

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

**MINUTES OF THE MEETING HELD ON**

 **TUESDAY 25 JANUARY 2022 / 14:00 – 16:00**

**BY TEAMS APPOINTMENT**

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| **EXPECTED ATTENDEES:** |
| **ATTENDANCE** | **DESIGNATION** |
| **INDEPENDENT MEMBERS:** |
| Martin Veale (Chair) | Chair & Independent Member |
| Gareth Jones (GJ) | Independent Member (joined at 2.47pm)  |
| Vicky Morris (VM)  | Independent Member  |
| **ATTENDANCE** | **DESIGNATION** | **ORGANISATION** |
| Neil Frow (NF) | Managing Director | NWSSP |
| Andy Butler (AB) | Director of Finance & Corporate Services | NWSSP |
| Simon Cookson (SC)  | Director of Audit & Assurance | NWSSP |
| James John (JJ)  | Head of Internal Audit | NWSSP |
| Sophie Corbett (SC) | Deputy Head of Internal Audit  | NWSSP |
| Martyn Lewis (ML) | Senior IT Auditor (left after Section 3 of the agenda)  | NWSSP |
| Alison Ramsey (AR) for item 4.2 only | Director of Planning, Performance & Informatics | NWSSP |
| Nigel Price (NP) | Local Counter Fraud Specialist | Cardiff and Vale UHB |
| Matthew Bunce (MB) | Velindre NHS Trust Director of Finance  | Velindre |
| Lauren Fear (LF) | Velindre Director of Corporate Governance  | Velindre |
| Steve Wyndham (SW) | External Audit Lead  | Audit Wales  |
| Peter Stephenson (PS) | Head of Finance & Business Improvement | NWSSP |
| Carly Wilce (CW) | Corporate Services Manager | NWSSP |
| Gareth Price (GP) | Personal Assistant  | NWSSP |

| **Item** |  | **Status** |
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| 1. **STANDARD BUSINESS**
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| **1.1** | **Welcome and Opening Remarks*** Welcome was given to Vicky Morris, new Independent Member for Velindre University NHS Trust and Hosted Organisations and Chair of the Velindre NHS University Trust Quality and Safety Committee.
 | **Verbal****Noting** |
| **1.2** | **Apologies*** Apologies have been received from Steve Ham, Velindre NHS University Trust, Tracy Myhill, Shared Services Partnership Chair, and Gareth Jones who would join the second half of the meeting.
 | **Verbal****Noting** |
| **1.3** | **Declarations of Interest** * None received to date.
 | **Verbal****Noting**  |
| **1.4** | **Minutes of Meeting held on 12 October 2021*** The minutes of the meeting held in October 2021 were AGREED as a true and accurate record of the meeting.
 | **Noting** |
| **1.5** | **Matters Arising from Meeting on 12 October 2021*** All matters arising are complete.
 | **Noting** |
| **2.0** | **NWSSP Update**NF updated the Audit Committee on recent developments within NWSSP:* Following the outbreak of the Omicron variant, the Planning and Response Group reconvened in December and continue to meet weekly. Members include the Senior Leadership Group, Trade Unions, SMTL, and the Communications Manager and the Group ensures activities are prioritised to support NHS Wales in responding to the pandemic and that appropriate continuity plans are in place to address any urgent concerns such as the availability of drivers. Supply Chain and Health Courier Services continue to directly support Health Boards in the vaccination booster programme.
* Some challenges have arisen in regard to staff sickness rates, but plans are in place to address any issues resulting from absence.
* The delegated COVID expenditure limits of £5m were reintroduced following approval by Velindre University Trust Board in December and will remain in place until June 2022.
* Employment Services continue to experience a significant increase in activity resulting in some KPIs being missed. Additional staff are being recruited to meet the increased demands.
* Senior NWSSP staff met recently with Welsh Government in a Joint Executive Team meeting which was considered to be very positive with some excellent feedback for NWSSP.
* The Laundry Services and TrAMS projects are continuing to progress but recent revised financial estimates from consultants for both projects have resulted in a substantial increase in the capital monies required to fund them.
* Overseas recruitment is progressing well, and contracts are in place to support Health Boards and Trusts in responding to high nursing vacancy levels.
* A Chief Digital Officer has been appointed and will provide support to the Director of Performance, Planning, and Informatics going forward.

VM congratulated NWSSP for all the hard work undertaken throughout the pandemic, particularly in the provision of PPE and in supporting the vaccination programme. AB confirmed that a PPE Strategy plan is in place which has been agreed with Welsh Government. A robust contracting framework process is also in place for PPE contracts which contains a number of local suppliers to further support the development of the Foundational Economy in Wales. Work is on-going to prepare for the UK COVID-19 Public Inquiry, and a workplan developed with resources identified to progress this. Specialist barristers have been appointed to support NWSSP’s response to the Inquiry and an update on progress will be brought to the next Audit Committee meeting in April 2022.  | **Noting****PS** |
| 1. **INTERNAL AUDIT**
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| **3.1** | **Internal Audit Position Statement*** JJ presented the latest Internal Audit Position Statement together with an overview of other activity undertaken since the previous meeting. Key points to highlight are that four further internal audit reports from the 2021-22 workplan have been completed to date and are on the agenda. Steady progress continues to be made with another six audits, but some audits have been postponed at the request of NWSSP Management due to operational pressures and demands. The decarbonisation review has been deferred and would be replaced with an advisory review of Governance arrangements for major capital projects.
 | **Noting** |
| **3.2** | **Internal Audit Reports** The following internal audits were presented to the Audit Committee for consideration.* The overall objective of the **Wales Infected Blood Support Scheme** audit was to review the arrangements in place for the administration and management of the Scheme, which achieved a substantial assurance rating with only one medium priority recommendation for action. This represented an improvement on the prior report rating and all previous issues identified have been addressed. The Committee commended the WIBSS team for obtaining the substantial assurance rating.
* The **Salary Sacrifice** audit assessed the adequacy and effectiveness of arrangements in place for the administration of the schemes, achieving substantial assurance with two low priority recommendations for action. Queries were raised in Committee with regard to a third-party provider portal. AB was unsure as to why the organisation were using a third-party provider as well as the NHS Fleet Solutions offering. It was agreed that the matter would be picked up locally to better understand any implications. The Committee commended the Salary Sacrifice team for obtaining the substantial assurance rating
* The purpose of the **Stores** audit review was to assess and determine the adequacy of the systems and controls in place over the management of inventory at both NWSSP and external storage facilities. Due to the need to hold substantial PPE stocks, the value of stock held at the time of the review was approximately £80m, compared to £3m pre-pandemic. The review achieved reasonable assurance with three medium recommendations for action. MV highlighted the importance of the work undertaken by Internal Audit and the assurance the report provided to the Committee and to Audit Wales. SW acknowledged the positive report and highlighted that it would factor into the Audit Wales risk assessment surrounding year end stock. SW did however emphasise that the Auditing Standard required Audit Wales to undertake a level of testing of year end stock balances notwithstanding the work undertaken by Internal Audit .
* The **ICT Infrastructure** review evaluated the controls in place for the infrastructure(including the Core Hyper V infrastructure and Telephony) to ensure that it is secure, reliable, and fit for future developments and needs. The audit achieved Limited Assurance, with two high priority and seven medium priority recommendations for action. AR, as sponsor of the report, felt that the report provided some helpful suggestions but lacked context, and failed to recognise the progress that had been made in recent years. Some findings related to the service provided by DHCW. AR stated that the relationship with DHCW is different to that of a commercial provider, where it might be easier to get these failings addressed through a dispute process. AB also highlighted that it was very important to appreciate that the report was limited in scope and did not extend to reviewing the three major systems that NWSSP administer on behalf of NHS Wales – i.e. Oracle, ESR, and NHAIS. AB highlighted that the three main systems were reviewed by Audit Wales on an annual basis and there were no major issues arising with these systems. AB also highlighted that whilst the findings were helpful, he was disappointed that the report did not acknowledge or make reference to the positive work undertaken by the small team in recent years and in particular to the major contribution to facilitate remote working and maintain business continuity over the previous 20 months. The Audit Committee noted that the management responses to some recommendations seemed to dispute the accuracy of the audit findings and it was not always clear whether and what action had been agreed. The Committee therefore asked that:
	+ Management and Internal Audit review the recommendations and management responses to eradicate any disagreement over factual accuracy and to clarify the agreed action to be taken; and
	+ Internal Audit to look at the title and content of the report to ensure that it was clear what was covered, and what was excluded, from the review.
 | **Noting & Approval** **AR****JJ** |
| 1. **EXTERNAL AUDIT**
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| **4.1** | **Audit Wales Update** * SW presented the position statement and details as to current and planned work. A summary of audit conclusions together with any related recommendations would be reported in the Management Letter which is scheduled for the June meeting of the Audit Committee.
 | **Noting** |
| **4.2** | **Audit Wales Stock/Inventories Report 2021/22** * SW presented the update on the 2021-22 approach to audit of inventories to the Committee, which had also been taken to the Velindre NHS Trust Audit Committee. In the prior year, due to Covid-19, Audit Wales were unable to undertake a physical stocktake which resulted in a ‘Limitation of Scope’ qualification for the 2020/21 financial statements. In answer to a question on whether Audit Wales could rely on the separate work undertaken by Internal Audit on Stores (reported earlier on the agenda) SW replied that unfortunately to satisfy audit requirements, a physical audit is needed. Plans are in place for the visits to undertake these audits over the coming weeks, but this is dependent on a number of factors including the results of risk assessments. All parties are keen for the stocktakes to take place to avoid the issues experienced last year.
* GJ referred to the report relating to last year’s qualification and assurance around opening balances. SW stated that there was no definitive update to report on at present, but he was hopeful that any issues should be able to be resolved and would keep the independent members updated of any news on this topic.
 | **SW** |
| **3.3** | **Audit Wales Assurance Paper 2022*** SW presented the Audit Wales 2022 Assurance Paper to the Committee, explaining that there is minimal change in approach from last year. Audit Wales are in consultation with local audit teams in order to finalise the programme of work for NWSSP with a deadline to return any comments and/or amendments by 28 January 2022. The expected work programme for 2022 was set out in the report.
 | **Noting** |
| 1. **COUNTER FRAUD**
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| **5.1** | **Counter Fraud Position Statement** * NP presented the Counter Fraud Position Statement to the Committee, with an overview of other activity. There are no open cases for NWSSP to report on. To date a total of 48 days have been completed out of the 75 days assigned for NWSSP. A new LCFS has been recently appointed by C&VUHB, which replaces a former administrative post. The appointment of a replacement for Craig Greenstock should also conclude shortly. Both appointments should help to address previous shortfalls in service delivery to NWSSP and allow the number of days provided to be increased.
* AB highlighted the positive contribution made by NP during the year and in particular for the extent and coverage of the proactive work undertaken. Provision for NWSSP to appoint its own dedicated LCFS to assist the current team has been included in this year’s Integrated Medium-Term Plan.
 | **Noting** |
| 1. **GOVERNANCE, ASSURANCE AND RISK**
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| **6.1** | **Stock Take Report** * AB presented the Inventory Stock Management Arrangements Report updating the Committee on current NWSSP Stock management arrangements in place across its stores. It was explained that in order to support the All-Wales response to Covid-19, NWSSP were required to put in place a stockpile of PPE to provide resilience, which has resulted in significantly increased stockholdings. As reported earlier on the agenda, Audit Wales were unable to conduct a physical stocktake for 2020/21, resulting in a ‘limitation of scope’ opinion for the period. There are varied stock taking systems in place across the stores. Internal store facilities operate a Warehouse Management System (WMS) where a perpetual stock take is facilitated through daily cycle counting to ensure accuracy of inventory. For non-NHS Stores, the arrangements vary between sites depending on what facilities are available. Two of the current external providers have an automated inventory system and provide NWSSP with monthly stock holding reports. One does not operate a WMS and therefore a physical stocktake is undertaken. Internal Audit continue to work closely with Audit Wales to co-ordinate assurance arrangements over the stockholding arrangements.
 | **Noting** |
| **6.2** | **Governance Matters** * AB presented the Governance Matters paper, providing the Committee with the contracting activity since the last meeting. The report summarises that:
	+ There were no departures from the Standing Orders;
	+ NWSSP let 14 contracts during the reporting period;
	+ 59 All-Wales contracts were let of which 13 were at briefing stage, 42 at ratification stage and 4 were extensions against contracts;
	+ There were no declarations of gifts, hospitality, or sponsorship during the reporting period.
* NWSSP have submitted a nil return to Welsh Government in respect of the quarterly update on limited and no assurance reports for Internal Audits. However, the IT Infrastructure audit would need to be reported in the next quarter.
* AB presented the Stores Write Off figures highlighting the increase for 2019-20. This is largely due to a reduction in non-Covid patient activity which resulted in more items than usual not being used and consequently going out-of-date. AB also highlighted that the amounts written off were very insignificant in the context of the issues from the stores during the period
* GJ raised questions as to contracting activity for printers which is a single tender action and therefore not subject to a full tender process. CW to obtain the obtain further clarification for why a full tender did not take place.
* The Chair noted that the value was missing from the Scan4Safety contract in the report. CW confirmed that the amount was £2.25m.
 | **Discussion****Noting****CW** |
| **6.3** | **Annual Review** * CW presented the 2020-21 Annual Review to the Committee, which highlights the achievements of NWSSP for this period. The Review contains case studies from individual departments aligning to our organisational goals, with a section dedicated to the work carried out in response to the Pandemic. The Review was developed later than usual due to COVID and the resulting demand on operational services. The Review will be translated and then published on the NWSSP website and will be shared with NHS Wales organisations. MV congratulated NWSSP on the achievements highlighted in the Annual Review and commented positively on the content and the professional manner in which it had been presented. VM was also very complimentary of the Annual Review.
 | **Discussion****Noting** |
| **6.4** | **Review of Standing Orders** * PS updated the committee on recent changes to Shared Services Partnership Standing Orders. In particular, the delegated expenditure limits of £5m were reintroduced following approval by Velindre University Trust Board in December and will remain in place until June 2022.
 | **Discussion****Noting** |
| **6.5** | **Corporate Risk Register** * PS presented the Corporate Risk Register which contains one red risk relating to the pressure on Recruitment and Payroll functions due to the increased demand resulting from the recovery and reset work across Health Boards. This risk is being mitigated through the modernisation programme that is currently being implemented.
 | **Discussion****Noting** |
| **6.6** | **Tracking of Audit Recommendations*** PS presented the tracking of audit recommendation paper to the committee and noted the following summary:
	+ The tracker contains information on 63 reports, of which 15 achieved substantial assurance, 29 reasonable assurance, and 19 reports were generated with no assurance applicable (e.g. Advisory reports);
	+ The tracker contains 244 recommendations, of which 233 were implemented, 9 were not yet due, 1 is outstanding and 1 is not within NWSSP’s gift to implement.

PS is hopeful that the outstanding recommendations would be actioned by the date of the next Committee meeting.  | **Discussion****Noting** |
| 1. **ITEMS FOR INFORMATION**
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| **7.1** | **Welsh Language Standards Annual Report 2020-21** | **For Info** |
| **7.2** | **Audit Committee Forward Plan 2021-22.** | **For Info** |
| **7.3** | **Plan on a Page**  | **For Info** |
| 1. **ANY OTHER BUSINESS**
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| **8.1** | **Any Other Business** * No further issues were raised.
 | **Noting** |
| **DATE OF NEXT MEETING:**Tuesday, 5 April 2022 from 14:00-16:00 via Teams |