AUDIT COMMITTEE MEETING

Draft Minutes of the Meeting
held on Thursday 18th October 2012, at 1.30pm
in the Meeting Room, Headquarters, St Cadoc’s Hospital

Present:
Chris Koehli  -  Chair
Phillip Robson  -  Vice Chair
Cllr Brian Mawby  -  Independent Member (Local Authority)
Joanne Smith  -  Independent Member (Community)
Prof Janet Wademan  -  Independent Member (ICT)

In Attendance:
Kay Barrow  -  Corporate Services Manager (Secretariat)
Richard Bevan  -  Board Secretary
Alan Brace  -  Director of Finance
Allan Davies  -  Director of Performance and Improvement
Martyn Edwards  -  Head of Counter Fraud
Dr Andrew Goodall  -  Chief Executive
Marysia Hamilton-Kirkwood  -  Public Health Wales
John Herniman  -  Wales Audit Office
Rob Holcombe  -  Assistant Director of Finance, Primary Care, Community & Mental Health
Ian Howse  -  Deloitte LLP
David Jenkins  -  Chair, Aneurin Bevan Health Board
Sue Kent  -  Vice Chair, Aneurin Bevan Health Board
Malcolm Latham  -  Wales Audit Office
Denise Llewellyn  -  Director of Nursing
Andrew Naylor  -  Assistant Director of Finance, Corporate Finance
Anne Phillimore  -  Director of Workforce & Organisational Development
Vicki Roberts  -  Wales Audit Office
Phil Sharman  -  Director of Audit & Assurance NWSSP
Kate Webb  -  Head of Internal Audit

Apologies:
Judith Paget  -  Chief Operating Officer/Deputy Chief Executive
Steve Wood  -  Audit & Assurance NWSSP SSU
Claire Worrall  -  Wales Audit Office
Welcome and Introductions

The Chair welcomed everyone to the meeting, and in particular Alan Brace who had returned from his secondment as Interim Director of Finance at Welsh Government.

The Chair also welcomed Kate Webb to her first meeting as the newly appointed Head of Internal Audit.

Declarations of Interest

There were no declarations of interest made by Members of the Committee.

HR Management: Performance and Appraisals Reviews Limited Assurance Internal Audit Report

Ian Howse presented the report advising that the scope of the audit was to provide reasonable assurance over the management of appraisals and covered the following areas:

- Personal Appraisal Development Review (PADR) Policy and Procedures;
- Strategic planning and objective setting;
- Role and perception of appraisals/KSF;
- Role and perception of appraisers; and
- Link between appraisals/PADR and training.

The key findings identified the following management challenges:

- A lack of effective Divisional accountability and challenge of PADR underperformance because of limited responsibility to assess, challenge and improve compliance, quality, training;
- An unrealistic PADR compliance target, lack of intelligent analysis to identify status against monthly trends and information not reported to the Board as part of the monthly Performance report; and
- The current PADR compliance timetable does not align itself to the business planning process.
because staff have to complete a PADR on a 12 month rolling basis from their start date.

Based on the work undertaken the overall assessment was of limited assurance. Three high priority issues, seven medium priority issues and one low priority issue were highlighted which required management attention.

Anne Phillimore advised that following the decision by NHS Wales to discontinue the electronic Knowledge Skills Framework (eKSF) toolkit for recording appraisals, the Health Board introduced PADR, a paper based system as an interim measure until the full implementation of the Electronic Staff Record (ESR) and the Manager Self Serve (MSS).

The change from the eKSF toolkit to PADR had initially proved problematic and following discussions at various levels throughout the organisation and the initial feedback received of the paper based PADR system, the process had been simplified but compliance rates still remain at a low level.

Eleven recommendations were made to address the control weaknesses and provide scope for improvement and an action plan has been developed to address the areas of weakness. The Committee discussed various aspects of the report and the following points were noted.

Phillip Robson commented that performance appeared to be improving but could not be demonstrated.

Janet Wademan asked whether there was any best practice that could be adopted to improve both the quality and quantity of completed PADRs. An appraisal process, if done correctly, would prove motivating for staff but if not, could have the reverse effect.

Ian Howse responded to advise that there were some areas of good practice throughout the
organisation but it was piecemeal with no consistent approach.

Anne Phillimore advised that a review of the approach, implementation and performance of PADR needed to be undertaken in order to realign it as one of the key Health Board targets.

The Chair advised that the review would be an important factor in understanding the obstacles and/or barriers in achieving a realistic level of compliance. The process needed to be linked into the operational and improvement agenda and be included as part of the HR performance indicators.

Andrew Goodall emphasised that the process needed to be embedded into the routine day to day staff management processes and compliance reported regularly to the Board via the Performance Report. Departmental areas reporting low compliance should attend Audit Committee to discuss their reasons for low compliance and what improvement actions were being taken. **Action: A Goodall**

Anne Phillimore agreed to discuss the way forward with linking into the operational and performance improvement reporting with the Executive Team, with a view to drafting a proposal to be considered by the Board. **Action: A Phillimore**

Anne Phillimore left the meeting.

**Audit 10/12/04 Ward Reviews Limited Assurance Internal Audit Report**

Ian Howse presented the report advising that the internal audit focussed on ward level compliance with the activities and requirements that are relevant to the provision of dignified and respectful care, covering the following three elements:

- Dignity and Respect;
- Healthcare Inspectorate Wales (HIW) Dignity and Essential Care Inspections (DECI); and
- Transformation of wards.
The internal audit work was carried out through a series of ward visits. The auditors used a standardised internal audit programme to facilitate the observation of each ward, discussion with ward staff and the review of documents as necessary to confirm the effectiveness of the controls in place.

In total 22 separate wards were visited as part of the review. Each visit was unannounced and made during office hours, however two visits were made on weekday evenings, and a further two visits were made on weekends. This allowed observation of the wards at different times.

Based on the work undertaken the overall assessments were as follows:

- Dignity and Respect – Adequate assurance;
- HIW DECI - Limited assurance; and
- Transforming Wards – Adequate assurance.

One high priority issue, six medium priority issues and two low priority issues were highlighted which required management attention.

Ian Howse advised that the audit was a first time focus on ward areas and was a good positive report with only one aspect of the audit attributable to the limited assurance rating. The management response already showed some progress had been made since the audit.

Denise Llewellyn advised that she was pleased with the report which highlighted a lot of good work being undertaken at ward level, emphasising that the nurse cleaning schedule was not the only cleaning carried out on the ward. The nurse cleaning tasks and responsibilities had been developed and agreed via the Cleaning Standards Group.

The report also highlighted areas which were being explored as part of the Perfect Ward Pilot, which was a move towards developing wards that
are completely fit for purpose in terms of quality of care, patient experience and staff engagement.

Phillip Robson asked about the audit approach and whether the auditors had spoken to patients and carers. Ian Howse responded to advise that the auditors mainly spoke to ward management but did speak to carers about patient information/leaflets.

Janet Wademan raised concerns around the areas of Whistleblowing, Dignity PEGS, and Training.

Denise Llewellyn responded to advise that the fieldwork for the audit had been undertaken in June and progress has been made in areas such as Patient Experience. The Whistleblowing Policy has also been re-circulated to staff and more work was being undertaken around the Dignity and Respect in Care training and awareness.

The Chair raised concerns about the management response to the training recommendation and asked that the Patient Experience Group take forward the actions to address the recommendations and report progress to the Quality and Patient Safety Committee. **Action: D Llewellyn**

It was agreed that the report be presented at the next Quality & Patient Safety Committee. **Action: D Llewellyn**

Denise Llewellyn left the meeting.

Marysia Hamilton-Kirkwood joined the meeting.

**Audit 10/12/05** Public Health Follow Up Internal Audit Report

Phil Sharman introduced Kate Webb who had been appointed by NWSSP as Head of Internal Audit to oversee the internal audit work for the Health Board.

Kate Webb presented the report advising that it was a review of the implementation and progress
of the six recommendations made following the Public Health Planning and Partnership report presented to the Audit Committee in December 2011.

The key findings from the review indicated that progress had been made to varying degrees for each of the recommendations and concluded that only one recommendation had been fully implemented, three recommendations had been partially implemented and two had not been implemented.

Janet Wademan questioned when setting the implementation dates for the recommendations, whether they were realistic targets. Marysia Hamilton-Kirkwood responded to advise that the only finite date was the implementation for smoking cessation. All other dates were probably set optimistically as milestones to help focus the work required to fulfil the actions.

The Chair asked that when implementation dates are set, that clear detail to support the dates needed to be included to give assurance that the dates would be met. **Action: K Webb**

Marysia Hamilton-Kirkwood left the meeting.

Audit 10/12/06  **NWSSP Audit and Assurance Progress Report**

Kate Webb presented the report which provided an overview of the internal audit work.

The report summarised the following:

- Finalisation of the audit work from the 2011/12 work plan;
- Progress on the planned general internal audit work for 2012/13;
- Proposed changes to the 2012/13 general internal audit plan;
- Progress on the Specialised Services Unit work for 2011/12; and
- Progress on the Specialised Services Unit work for 2012/13.
The Committee discussed various aspects of the report and the following points were noted.

Janet Wademan raised concerns about the planned timings and whether there would be any difficulty in delivering a large volume of reports at the end of the financial year. Kate Webb responded to advise that there would be no issues with the delivery plan from an internal audit point of view but would be mindful of the demands and capacity of any key staff involved in the Health Board.

Richard Bevan advised that the agreed management process for all internal audit reports was for submission to the Executive Team with an agreed management response. Once approved by the Executive Team the reports are submitted to the respective Committee for scrutiny.

Alan Brace advised that he would meet with Phil Sharman and Kate Webb to discuss the delivery plan and ensure that a risk assessment of the Plan was undertaken and any actions to mitigate would be provided in a joint report at the next meeting. **Action: A Brace**

Ian Howse left the meeting.

Audit 10/12/07  **Counter Fraud Progress Report**

Martyn Edwards presented the report which provided an overview of the counter fraud work undertaken.

The Committee discussed various aspects of the report noting the update provided in relation to investigations, sanctions and redress.

The Chair asked that any problems identified as control weaknesses during any investigations are notified so that appropriate action could be taken to strengthen the control. **Action: M Edwards/R Bevan**

Martyn Edwards left the meeting.
Audit 10/12/08  
**Post Payment Verification (PPV) Arrangements for Other Primary Care Contracts**

Rob Holcombe presented the report which provided an overview of the arrangements in place for the contractual performance review and validation of primary care claims under the frameworks established for the national service contracts for ophthalmic, pharmacy and dental services.

It was noted that the timetable for visits had not been included. Rob Holcombe agreed to circulate to members. **Action: R Holcombe**

The Chair asked for regular updates on each of these areas to be included in the usual reporting of PPV. **Action: R Holcombe**

Rob Holcombe left the meeting.

Audit 10/12/09  
**Transforming Unscheduled Care and Chronic Conditions Management**

Malcolm Latham advised that the report was a follow up to two previous WAO national reports ‘The Management of Chronic Conditions by NHS Wales’ published in December 2008 and ‘Unscheduled Care: Developing a Whole Systems Approach’ published in December 2009.

As there are a number of interrelationships between chronic conditions and unscheduled care, the follow-up work has been integrated into a single review of the previous recommendations from both reports.

The review concluded that although the Health Board had introduced numerous improvements and was taking a whole system approach to service transformation which was having an impact, some performance levels remain problematic and services are still experiencing significant pressures.
The Health Board has sound structures to address these issues which are supported by good clinical engagement and partnership working and provide the foundations for increasing the pace of change in the way services are used by clinicians and the public.

28 recommendations which provide scope for improvement have been made and are subdivided into the following areas:

- Reducing pressure on services;
- Reshaping services;
- Changing the way the public uses services; and
- Developing the workforce.

Allan Davies advised that the management response needed to be read in the context of all the other work being progressed and reported throughout the Health Board.

Phillip Robson commented that the report was a good piece of work and was in line with the single pathway approach and areas of focus for the Health Board.

Phillip Robson questioned the data and information around attendances by ambulance and the need to better understand the reasons for the continued problematic areas. Allan Davies responded to advise that the Health Board regularly meet with the Welsh Ambulance Services Trust (WAST) to discuss and resolve any concerns.

David Jenkins questioned how the performance of the ambulance service was against their target of reducing attendances by 30%. Andrew Goodall responded to advise that the Protocols were not working as well as expected and performance was being monitored especially with the implementation of the new Clinical Decisions Unit.

Janet Wademan raised concerns about the simplification of information for clinical staff and asked what was being done from a patient’s perspective with the Individual Health Record
(IHR), telecare and telehealth. Allan Davies responded to advise that IHR was in its infancy and there were issues with accessibility and the use of CWS in Primary Care.

Janet Wademan questioned how effective was the information dissemination to the public about key messages. Allan Davies responded to advise that the public are aware of the ‘Choose Well’ campaign but unfortunately those options were the last on their mind when using A&E. A cultural step change was needed by the public to use their GP and the Out of Hours service as an alternative to A&E.

Janet Wademan questioned why there was an Ambulance Liaison Nurse (ALN) in RGH and not in NHH. Allan Davies responded advising that a pilot for the ALN in NHH had now been implemented.

John Herniman asked how the Audit Committee was assured that improvements and progress were being tracked. The Chair responded to advise that the general themes in the report were well understood and felt reassured that the Health Board were putting in improvement enablers but there were limited signs of progress.

The Chair asked where the Health Board needed to focus its attention in order to move forward. Malcolm Latham responded to advise that the perception of the public was that A&E was quicker than attending the GP. Until there was a cultural change the public would still attend A&E as the quickest option.

Andrew Goodall advised that a review of the whole system process was ongoing by measuring the impact of the improvements that had been put in place. The effectiveness of the improvement approach would need to be reported to the Board and approval sought for any additional actions as necessary. **Action: A Goodall**

Richard Bevan informed the Committee that Karen Newman would be attending a national Communication Leads meeting as part of the
Choose Well campaign and would be feeding back from the Health Board.

Audit 10/12/10 **Financial Statements Memorandum**

John Herniman presented the report which provided further detail on the findings from the review of the annual accounts and recommendations to provide scope for improvement.

The Committee discussed various aspects of the report and in particular the management response to the recommendations and the following points were noted.

Janet Wademan questioned the deterioration in the Public Sector Payment Performance Target and asked whether the Health Board had met the target. Andrew Naylor confirmed that the Health Board had achieved the target.

The Chair queried the Prescribing Servicing Unit Assurances. Phil Sharman responded to advise that CASPA was a national reporting system managed by NWIS and confirmed that Internal Audit would be undertaking a review of Health Board’s script processes as part of the work programme for 2012/13.

The Chair raised concerns about the Health Board password control and asked to receive a report on any non-compliance. **Action: WAO/Allan Davies**

Brian Mawby left the meeting.

Audit 10/12/11 **Audit of Financial Statements Report: Charitable Funds and Other Related Charities**

Vicky Roberts presented the report which provided an unqualified audit opinion on the Charitable Funds Accounts.

The Committee received the report noting that the Charitable Funds final accounts would be presented to the Board on 28 November 2012.
Audit 10/12/12  **External Audit Plan Progress Report**

The Committee received and noted the progress report.

Audit 10/12/13  **Update on Governance and Financial Control Procedures and Technical Accounting Issues**

Andrew Naylor presented the report which provided an update in relation to the development of governance issues, the development of financial control procedures and technical accounting issues.

The Committee noted that there was an error in point 3.1.1 Standing Orders. The first paragraph, fourth sentence should read “Any additional changes will be submitted to the Audit Committee in December 2012.

The Committee approved the following revised Financial Control Procedures:

- Capital Assets and Charges;
- General Ledger; and
- Patient Travel Costs.

Audit 10/12/14  **Governance Statement Mid Year Review**

Richard Bevan presented the report which provided a draft Governance Statement for 2012/13 based on the previous year’s document, for early consideration.

The Chair advised that the draft was a good starting point and asked the Committee to consider the Draft and discussions ensued.

Janet Wademan asked why the Litigation Group had not been included in the Committee Structure diagram on page 4 of the draft. Richard Bevan responded to advise that the Litigation Group had not been included as it was not a formal sub-Committee of the Board.
Janet Wademan asked about the calibration of risks throughout the Health Board and how their level of priority was determined. Richard Bevan responded to advise that work was ongoing on enhancing the management of risks throughout the Health Board and the aligning of the corporate risk profile.

Richard Bevan agreed to pick up the themes that the Committee should be aware of from areas such as the Annual Plan; Clinical Futures programme; risk and performance management and the key priorities in the short, medium and long term. **Action: R Bevan**

**Audit 10/12/15**

**Evaluation of Internal Audit**

Phil Sharman presented the report which provided a self-assessment of Internal Audit based on the Audit Committee Handbook.

The Committee noted that there were four areas that needed to be addressed and the following points were noted.

Phil Sharman advised that the Health Board Internal Audit Charter was under development and would also include the escalation process for unresolved matters. The final version of the Charter would be presented to the Committee at the meeting in December 2012. **Action: P Sharman**

The Chair advised that private discussions with internal audit, external audit and counter fraud for Committee members to raise any areas of concern either prior to or following the formal Committee meeting had been re-introduced. The private discussions would alternate between internal and external audit on a rolling programme for future meetings. **Action: Secretariat**

Phil Sharman advised that All Wales Key Performance Indicators were being developed to enable the routine measurement and regular reporting to the Audit Committee.
Janet Wademan raised concerns around the tracking mechanism for the implementation of the recommendations and the target dates for implementation. Richard Bevan responded to advise that further work around the escalation process rational as part of the development of the Charter was ongoing. Further scrutiny of the target dates assigned to actions to address the recommendations would be required as part of the management response to ensure that slippage was kept to a minimum.

Miss Kent left the meeting.

**Audit 10/12/16 Assessing the Effectiveness of External Audit**

John Herniman presented the report which provided proposed a set of performance measures and self-assessment by WAO against those measures.

Also included with the report was a Performance Quality Questionnaire issued by WAO to Audit Committee Chairs and Chief Executives across Wales.

The Chair asked for the views of the Committee in respect of performance measures S1 to S4.

Janet Wademan asked about access to auditors prior to the Audit Committee meetings. The Chair responded to advise that Audit Committee members could raise any concerns during the private discussions with the auditors and counter fraud which had been re-introduced for future meetings.

**Audit 10/12/17 Planning Process for 2012/13 Annual Accounts and Lessons Learnt from 2011/12**

The Committee received the report and noted the improving process.

**Audit 10/12/18 Losses and Special Payments Report**

The Committee received the report noting the updated appendix.
The Chair asked for clarification on the net liability to the Health Board arising from the shortfall in income from the Welsh Risk Pool (WRP) as detailed in Table 1 on page 2, and the impact on the financial position. Andrew Naylor responded to clarify that Table 3 on page 3 showed that the net liabilities on expenditure charged to the accounts was at a lesser amount than predicted, but this was an interim position.

Alan Brace informed the Committee of the intention of WG to transfer the management of the centrally held WRP budget to NHS Wales from next year. This raises concerns around the financial risk to the Health Board and the potential for an additional cost pressure. Alan Brace agreed to keep the Committee informed of any further developments. **Action: A Brace**

**Audit 10/12/19**  
**Single Tender and Single Quotation Actions**

The Committee received and noted the report.

**Audit 10/12/20**  
**Paid Invoices in Excess of £100,000**

The Committee received the report.

Alan Brace raised concerns around the payment made to St Josephs Hospital despite no contract being in place which indicates a process fault in the financial system and a governance risk.

Allan Davies advised that this was an extenuating circumstance in which Cardiff and Vale ULHB was unable to fulfil their SLA in respect of orthopaedics and the Health Board agreed to undertake on their behalf. The contract framework for 2010/11 was used to make the payment.

The Chair asked that an alternative arrangement be developed for future use. **Action: A Naylor**

**Audit 10/12/21**  
**Minutes of the Meetings held on 16 August 2012**

The minutes of the Audit Committee held on 16
August 2012 were approved as a true and accurate record of the meeting, subject to the following minor amendment to Minute Audit 08/12/06 as follows:

- Change the word ‘use’ in the first paragraph on page 11 so that the sentence reads “... so that existing professional standards could be incorporated into the Standards for Heath Services, thus avoiding duplication of work .....”

**Action: Secretariat**

Audit 10/12/22  **Action Sheet**

The Committee noted the updated status of the action points from the last meeting.

**AC 08/12/11 Accounts Payable CAAT Report:**
Andrew Naylor confirmed that Internal Audit would complete and provide future reports and advise the Health Board Finance Department of any concerns/issues highlighted.

Audit 10/12/23  **Date of Next Meeting**

The next meeting of the Audit Committee was scheduled to take place on Thursday, 20 December 2012 at 13:30 in the Meeting Room, Headquarters, St Cadoc’s Hospital, Caerleon.

Audit 10/12/24  **Audit Committee Members Private Meeting with Auditors and Counter Fraud**

The Committee members met with the internal and external auditors for private discussions.