committee
held on 21 July 2021 at 12:20 to 14:20
Via Zoom**

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:

Dafydd Bebb Board Secretary
Eifion Williams Director of Finance (Part)
Sian Richards Director of Digital
Martyn Pennell Head of Financial Accounting
Emma Garland Information Governance Officer
Ricky Harland Head of Cyber Security
Paul Dalton Head of Internal Audit (NWSSP)
Emma Samways Deputy Head of Internal Audit (NWSSP)
Kenneth Hughes Audit Manager (Audit Wales)
Helen Goddard Audit Manager (Audit Wales)
Paul Thomas Procurement Business Manager (NWSSP)
Emily Thompson Local Counter Fraud Specialist
Urvisha Perez Senior Auditor (Audit Wales)
Elizabeth Tomkinson Welsh Language and Corporate Governance Admin Officer (Observer)
Catherine English Corporate Governance Manager (Secretariat)

PART 1	PRELIMINARY MATTERS	Action
AAC: 2107/1.1	Welcome and Introductions	
	The Chair welcomed everyone to the meeting, in particular Emma Garland, Ricky Hartland and Emily Thompson, who was attending on behalf of Counter Fraud. The meeting was confirmed as quorate.	
AAC: 2107/1.2	Apologies for Absence	
	Apologies were received from Nigel Price and Clare James.	
AAC: 2107/1.3	Declarations of Interest	
	There were no declarations of interest.	
AAC: 2107/1.4	Minutes of the Meeting held on 9 June 2021	

	<p>The minutes of the meeting held on 9 June 2021 were received and approved as an accurate record of the meeting subject to the following amendment:</p> <p>AAC: 0906/2.1.2 - Audit of Financial Statements Report (ISA 260) and Letter of Representation – The last paragraph on page 4 to read 'Clare James confirmed the Ministerial Direction <i>does apply to HEIW...</i>'</p>	
Resolved	The minutes of the meeting held on 9 June 2021 were received and approved as an accurate record of the meeting subject to the agreed amendment.	Board Secretary
AAC: 2107/1.5	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 Committee received the following updates:</p> <p>ACC 2710/2.10 – The Committee was advised that the procurement process for shared services had been standardised across NHS Wales and that for each tender that is carried out, the service is asked to complete a declaration of interest.</p> <p>ACC 0704/2.1.1 – it was confirmed an update would be provided as part of the Counter Fraud update later on the agenda.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the Action Log and the updates received. 	
AAC: 2107/1.6	Matters Arising	
	There were no matters arising.	
PART 2	MATTERS FOR CONSIDERATION	
AAC: 2107/2.1	Information Governance Toolkit Submission and Information Governance Delivery and Implementation Plan 2021/22	
	<p>The Committee received the report.</p> <p>In presenting the report, Sian Richards explained that NHS Wales had adopted the Welsh Information Governance Toolkit for NHS Organisations. Following a low-level compliance score in the voluntary submission in March 2021, an improvement delivery plan has been developed which outlines the work programme for the year ahead. It is anticipated that when the Toolkit submission is completed in March 2022, a significant amount of the work needed to achieve Level 2 will have been completed, increasing the compliance score. The plan focuses on the development of comprehensive documentation and the creation of processes to support the information governance function. The delivery plan has been agreed with the Executive Team and will be monitored by the Information Governance and Information Management Group (IGIMG).</p>	

	<p>It was noted the internal audit of the IG Toolkit process and the development of the implementation plan found the level of assurance to be 'substantial', and work on addressing the recommendations had already commenced.</p> <p>The Committee considered HEIW's low-level compliance score and how it compared to other organisations within the NHS, noting that the submission offered HEIW an opportunity to learn and share best practice. The Committee emphasised the importance of training for Independent Members as well as staff and were pleased to note a renewed focus on ensuring training compliance across HEIW.</p> <p>The Committee commended the team on their work to date and looked forward to future updates.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • Noted the submission of the IG Toolkit to Digital Health Care Wales. • Noted that the organisation has been identified as working towards Level One compliance. • Noted the content of the extensive delivery and implementation plan and the large volume of work that is required across a number of subject areas. • Noted the IG Toolkit Audit Report. 	
AAC: 2107/2.2	HEIW Procurement Process Improvement Report	
	<p>The Committee received the report.</p> <p>Introducing the report, Martyn Pennell gave a presentation on the background to the report and explained it provided an update on the HEIW procurement process review and outlined the agreed action plan for addressing recommendations arising from the review.</p> <p>Following a number of meetings between HEIW and NWSSP Procurement, 19 actions were agreed which are detailed in Appendix 1 of the report. It was noted that 8 of the actions have now been completed, and work is still ongoing in relation to the remaining 11 actions. It is anticipated all the actions will be completed by September, and the Committee will continue to receive regular progress updates. In terms of progress to date, it was highlighted that the requisition turnaround time has reduced from 26 days to 3 and that £220,000 savings were realised in the last financial year.</p> <p>The Committee welcomed the report and were pleased to note the pace of progress following a slow start. The Committee noted the savings of £220,000 and requested a breakdown of those savings at its next meeting.</p>	
Resolved	The Committee:	

	<ul style="list-style-type: none"> • noted the Procurement Process Improvement Report for information. • To receive a breakdown of the £220,000 savings at its next meeting. 	EW
AAC: 2107/2.3	Procurement Compliance Reporting	
	<p>The Committee received the report.</p> <p>In presenting the report, Paul Thomas explained the report provided an update on procurement activity undertaken during the period 1 April to 15 June in accordance with reference 1.2 of the Standing Financial Instructions.</p> <p>The Committee considered the appointment of Michael West and the use of single tender contracts more widely, highlighting the importance of ensuring other organisations are provided with an opportunity to engage in the tendering process wherever possible. It was confirmed that the procurement process encourages bids from as many suppliers within the marketplace as possible, although sometimes there are genuine reasons why a single tender action is more appropriate.</p>	
Resolved	The Committee noted the Procurement Compliance Report for assurance .	
AAC: 0605/2.1.2	Internal Audit Progress Report	
	<p>The Committee received the reports.</p> <p>In presenting the reports, Paul Dalton confirmed that since the last meeting of the Committee, one report had been finalised, one remained in draft, and fieldwork was ongoing in one area. During the period, the Pharmacy Pre-Registration Internal Audit Report and Governance Arrangements Internal Audit Report had been issued with both receiving 'reasonable' assurance. The Information Governance Toolkit Internal Audit Report was also issued and received 'substantial assurance'. It was noted that Audit Wales are currently carrying out work in relation to the Structured Assessment and that discussions between Audit Wales and Internal Audit were underway to avoid duplication of effort.</p> <p>The Committee considered the impact of the pandemic on the delivery of the 2020/21 Internal Audit programme and were reassured that it was anticipated the 2021/22 Internal Audit programme would be delivered on time.</p> <p>Summarising the Pharmacy Pre-Registration report, Kenneth Hughes confirmed two medium priority recommendations and one low priority recommendation had been identified. It was noted that while the report highlighted a lack of project management arrangements in place at the start of the project, there was evidence to suggest project management arrangements generally had improved across the</p>	

	<p>organisation. It was confirmed a review of HEIW's wider project and programme management was scheduled for later in the year.</p> <p>Summarising the Governance Arrangements report, Emma Samways explained the review built on the work done by the Board Secretary and considered the governance arrangements for a sample of committees and sub-groups. It was confirmed two medium priority recommendations and one low priority recommendation had been identified by the audit.</p> <p>The Committee considered the importance of ensuring committees and sub-groups were focused and had a clear purpose and were supportive of closing groups that were no longer necessary.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the Internal Audit Progress Report, Pharmacy Pre-Registration Internal Audit Report, Governance Arrangements Internal Audit Report, and Information Governance Toolkit Internal Audit Report for assurance. 	
AAC: 2107/2.5	Audit Wales	
AAC 2107/2.5.1	Audit Wales Progress Report	
	<p>The Committee received the report.</p> <p>In presenting the report, Helen Goddard explained it summarises the status of Audit Wales' key accounts audit work, which is to be reported during 2021 and sets out the performance audit work included in current and previous Audit Plans. It was confirmed that since the last meeting of the Committee, the final accounts and associated returns had been approved by the Board and submitted to Welsh Government.</p> <p>The Committee noted that the Review of Annual Commissioning Arrangements had been scoped, and fieldwork is due to take place over the summer.</p>	
Resolved	The Committee noted the Audit Wales Progress Report for assurance .	
AAC: 2107/2.5.2	Audit Wales Structured Assessment Phase 1 Report	
	<p>The Committee received the report.</p> <p>In presenting the report, Urvisa Perez explained it sets out the findings from phase one of the Auditor General's 2021 Structured Assessment on the operational planning arrangements at HEIW. It was highlighted that overall, HEIW's arrangements for preparing operational plans and monitoring their delivery were found to be robust, and HEIW submitted its Quarters 3-4 Plan and relevant Minimum Data Set to the Welsh Government within the specified timeframe. HEIW's planning arrangements were also found to be robust, and there was evidence of far-reaching engagement with stakeholders despite the</p>	

	<p>time constraints. The review found HEIW to have effective arrangements to oversee the delivery of its operational plans, which are now embedded in its recently approved Performance Framework and Audit Wales have not made any new recommendations based on the 2021 Structured Assessment phase one work.</p> <p>The Committee was advised that while the performance year ran 1 January 2020 to 31 December 2020, issues such as the pandemic and limited resources meant the work had been delayed. It was confirmed that the 2021 work has yet to be scoped, and it was agreed Audit Wales would provide an update on the timescales for completing the 2020 and 2021 Structured Assessment work at the Committee's next meeting.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the Audit Wales Structure Assessment Phase 1 Report for assurance. • To receive an update on the timescales for completing the 2020 and 2021 Structured Assessment work at its next meeting. 	AW
AAC: 2107/2.6	Counter Fraud	
AAC: 2107/2.6.1	Counter Fraud Progress Report	
	<p>The Committee received the report.</p> <p>Introducing the report, Eifion Williams provided an update on HEIW's Counter Fraud arrangements and thanked Emily Thompson for stepping in to provide the Counter Fraud update.</p> <p>In presenting the report, Emily Thompson confirmed it provided an update on all NHS Counter Fraud work undertaken for HEIW between 1 April 2021 and 30 June 2021.</p> <p>Providing an update on the National Fraud Initiative, it was confirmed that of the 26 high priority matches initially identified for HEIW, investigations into 23 or those have now concluded, and no further action was required. The Committee considered the initial delays in investigating the high priority matches and stressed the importance of ensuring they were investigated more swiftly in future. The Committee noted it had not yet reviewed the Fraud Risk Assessment and stressed the importance of ensuring it was focused on HEIW.</p> <p>It was confirmed that the Fraud Risk Assessment had not yet been received by the Committee and the Committee noted the importance of ensuring it was tailored to HEIW.</p> <p>The Committee were pleased to note the Fraud Awareness presentations were taking place and were keen to ensure more members of staff were encouraged to attend.</p>	

Resolved	The Committee noted the Counter Fraud Progress Report for information.	
AAC: 2107/2.6.2	Counter Fraud Annual Report 2020/21	
	<p>The Committee received the report.</p> <p>In presenting the report, Emily Thompson explained it provided an update on all NHS Counter Fraud work undertaken for HEIW between 1 April 2020 and 31 March 2021. It was confirmed that during 2020/21, no referrals were made to Counter Fraud for further investigation, and one case opened during the previous financial year was closed. While Covid-19 restrictions prevented face-to-face fraud awareness presentations, 19 virtual presentations were delivered, reaching 232 delegates. The feedback showed that 92% of the delegates agreed that the presentations had improved their knowledge of the counter fraud service, and further presentations will be arranged as part of the counter fraud work plan for 2021/22. During 2020/21, the Local Counter Fraud Team undertook a review of several HEIW policies, and this work will be reported during 2021/22.</p>	
Resolved	The Committee noted the Counter Fraud Annual Report 2020/21 for information.	
AAC: 2107/2.7	Update to Standing Financial Instructions	
	<p>The Committee received the report.</p> <p>In presenting the report, Martyn Pennell and Eifion Williams explained that following an all-Wales review, Welsh Government had issued HEIW with updated model Standing Financial Instructions, which needed to be considered and adopted by HEIW. The updated Standing Financial Instructions have been reviewed by HEIW, and the changes are outlined in the Appendix to the report. The changes represent a significant improvement in several areas. In particular, sustainable procurement and the use of single-action tenders.</p> <p>It was confirmed that there is an expectation that any hosted organisation will follow the Standing Orders and Standing Financial Instructions of HEIW as the hosting organisation. It was also confirmed that the Memorandum of Understanding between HEIW and the Office of the Chief Digital Officer (OCDO) requires the OCDO to follow HEIW's Standing Orders, policies and procedures. The Committee noted the Board Secretary would undertake to make minor amendments to HEIW's Standing Orders once the MOU with the OCDO was in place.</p> <p>The Committee thanked the team for their work in updating the Standing Financial Instructions.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • Considered the Standing Financial Instructions; and 	

	<ul style="list-style-type: none"> • Recommended they be approved by the Board at its meeting on 29 July. 	EW
AAC: 2107/2.8	Updated Standing Orders	
	<p>The Committee received the report.</p> <p>In presenting the report, Dafydd Bebb explained that following a review, revised Model Standing Orders were issued by Welsh Government, and HEIWs Standing Orders have been updated to account for changes made to the Model versions and any local amendments. The amendments are detailed in Appendix 1 to the report and represent only minor changes, including updated job titles and website links.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • Reviewed the amendments made to HEIWs' Standing Orders; and • Recommended HEIW's revised Standing Orders be approved by the Board at its meeting on 29 July. 	DB
AAC: 2107/2.9	Proposed Amendments to Delegated Financial Limits	
	<p>The Committee received the report.</p> <p>In presenting the report, Martyn Pennell explained the Committee was being asked to consider two amendments to the delegated financial limits as set out in HEIW's Standing Orders.</p> <p><u>Single Lead Employer (SLE) Payments</u></p> <p>As a result of the expansion of the SLE process managed by NHS Wales Shared Services Partnership (NWSSP), total costs have increased, and the way that costs are recharged has changed. Previously HEIW were invoiced for separate elements of the scheme. The new Service Level Agreement sets out a payment schedule combining all elements of the SLE in one monthly charge. These monthly payments now exceed the £3m delegated financial limit for the Chief Executive and have required Chair's Action to approve the payment for June 2021. It was proposed that the delegated financial limit for the Chief Executive and Deputy Chief Executive (when acting in that role) for the NWSSP SLE monthly charges be increased to £4m.</p> <p><u>Capital Expenditure</u></p> <p>HEIW currently has an annual capital budget of £100k, and as set out in Financial Control Procedure 2 (FCP2) any capital requests must be considered by the Executive Team for approval. In line with paragraph 6.4.1 of the Standing Financial Instructions (SFIs) the final ordering process has historically been approved in line with the appropriate revenue limits. In light of the potential growth in capital requirements in the near future, both internally and through external changes such</p>	

	<p>as the hosting of the Office of the Chief Digital Officer, it was suggested delegated financial limits for capital expenditure are separately identified to make the control more transparent. It was proposed the Delegated Financial Limits be amended to list capital and revenue items separately and to set the capital approval limit to £100k for the Chief Executive, Deputy Chief Executive (when acting in that role) and the Director of Finance. The Board would retain an unlimited approval level to match the revenue limits.</p> <p>It was noted that the Boards Capital Delegated Financial Limit was 'unlimited' and not £100,000, as detailed in Appendix 1.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • considered the proposed amendments to the Standing Orders as outlined in section 2; and • recommended that they be approved by the July Board subject to the amendment to Appendix 1. 	MP
AAC: 2107/2.10	Review of Audit and Assurance Committee Terms of Reference	
	<p>The Committee received the report.</p> <p>In presenting the report, Dafydd Bebb explained it is good governance practice for the Committee's terms of reference to be reviewed annually. The Committee last reviewed the current Audit and Assurance Committee terms of reference in October 2020, following the HEIW Chair's Review of Committee Membership. There are no proposed changes to the Terms of Reference.</p> <p>The Committee considered and approved the Terms of Reference.</p>	
Resolved	<p>The Committee</p> <ul style="list-style-type: none"> • approved the Audit and Assurance Committee Terms of Reference. 	
AAC: 2107/2.11	Information Governance and Information Management Report	
	<p>The Committee received the report.</p> <p>In presenting the report, Dafydd Bebb explained it provided the Committee with an update of the current position regarding the Freedom of Information Requests, Data Subject Access Requests and Cyber Security.</p> <p>It was noted that during the period, HEIW received 9 Freedom of Information requests, all of which were responded to within time.</p>	
Resolved	The Committee noted the report for assurance .	

AAC: 2107/2.12	Board Assurance Framework (Mitigation of Strategic Risks)	
	<p>The Committee received the report.</p> <p>In presenting the report, Dafydd Bebb explained it provided an update on the Strategic Risks Control Framework, which represents a further development of the HEIW Board Assurance Framework (BAF). The BAF outlines how the Board identifies and understands the principal risks to achieving its strategic objectives and receive assurance that appropriate controls are in place to manage these risks. The BAF also enables an assessment of the risk(s) to achieving the objectives based on the strength of controls and assurances in place. It was proposed that the Strategic Risks Control Framework is incorporated into the BAF and reviewed by the Audit and Assurance Committee as a part of the annual process for the review of the BAF.</p> <p>The Committee stressed the importance of ensuring appropriate mechanisms were in place to ensure any gaps in assurance are highlighted to the Committee for consideration.</p>	
Resolved	The Committee reviewed and noted the Strategic Risks Control Framework for assurance .	
AAC: 2107/2.13	Corporate Risk Register	
	<p>The Committee received the report.</p> <p>Dafydd Bebb introduced the report noting the Corporate Risk Register (CRR) contained 11 risks in total, 1 red status risk and 8 amber status risks and 2 green 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.</p> <p>It was noted that risk 19 had increased in score during the reporting period but remained amber status. It was confirmed the increased score was a result of delays in implementing the mitigating actions.</p> <p>The Committee was encouraged by the progress made in relation to the two green status risks and supported their removal from the Corporate Risk Register.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • Noted the report for assurance; and • Approved the removal of the two 'green' status risks, risk 10 and risk 11 from the Corporate Risk Register. 	DB
AAC: 2107/2.14	Audit Recommendations Tracker	
	The Committee received the report.	

	<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 27 recommendations, 18 of which are 'green'. Of those 27 recommendations, 7 are overdue. Some of the overdue recommendations relate to the dashboard, where steady progress continues to be made. It was confirmed that one of the overdue recommendations relates to the development of a Digital IT Strategy which may be further delayed by a national Digital IT Strategy which is currently being developed by Welsh Government.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report; and • agreed the green recommendations that have been assessed as completed be removed from the Tracker. 	DB
AAC: 2107/2.15	Ministry of Defence (MoD) Memorandum of Understanding (MOU) with HEIW for Postgraduate Speciality Trainees	
	<p>The Committee received the report.</p> <p>In presenting the report, Dafydd Bebb confirmed the Memorandum of Understanding had been renewed and was designed to confirm the overall objectives of parties to the agreement.</p> <p>The Committee noted that Memorandums of Understanding were agenda items common to both the Education Commissioning and Quality Committee and the Audit and Assurance Committee. The Committee stressed the importance of ensuring each Committee was clear on its purpose and remit when considering Memorandums of Understanding to avoid duplication of effort. It was agreed the Board Secretary would review the Committee's Terms of Reference and clarify what role each Committee had in regard to Memorandums of Understanding.</p>	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • noted the report; and • requested the Board Secretary review the Committee's Terms of Reference and clarify what role each Committee has in regard to the review of Memorandums of Understanding. 	DB
PART 3	FOR INFORMATION	
AAC: 2107/3.1	Education Commissioning and Quality Committee Annual Report 2020/21	
	<p>The Committee received the report.</p> <p>It was noted the last but one paragraph on page four should read:</p>	

	'An update on the Work-Based Learning and Apprenticeship Framework in Wales and noted the potential additional <i>resource</i> required to facilitate implementation in July 2020.'	
Resolved	<p>The Committee:</p> <ul style="list-style-type: none"> • Noted that the Education Commissioning and Quality Committee has approved the Annual Report 2020/21 for submission to the Board for assurance. • Noted the Education, Commissioning and Quality Committee Annual Report 2020/21 for information. 	
PART 4	CLOSE	
AAC: 2107/4.1	Any Other Business	
	None	
AAC: 2107/4.2	Date of Next Meeting	
	The date of the next meeting to be held on Thursday 21 October 2021 at 10am either via Microsoft Teams or HEIW Meeting Room 1, Ty Dysgu, Nantgarw.	

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Gill Lewis (Chair)

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Date: