

## ALL WALES AUDIT COMMITTEE CHAIRS (AWACC) MEETING HIGHLIGHT REPORT

<b>Date of Meeting</b>	<b>22<sup>nd</sup> July, 2024</b>
<b>Chair Name</b> <i>Chair Organisation</i>	Nuria Zolle  Swansea Bay University Health Board
<b>Secretariat</b> <i>Secretariat Organisation</i>	Hazel Lloyd Swansea Bay University Health Board

<b>In Attendance:</b>	
Rhian Thomas	Cardiff and Vale University Health Board
Karen Bulmer	BCUHB – Independent Member
Matthew Evans	Swansea Bay University Health Board
Hazel Lloyd	Swansea Bay University Health Board
Simon Cookson	Audit Wales
Dave Thomas	Audit Wales
Rhodri Evans	Hywel Dda UHB – Independent Member
Graham Dainty	NWSSP – NHSCFS Wales
Iwan Jones	Aneurin Bevan UHB – Executive Board
Stephen Elliot	PTHB – Corporate
Jayne Sadgrove	HEIW – Independent Member
Anthony Veale	Audit Wales
<b>Apologies:</b>	
Anne Beegan	Audit Wales
Gareth Jones	Cardiff and Vale University Health Board

### The following is a summary of the main issues discussed at the meeting

#### 1. Welcome and apologies

The chair opened the meeting and welcomed all present to the meeting.  
The Committee noted apologies above.

#### 2. Minutes from the 20/11/2023

The minutes of the meeting were approved.

#### 3. Highlight report including action log

##### To discuss:

- The Induction for Audit Committee Chairs
- Operating arrangements
- Review Work Plan

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**4. Matters arising not otherwise on the agenda**

- The Welsh Risk Pool Committee is seeking a representative from the All-Wales Audit Committee Chairs Group to sit their committee. Amelia Cole will re-distribute the email from Sarah Hughes to all AWACC members.

**5. Operating arrangements for the All-Wales Audit Committee Chairs Group**

Members approved the operating arrangements. The chair asked audit chairs to share the agreed arrangements with the chairs of their boards.

Action: Audit committee chairs to ensure their respective chairs have sight of the operating arrangements of the group.

**6. Internal Audit Annual Opinion: Lessons learned 23/24**

Simon Cookson highlighted the following points:

- Across the 13 organisations in NHS Wales overall Internal Audit gave 2 limited assurance opinions the rest were reasonable;
- A database is used to record the work done across NHS Wales, since 2018/2019 almost 1900 reviews have been uploaded to that database;
- To provide real time assurance Internal Audit do six or seven short reviews around major capital projects across NHS Wales;
- 2023/2024 20% of reviews were limited or unsatisfactory assurance, which was the highest level recorded since the database was put together 6 years ago;
- For 2023/2024 expecting to see 297 reviews on the database, currently there are 287;
- A typical review generates 4 recommendations, there are 1050 recommendations that have been made this year which will increase slightly with the 10 remaining reviews;
- 35% of the reviews are designed focused;
- 65% are operationally focused;
- 23% of reviews are classes as high priority;
- The 5 top themes identified in recommendations: Governance & Risk Management, Reporting, Compliance, Policies & Procedures and Finance & Reporting;
- Work has started for the 2024/2025 plans.

The chair sought clarification on how and with who the information was shared.

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- Simon Cookson said firstly the database holds information of the work Internal Audit have done which is through audit committees. The directors of Corporate Governance would like access to the database to use themselves. Simon Cookson informed the committee that the Directors of Corporate Governance are happy for this information to be shared with Audit Wales, Judith Padgett's team from the Welsh Government have asked for the same access as Audit Wales.
- Iwan Jones highlighted the level of unsatisfactory audits asking if there was a general trend or are the Internal Audits expectations higher.
- Simon Cookson said the first set of changes to the audits will take place next year due to the new Global Internal Audit Standards. Simon Cookson stated that the level of unsatisfactory audits was a reflection on how difficult the climate is for NHS Wales.  
Committee members discussed how they could make use of the information in their organisations and how it could help drive improvements both internally as well as externally.

**7. NHS Accounts: Audit Wales findings 23/24**

The Committee **received** the report.

Anthony Veale highlighted the following points:

- The 12 audits received an unqualified clean audit opinion on the financial statements. This shows that they complied with the 2 opinions that are presented at the end of the audits. The first being the financial position of the Health Board, Trust or Strategic Health Authority and the second being the Regularity Opinion;
- Each Health Board failed to balance their books over a 3-year period;
- No issues were highlighted regarding the financial position; however, one of the 5 Health Authorities did have a qualification around remuneration exit payments;
- There were no plans across the 7 Health Boards that agreed with Welsh Government in terms of medium-term planning;
- The deadline for the production of the financial statements was 3<sup>rd</sup> May 2024, 10<sup>th</sup> May for the Annual Reports. Audit Wales felt that the timeframes to produce the reports was too tight;
- Audit Wales recognised that the working papers and submission of the accounts need to be timed better for work to commence quickly;
- The audit deadline was met by 15<sup>th</sup> July and submitted to the Welsh Government. 2025 this deadline will be a month earlier;
- The remuneration report was highlighted with a couple of issues. Audit Wales feel the guidance needs to be reviewed to help the process going forward;
- Audit Wales felt they took a pragmatic approach towards areas of the remuneration report e.g., senior pay;
- Welsh Government took a stronger approach on areas such as unapproved expenditure and did not retrospectively approve;
- Better clarification is needed on approval of payments;

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- Small issues were highlighted in communication between Welsh Government and the Health Board around changes to this years process. Audit Wales recognise a position for them to clarify the changes at an earlier stage to help facilitate those changes;
- New accounting standards released in 2023;
- Audit Wales feel bringing the data tool to a future committee meeting would be useful as a show and tell;

The chair highlighted clarity in relation to timings of the accounts is welcomed. She also highlighted, the complexity regarding remuneration and the link between audit committees and remuneration committees. What information is recorded and at what stage are important points.

The chair reflected on bodies not balancing their books and asked what the incentives were when everyone is finding themselves in a similar position.

- Stephen Elliot raised the issue on timing highlighting that producing the reports occurs at a very pressured period for the finance teams. Stephen Elliot said there used to be an interim audit which would take pressure off the final audit process he believes this would enable the audit committee and the auditors to identify any issues earlier in the process. Stephen Elliot informed the committee that the audit chair would schedule a meeting with the finance team to ensure there was a better understanding established early on. Stephen Elliot felt it was important for the that all board members, particularly the Independent Members (IM's) and executive members have a full understanding of the responsibilities when a regularity qualification is presented.
- Anthony Veale agreed with Stephen Elliot around the regularity opinion suggesting it would benefit from more clarity regarding what it is based on and the implications. Anthony Veale suggested that Audit Wales in future meetings to discuss and provide clarity of the regularity opinion. Antony Veale agreed that the interim audit needs to be picked up.
- Dave Thomas asked whether the escalation intervention process was an incentive or a sanction. Dave Thomas said it should be a standard priority to produced a qualified set on accounts.
- **Action:** Share the discussions with the chairs and add an item for the chairs meeting.

## **8. Counter Fraud**

In presenting the position, Matthew Evans highlighted the following points:

- Reporting has been a main focus which comes of the back of the counter fraud annual report. The local reports go into all the committees. Discussions

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- have taken place on a counter fraud basis to align better with the National approach or potentially a National annual report around counter fraud;
- Currently the operational statistic report is used locally to develop a benchmark report which is taken to all the committees but there is no alignment outside of this;
  - Counter fraud posed the question would there be room to report on a national basis with more alignment for all committees to consume, what would be useful and is it something counter fraud should seriously consider.

The chair said a national report would be useful in terms of comparing, and understanding. However, but reflected it was important to consider how it would work in practice and what would be done with the information.

- Jayne Sadgrove felt it would be really helpful if counter fraud had a similar approach to audit committee.
- Stephen Elliot said it's important to understand the control weakness that has led to the fraud and then identifying where the potential stands for it in the organisation.
- Graham Dainty agreed with Matthew Evans. Graham Dainty said compiling a report similar to Simon Cookson was something the counter fraud team could work on.

The chair felt this would be very helpful.

Action: Graham and Matthew will share information with the All-Wales NHS Audit Committee Chairs Group.

**9. Audit Committee Chairs development and update from board secretaries**

In presenting the position, Hazel Lloyd highlighted the following points:

- Hazel Lloyd met with the subgroup of Directors of Corporate Governance which looks at the audit committee. The question was asked in terms of what support is available and what training is in place;
- With new audit chairs in place, it was recognised that support is needed.

The chair asked about the subgroup of Directors of Corporate Governance action plan and if this could be looked at by the All-Wales Audit Chairs Committee.

Hazel Lloyd said that it was too early to share that action plan. Hazel Lloyd did suggest looking at Ireland, Scotland and England to see if they have anything in place to help start the work off.

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Dave Thomas mentioned the Audit Committee handbook and the discussions to re-do this. Dave Thomas asked whether the Corporate Governance Directors Group could look at this and try to push for an update. Hazel Lloyd said this is part of the work they are looking to do.

Action: Further update to be provided at the next meeting.

**10. Open learning and meeting Effectiveness**

The chair said there were areas within the risk register where weaknesses were identified. The chair asked if any members had any examples of good risk registers or risk management frameworks.

The chair noted that audit trackers will be added to the agenda in the next All Wales Audit Committee meeting.

Stephen Elliot highlighted that NHS Wales struggles with audit recommendations. Stephen Elliot also mentioned the need to better understand the internal audit recommendations as some of the outstanding recommendations are 4 or 5 years old.

Jayne Sadgrove informed the committee that the team had worked with CTM and felt it could provide some good learning information.

Members highlighted the meeting had covered a lot of ground. The importance and value of the group and the need to encourage colleagues to attend or send a representative.

**11. Any other business:**

None.

**12. Date of next meeting:**

The date for the next meeting is 3<sup>rd</sup> September 2024.