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**VELINDRE UNIVERSITY NHS TRUST AUDIT COMMITTEE FOR NHS WALES SHARED SERVICES PARTNERSHIP**

**MINUTES OF THE MEETING HELD ON**

**WEDNESDAY 13 JULY 2022 / 14:00 – 16:00**

**BY TEAMS**

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| **EXPECTED ATTENDEES:** | | |
| **ATTENDANCE** | **DESIGNATION** | |
| **INDEPENDENT MEMBERS:** | | |
| Martin Veale (Chair) | Chair & Independent Member | |
| Gareth Jones (GJ) | Independent Member | |
| Vicky Morris (VM) | Independent member | |
| **ATTENDANCE** | **DESIGNATION** | **ORGANISATION** |
| Neil Frow (NF) | Managing Director | NWSSP |
| Tracy Myhill (TM) | NWSSP Chair | NWSSP |
| Andy Butler (AB) | Director of Finance & Corporate Services | NWSSP |
| Peter Stephenson (PS) | Head of Finance & Business Improvement | NWSSP |
| Carly Wilce (CW) | Corporate Services Manager | NWSSP |
| Simon Cookson (SC) | Director of Audit & Assurance | NWSSP |
| Linsay Payne (LP) | Deputy Director of Finance | NWSSP |
| James John (JJ) | Head of Internal Audit | NWSSP |
| Sophie Corbett (SCo) | Deputy Head of Internal Audit | NWSSP |
| Gareth Heaven (GH) | Internal Audit | NWSSP |
| Mark Weston (MW) | Local Counter Fraud Specialist | NWSSP |
| Gareth Lavington (GL) | Lead Local Counter Fraud Specialist | C&VUHB |
| Lauren Fear (LF) | Director of Corporate Governance | Velindre |
| Matthew Bunce (MB) | Velindre NHS Trust Director of Finance | Velindre |
| Steve Wyndham (SW) | Audit Lead | Audit Wales |
| Andrew Strong (AS) | Audit Wales IT Lead Auditor | Audit Wales |

| **Item** |  | **Action** |
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| 1. **STANDARD BUSINESS** | | |
| **1.1** | **Welcome and Opening Remarks**  The Chair welcomed Mark Weston, new Counter Fraud Investigator for NWSSP, to his first meeting. The Chair then updated all members on the Audit Committee Effectiveness Survey (ACES), advising attendees of this year’s survey, explaining that an email and link to the latest survey would be issued shortly after the meeting. |  |
| **1.2** | **Apologies**  Apologies were received from Steve Ham, Velindre University NHS Trust and Clare James – Audit Wales. |  |
| **1.3** | **Declarations of Interest**  None received. |  |
| **1.4** | **Minutes of Meeting held on 5 April 2022**  The minutes of the meeting held in April 2022 were **AGREED** as a true and accurate record of the meeting. |  |
| **1.5** | **Matters Arising from Meeting on 5 April 2022**  All matters arising were marked as complete, or on the agenda for discussion. |  |
| **2.0** | **NWSSP Update**  NF provided an update to the Committee as to recent developments within NWSSP:   * NWSSP Senior Leadership Group (SLG) participated in a meeting with Welsh Government in early May to review the IMTP (Integrated Medium-Term Plan). The meeting was very positive and the IMTP had been well-received. The Outcome Letter was expected imminently. A Joint Executive Team meeting was scheduled for 14 July 2022; * Energy prices remained a real concern, and the Energy Price Risk Management Group were meeting on a very regular basis to assess the situation and where possible to minimise the future impact ; * The Medical Examiner Service was currently examining around 1000 deaths per month, and there were clear benefits from the service to NHS Wales, particularly in terms of lessons learned; * Work has been undertaken with colleagues from Welsh Government and Public Health Wales regarding the future plans for the recently vacated Lighthouse Laboratory at the IP5 facility. Within IP5, the Surgical Materials Testing Laboratory had a new laboratory completed which enabled them to perform additional tests and to develop new testing regimes for medical devices, which they were unable to do at the existing Bridgend site; * Progress continued to be made in regard to the overarching Transforming Access to Medicine Outline Business Case, with a number of workshops held to consider site selection. There was on-going discussion with workforce colleagues and Chief Pharmacists, regarding the Organisational Change Programme; and * Progress continues to support the establishment of the Citizens Voice Body organisation, with Hazel Robinson appointed as the Programme Director and a number of further appointments to be made in the coming weeks.   TM gave thanks to MV and VM for organising the recent Joint Board session between Velindre University NHS Trust and NWSSP, which was very positive and helpful.  The Committee **NOTED** the update. |  |
| 1. **EXTERNAL AUDIT** | | |
| **3.1** | **Audit Wales Update**  SW presented the latest Position Statement and details as to current and planned work, highlighting that the 2021-22 financial audit work and associated audit assurance arrangements were complete and the findings had been communicated to the various NHS external audit teams, in order for them to inform their 2021-22 Opinion work. All high-level findings concerning the work were also reported separately in the Management Letter, which was also on today’s agenda.  The Committee **NOTED** the update. |  |
| **3.2** | **Audit Wales Management Letter**  SW presented the Audit Wales Management Letter to the Committee. The Assurance Report was positive, with no significant issues identified. A small number of recommendations to improve internal process were outlined in the report in regard to capitation and exemption reporting. The Report detailed a high-level summary of the key findings and recommendations raised following the review.  SW highlighted the level of support and assistance provided by the NWSSP and Velindre Finance Teams, particularly in relation to the stores balances, which greatly assisted with the smooth running of the audit and the ability to meet the deadlines  The Committee **NOTED** the update. |  |
| **3.3** | **Nationally Hosted NHS Systems Report**  AS presented the Nationally Hosted NHS IT Systems Report to the Committee. Members took assurance that the IT controls are working as intended and recommendations were summarised in the report. The report was positive and good progress continued to be made to implement the seven recommendations raised, of which a number were already complete. It was noted that the Oracle Disaster Recovery testing had been postponed on two occasions, due to issues outside of the control of NWSSP.  A discussion took place regarding the priority assurance risk ratings given to some of the recommendations and the Chair asked Audit Wales for details regarding their methodology for categorising a low, medium, or high-risk recommendation. SW/AS confirmed that the ratings were based on judgement, rather than specific criteria.  The Audit Report was received much later than ideal, which required completion of management responses in a very short timescale. It was agreed that Audit report would be taken to the SLG meeting in July 2022, to ensure that there was appropriate consideration of the findings.  The Chair suggested that SW review the Audit Wales risk category priority risk ratings and bring back an update to the October 2022 Committee meeting, for clarity on the matter.  AS thanked the staff at NWSSP for their help and assistance with the fieldwork. | **PS**  **SW** |
| 1. **INTERNAL AUDIT** | | |
| **4.1** | **Internal Audit Position Statement**  JJ presented the latest Internal Audit Position Statement together with an overview of other activity undertaken since the previous meeting. In respect of the Internal Audit 2021-22 Plan two audits have been finalised since the last meeting and were on the agenda for the Committee’s consideration and only the Capital Governance Advisory Review required finalisation. The 2022-23 Internal Audit Plan was approved at the April meeting and was progressing well, five audits were in the planning stage and two had been started.  The Committee **NOTED** the Position Statement. |  |
| **4.2** | **Internal Audit Reports**  The following Internal Audit Reports were presented to the Committee, for consideration:   * **Medical Examiner -** SCo presented the first review of the Medical Examiner Service Report to the Committee. The purpose of the review was to assess the governance and management arrangements in place and create a baseline position for the service. The review achieved reasonable assurance with three medium priority recommendations and one low priority recommendation for action, all of which have been addressed and implemented. * **Payroll Services –** SCo then presented the Payroll Audit Report and further explained that the scope of the review and findings were consistent with previous years and improvements continued to be made. The review achieved reasonable assurance with one high priority recommendation relating to pension contributions and two medium priority recommendations, relating to overpayments and exception reporting. There was detailed discussion on the high priority recommendation. Management’s view was that it should not be high as there is no impact on employee pensions and NHS England and the Business Systems Authority do not regard it as significant. It was agreed that AB would review the recommendation to clarify the matter, circulate the findings and bring back an update to the next meeting in October.   The Committee **NOTED** the Internal Audit Reports. | **AB** |
| **4.3** | **Internal Audit Head of Internal Audit Opinion and Annual Report 2021-22**  JJ presented the 2021-22 Head of Internal Audit Opinion and Annual Report, which achieved an overall rating of reasonable assurance. The report was very positive and demonstrated the significant amount of work performed throughout the year, with several additional advisory reviews being completed. Regular audit progress reports had been submitted to each NWSSP Audit Committee throughout the 2021-22 reporting period. The report summarised key findings and outcomes of systems that NWSSP provided to NHS Wales.  The Committee **APPROVED** the Head of Internal Audit Opinion and Annual Report. |  |
| **4.4** | **Quality Assurance and Improvement Programme 2022-23**  SC presented the Internal Audit Quality and Improvement Programme report to the Committee. The report is a requirement of the Public Sector Internal Audit Standards and covers all aspects of internal audit activity. The report was similar to previous years and summarised the following:   * No significant findings were identified. However, some improvements had been recommended; * An External Quality Assessment (EQA) is required every five years and the mandatory assessment would need to be undertaken again by March 2023 at the latest; * The last external assessment in 2018 concluded that Audit & Assurance Services comply with all 64 fundamental principles; * During 2021-22, the Director of Audit & Assurance Services met with Board Secretaries and Audit Committee Chairs on a number of occasions, to discuss various areas of work.   The **Quality Assurance and Improvement Programme 2022-23** report would be shared through the Board Secretaries Network. |  |
| 1. **COUNTER FRAUD** | | |
| **5.1** | **Counter Fraud Position Statement**  GL presented the Counter Fraud Position Statement to the Committee, with an overview of activity. GL commenced in post in April 2022 as Counter Fraud Manager for Cardiff and Vale University Health Board (CAVUHB) expanding the team to four. At the start of June 2022, Mark Weston, Local Counter Fraud Investigator, commenced a secondment to NWSSP to lead on dedicated NWSSP Counter Fraud work. The CAVUHB provision of 75 days will remain as support to the in-house provision. A total of 25 days had been undertaken thus far. The report summarised the following activity in the Quarter:   * Three fraud alerts were issued to staff; * Three awareness sessions were delivered to NWSSP staff; * One newsletter was developed; * One Fraud Prevention Notice was issued by the NHS Counter Fraud Authority; * One Intelligence Bulletin was issued; and * As at 1 April 2022, there were no reported cases open for NWSSP.   A new email mailbox and form had been developed and shared with all staff, via the Communications Team.  During the reporting period, the focus has been dedicated on developing the 2022-23 Counter Fraud Plan, which was an agenda item for the Committee’s consideration today.  The Chair noted that the four appendices embedded within the paper were inaccessible and therefore CW agreed to add to AdminControl.  The Committee **NOTED** the Position Statement. | **CW** |
| **5.2** | **Annual Counter Fraud Annual Report 2021-22**  GL presented the 2021-22 Annual Counter Fraud Report to the Committee, which highlighted activities undertaken by the Local Counter Fraud Team, demonstrating how GL delivered measures to counter fraud, bribery, and corruption during the period.  Key points to note were, as at 31 March 2022, 75 days of counter fraud work had been completed against the agreed 75 days highlighted in the Counter Fraud Work Plan. The Risk Assessment had been scored as amber, but this would improve during the forthcoming year, as a dedicated resource had been appointed and practices strengthened. The Report contained a summary of costs and breakdown of work areas and confirmed that no recoveries were received, nor sanctions imposed.  The Committee **APPROVED** the 2021-22 Annual Counter Fraud Report. |  |
| **5.3** | **Annual Counter Fraud Annual Plan 2022-23**  MW presented the 2022-23 Annual Counter Fraud Annual Plan to the Committee. In January 2021, a new Functional Standard, ‘Gov013: Counter Fraud NHS’ was introduced. The Standard sets expectations for the management of fraud, bribery and corruption risk across government and the wider public sector services. The NHS Counter Fraud Authority remains responsible for leading and influencing improvement of Counter Fraud Standards across the NHS and ensuring the effective implementation of the NHS Counter Fraud requirements. The deadline to submit the Counter Fraud Functional Standard return for analysis would be 31 May 2023, whereby a compliance grading would be given. MW confirmed that NWSSP’s 2021-22 Counter Fraud Annual Plan aligns with the new Standard.  A fraud survey would be issued to all staff in due course, to determine a baseline for the effectiveness of the fraud awareness training and newsletters developed and communicated with staff. This will be revisited in a year’s time to assess progress. The intranet had been refreshed and updated and work continued to progress in developing an All-Wales e-learning package, with the intention of making the training mandatory for all staff.  Arrangements outlined in the 2022-23 work plan would be reviewed throughout the year and effectiveness of the plan would be reported in the end of year Annual Report to Audit Committee.  The current resource provision of the team was outlined as follows:   * Counter Fraud Manager and Local Counter Fraud Services provision by CAVUHB - **75 days**; * NWSSP Counter Fraud Manger (commenced post on 6 June 2022) – **167 days**; * **Total allocation of 242 days.**   The Chair thanked MW for the comprehensive report and very much welcomed the investment in additional Counter Fraud resource given the additional services taken on by NWSSP. He also suggested that the details of the new e-learning package be shared with the Committee, once complete.  TM was impressed with the very extensive report and highlighted that fraud may become more common, as the risk is more likely to increase due to the cost-of-living crisis. Overpayments of salary were noted as a common occurrence, and it could prove very difficult to recover any overpayments from staff who have left organisations.  The Committee **APPROVED** the 2022-23 Annual Counter Fraud Plan. |  |
| 1. **GOVERNANCE, ASSURANCE AND RISK** | | |
| **6.1** | **Annual Governance Statement (AGS)**  PS presented the final 2021-22 Annual Governance Statement to the Committee. As agreed at April’s Committee meeting, the draft Statement had been circulated to all members by email for review and comment. The Statement had been taken to the Shared Services Partnership Committee (SSPC) in May for endorsement as a draft and would go back to the July meeting in final form for information. .  The following comments/amendments were received, and PS agreed to update the document accordingly:   * Paragraph 3.4 of the AGS, states that an Assurance Report is taken to the SSPC but does not reference the Trust Board. It was noted that the diagram accurately demonstrated the governance structure for the Trust. PS would update the document accordingly; * Paragraph 3.6, second bullet point is incorrect and should be reworded.   In addition it was noted that:   * Page 8 of the AGS sets out the attendance of members and it was noted that Velindre University NHS Trust have a low attendance rate. LF would feedback the need to improve attendance to the Velindre Senior Management Team; * VM queried the Health and Care Standards in the report and asked if these would be ready for Quality and Safety Committee in September 2022. PS explained that they were still being completed but would be finalised in time for the September meeting.   The Committee **APPROVED** the Annual Governance Statement. | **PS**  **LF** |
| **6.2** | **Governance Matters**  AB presented the Governance Matters paper, stating that:   * There had been one departure from the Standing Orders relating to an issue that came to light in regard to a Hywel Dda University Health Board Laundry Services contract. Management had previously sub-contracted work to a private provider and once it was brought to the attention of NWSSP Senior Management, all trading with the provider was immediately ceased; * NWSSP let 29 contracts during the reporting period; * On an All-Wales basis, 19 contracts were let for the period; of which four were at briefing stage, nine were at ratification stage and six were extensions against contracts; * There were three declarations made as to gifts, hospitality, and sponsorship during the reporting period; and * The quarterly update on limited and no assurance reports for Internal Audits included one report relating to the ICT Infrastructure, that had received limited assurance.   The Committee **NOTED** the report. |  |
| **6.3** | **Lateral Flow Test (LFT) Write-Off**  A stock write-off report was presented to the Committee by AB, and in accordance with Chapter 6 of the Manual Accounts, NHS Wales Health Bodies do not have unlimited powers to make special payments, or write-off losses, or make a special payment that exceeds their delegated limit and therefore such requests to Welsh Government are approved by the Audit Committee in the first instance.  As Welsh Government still required NWSSP to hold 16 weeks’ worth of stock, unfortunately stock was starting to exceed lifetime expectancy. A checklist was presented to seek approval from the Committee to formally request Welsh Government approval to write-off losses for the following circumstance:   * Rapid Test Kits were purchased by NHS Wales on 7 April 2020, at a cost of £5.24m for 16,000 packs of 25; * During 2020/21 2,225 packs were issued and at 31/3/21 13,787 packs remained in stores and were valued at £4,251,085; * Post year end 51 packs were returned so the revised balance increased to 13,838; * In September 2021 WG requested that 12,000 packs be donated to Namibia with the balance held in case required in Wales; and * The remaining balance of 1,838 packs at a value of £602,680.20 were now out of date and cannot therefore be used.   The Committee **APPROVED** the request to seek permission from Welsh Government to write-offs of stock which had passed lifetime expectancy. |  |
| **6.4** | **Annual Report of Conflicts of Interest**  The Committee received the Conflicts of Interest Report, which contained details of compliance with the annual exercise. Traditionally, all staff of Band 7 and above were required to complete an annual declaration. In April of 2022, the NWSSP agreed to extend the requirement to all NWSSP staff. However, the requirement includes a “Lifetime Declaration” which only now needs to be revisited if circumstances change. Reminders will be sent to staff of this requirement in subsequent years, and it does not apply to members of the SLG and Independent Members, who are still required to complete an annual declaration. The report demonstrated good compliance in completing declarations amongst senior staff, but also highlighted that a significant number of staff were still needing to complete their declaration. This will continue to be managed and monitored and it was agreed that an update would be brought back to the next Audit Committee in October.  The Committee **NOTED** the report. | **PS/CW** |
| **6.6** | **Corporate Risk Register**  PS presented the Corporate Risk Register which contained one red risk, relating to the inflationary impact on goods and services, particularly relating to energy. New risks have been added concerning the establishment of the new body Citizens Advice Bureau and the Student Awards Services’ system which was reaching its end of life.  VM queried the COVID-related risk scores and whether these needed to be revisited given the recent spike in infections. PS confirmed that the risk would be reviewed at the August meeting of the NWSSP Senior Leadership Group.  The Committee **NOTED** the Corporate Risk Register. |  |
| **6.8** | **Tracking of Audit Recommendations**  PS presented the tracking of audit recommendation paper to the Committee and noted the following summary:   * The master tracker contains information relating to 64 reports, of which 16 achieved substantial assurance, 28 achieved reasonable assurance, one achieved limited assurance and 19 reports were generated with no assurance applicable (e.g. Advisory reports); * The tracker contains 241 recommendations, of which 224 were implemented, 14 were not yet due, one is overdue and two are not within NWSSP’s gift of implementation.   The Committee **NOTED** the report. |  |
| **6.9** | **Annual Review of Terms of Reference**  PS presented the Annual Terms of Reference to the Committee noting, that there were no changes made since it was last reviewed in April 2022 as the document remained fit for purpose.  The Chair requested that the Forward Plan be included for information in the papers for the Audit Committee in October 2022.  The Committee **NOTED** the report. | **CW** |
| 1. **ITEMS FOR INFORMATION** | | |
| **7.1** | **Items for Information**  No matters were raised for the Committee’s information. |  |
| 1. **ANY OTHER BUSINESS** | | |
| **8.1** | **Any Other Business**  No matters were raised. |  |
| **DATE OF NEXT MEETING:**  Tuesday,11 October 2022 from 14:00-16:00 via Teams | | |