




## Audit and Assurance Extraordinary Committee - PUBLIC

### MINUTES, DECISIONS & ACTIONS TO BE TAKEN

 10:00 – 11:00

 24/05/2022

 Teams Call

Chair	Marian Wyn Jones
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Present (Members)		Title	Organisation
Marian Wyn Jones	MW-J	Independent Member, Chair of the Audit and Assurance Committee	DHCW
Ruth Glazzard	RG	Independent Member, Vice Chair of the Board	DHCW
David Selway	DS	Independent Member	DHCW
Grace Quantock	GQ	Independent Member, Vice Chair of the Audit and Assurance Committee	DHCW
Attendees			
Simon Cookson	SC	Director of Audit & Assurance	NWSSP Internal Audit
Mark Cox	MC	Associate Director of Finance	DHCW
Chris Darling	CD	Board Secretary	DHCW
Gareth Davis	GD	Interim Executive Director of Digital Operations	DHCW
Ifan Evans	IE	Executive Director of Strategy	DHCW
Paul Evans	PE	Quality Manager (Regulatory Compliance)	DHCW
Julie Francis	JF	Head of Commercial Services	DHCW

Sophie Fuller	SF	Corporate Governance and Assurance Manager	DHCW
Claire Osmundsen-Little	CO-L	Executive Director of Finance	DHCW
Julie Robinson	JR	Corporate Governance Co-Ordinator	DHCW
Michelle Sell	MS	Director of Planning & Performance and Chief Commercial Officer	DHCW
Mike Whiteley	MW	Audit Manager	Audit Wales
Sian Williams	SW	Head of Financial Services	DHCW
Apologies			
Julie Ash	JA	Head of Corporate Services	DHCW
Stephen Chaney	StC	Deputy Head of Internal Audit	NWSSP Internal Audit
Nathan Couch	NC	Performance Audit Lead (Health)	Audit Wales
Darren Griffiths	DG	Audit Manager (Performance)	Audit Wales
Gareth Lavington	GL	Lead Local Counter Fraud Specialist	Cardiff and Vale Local Counter Fraud
Helen Thomas	HT	Chief Executive	DHCW

Acronyms			
DHCW	Digital Health and Care Wales	NWIS	NHS Wales Informatics Service
SHA	Special Health Authority	A&A	Audit and Assurance
SoCNE	Statement of Comprehensive Net Expenditure	WHC	Welsh Health Circular
SO's	Standing Orders	SFI's	Standing Financial Instructions

Item No	Item	Outcome	Action
<b>1</b>	<b>PRELIMINARY MATTERS</b>		
1.1	Welcome and introductions	Noted	None to note

	<p>The Chair welcomed everyone to the Extraordinary Audit and Assurance Committee which was convened to receive the draft accounts for 2021/22.</p> <p>The meeting was held via Microsoft Teams and attendees were reminded that the meeting was being recorded and would be posted on DHCW's website following the meeting.</p> <p>The Chair advised the Committee that item 2.2 on the agenda had been accepted as a late paper, however this had been reviewed and discussed with the Board Secretary and it was agreed that the Committee could fulfil its role in scrutinising the paper. The Chair advised that the agenda item would be reviewed in detail during the meeting.</p>		
1.2	<p><b>Apologies for Absence</b></p> <p>Apologies for absence were noted from:</p> <ul style="list-style-type: none"> <li>• Helen Thomas, Chief Executive, DHCW</li> <li>• Julie Ash, Head of Corporate Services, DHCW</li> <li>• Stephen Chaney, Deputy Head of Internal Audit, NWSSP</li> <li>• Gareth Lavington, Head of Counter Fraud, Cardiff &amp; Vale</li> <li>• Nathan Couch, Performance Audit Lead, Audit Wales</li> <li>• Darren Griffiths, Audit Manager, Audit Wales</li> </ul>	Noted	None to note
1.3	<p><b>Declarations of Interest</b></p> <p>There were no Declarations of Interest to note.</p>	Noted	None to note
<b>2</b>	<b>MEETING BUSINESS</b>		
2.1	<p><b>Presentation of Draft Accounts 2021/2022</b></p> <p>Claire Osmundsen-Little, Executive Director of Finance (CO-L) introduced the Draft Accounts and provided some context of the work DHCW had undertaken over the last year since its establishment as a Special Health Authority (SHA). DHCW had undertaken the correct governance and ensured it complied with its Statutory Duties and Requirements.</p> <p>Mark Cox, Associate Director of Finance (MC) provided further context on how the financial statements were constructed;</p> <ul style="list-style-type: none"> <li>• there were no comparators as would normally be seen, as this was the first set of accounts;</li> <li>• there had been a requirement for a 15-month set of accounts;</li> </ul>	Noted	None to note

- sets out the treatment of transactions prior to April 1<sup>st</sup> 2021

Sian Williams, Head of Financial Services (SW) drew attention to nine of the 34 notes within the accounts and provided detailed highlights.

MC confirmed DHCW will meet with Audit Wales on 1<sup>st</sup> June and agree the final accounts which will enable the accounts to be reviewed by the Audit and Assurance meeting on 14<sup>th</sup> June, and signed off by Board before being submitted on 15<sup>th</sup> June to Welsh Government.

Members provided their comments on the draft accounts. Ruth Glazzard, Independent Member (RG) requested clarification on one of the notes outlined earlier which referred to 'other pre-payments' and whether they could be clearly defined to evidence what 'other' referred to.

MC confirmed it was an observation from DHCW's first set of accounts that the nature of its business wasn't suited to the templates that were issued, however, Welsh Government have to provide consistent templates and they were weighted towards Health Boards and Trusts which provided no flexibility for DHCW.

RG commented that as DHCW goes forward it will run the risk of more and more items in 'other' categories which did not appear very transparent.

CO-L confirmed it was the wish of DHCW to ensure the accounts were transparent and clear to all and were seeking, as part of the AGM, to complement the set of accounts with an innovative presentation to enable anyone in Wales to understand the accounts and how DHCW use their funding to support digital across NHS Wales. The Statutory requirement doesn't enable flexibility or innovation in the way the accounts are presented so this accompanying presentation should bring to life the accounts for the public.

David Selway, Independent Member (DS) echoed his thanks to the financial team for the clarity of the presentation, and requested a point of clarification in relation to the intangible assets and the value assigned to internally developed software. He queried if a total value for the software had been produced to date or if it was an in-year value to what had been added to the asset base.

MC confirmed it was the total value, predicated on total costs, fundamentally capitalised staff based on their salaries and the direct costs associated with the construction of each individual asset or software development. Intangible assets are amortised whilst depreciation will be applied on the tangible

	<p>fixed assets.</p> <p>Grace Quantock, Vice Chair of Audit and Assurance and Independent Member (GQ) commended the finance team for breaking down the accounts and making them understandable. GQ queried if it the issues with the cost of living were being taken into account with regard to the Public Sector Payment Policy to non-NHS organisations which currently stood at 97% and 82% for NHS organisations.</p> <p>CO-L confirmed she would like to see 97% for both non-NHS and NHS organisations. This aspect will be targeted but as part of the procurement exercises that the Commercial team were undertaking, was to proactively promote and explore Welsh sourced businesses so that wherever appropriate the money was spent within Wales and supporting the Welsh economy.</p> <p>The Chair thanked the Finance Team and all the work done to provide such a clear set of accounts.</p> <p>The Committee <b>resolved</b> to:</p> <p><b>Note</b> the Draft Annual Accounts 2021/2022</p>		
2.2	<p><b>Digital Health and Care Wales – Audit Enquiries to those charged with Governance and Management for the period ended 31 March 2022</b></p> <p>Mark Cox, Associate Director of Finance (MC) provided the highlights from within Appendices 1-3 which addressed the three areas in relation to:-</p> <ul style="list-style-type: none"> <li>• Identification of queries relating to fraud,</li> <li>• How management gain assurance that all relevant laws and regulations have been complied with; and</li> <li>• Third parties, what processes DHCW has in place that ensures that third party links are monitored and reported.</li> </ul> <p>DHCW assessed the risk that the financial statements may be materially misstated due to fraud as low.</p> <p>MC outlined the arrangements in place to report any fraud issues and risks to the Audit and Assurance Committee and mitigate those risks.</p> <p>RG reminded Members that this Committee had previously discussed the ‘cost of living’ crisis and what it may do to the risk profile when it comes to fraud. In terms of identifying and responding to risk there was positive action in terms of the forward-looking approach.</p> <p>The Committee <b>resolved</b> to:</p> <p><b>NOTE</b> the Digital Health and Care Wales – Audit Enquiries to those charged with Governance and Management for the</p>	Discussed	None to note

	period ended 31 March 2022.		
2.3	<p><b>Audit Wales Update</b></p> <p>Mike Whiteley Audit Manager, Audit Wales (MW) provided a general overview of the audit which was progressing as expected and thanked the finance team for their assistance and timely responses. The Audit team had provided their feedback and it was all going well from their perspective.</p> <p>MW outlined the ISA260 and what could be expected at the meeting in June; the proposed Audit Opinion on the accounts, the Letter of Representation and any recommendations, which was a standard requirement under auditing standards. In the case of any adjusted misstatements, these would be included within the Letter of Representation.</p> <p>Sessions would be undertaken between DHCW and Audit Wales on lessons learned from the first year of accounts and auditing of accounts to review what went well and what could be improved upon.</p> <p>MW drew the Committee's attention to the previous agenda item and stated that fraud from Audit Wales perspective also included deliberate financial misreporting.</p> <p>MW confirmed he was confident that the final audited accounts could be presented to Welsh Government on 15<sup>th</sup> June and there was time to resolve any issues before this date.</p> <p>The Chair extended her appreciation to the team and the way in which the accounts had been delivered and audited for the first year of DHCW.</p> <p>The Committee <b>resolved</b> to:-</p> <p><b>NOTE</b> the Audit Wales update.</p>		
<b>3</b>	<b>CLOSING MATTERS</b>		
3.1	<p><b>Any other Urgent Business</b></p> <p>None to note.</p>	Noted	None to note
3.2	<p><b>Dates and Times of Next Meetings:</b></p> <ul style="list-style-type: none"> <li>14<sup>th</sup> June 2022 audited accounts 10:00am</li> <li>4<sup>th</sup> July 2022 09:00am</li> </ul>	Noted	None to note