

UNCONFIRMED

ABERTAWE BRO MORGANNWG UNIVERSITY LHB MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY, 20TH SEPTEMBER 2018 IN THE BOARDROOM, HQ

Present:	Martin Sollis	Non-Officer Member (in the chair)
	Martyn Waygood	Non-Officer Member
	Tom Crick	Non-Officer Member
In Attendance:	Lynne Hamilton	Director of Finance
	Andrew Biston	Head of Accounting and Governance
	Neil Thomas	Internal Audit
	Huw Richards	Internal Audit
	Paula O'Connor	Internal Audit
	Carol Moseley	Wales Audit Office
	Gareth Howells	Director of Nursing and Patient Experience
	Pam Wenger	Director of Corporate Governance
	Liz Stauber	Committee Services Manager
	Claire Mulcahy	Committee Services Officer
	Sian Richards	Head of Digital Records and Information Assurance (for minutes 173/18 and 174/18)
	Alastair Roeves	Interim Deputy Medical Director (for minutes 181/18 and 182/18)

Minute		Action
164/18	WELCOME AND APOLOGIES FOR ABSENCE Apologies for absence were received from Mark Child, Non-Officer Member and Jason Blewitt, Wales Audit Office.	
165/18	DECLARATION OF INTERESTS There were no declarations of interest.	
167/18	MINUTES OF THE PREVIOUS MEETINGS The minutes of the meeting held on 31 st July 2018 were received and confirmed as a true and accurate record, except to note the following amendment: <u>157/18 External Audit Progress Report</u> In discussing the report, Tom Crick stated that the reflection of the first year of the Wellbeing of Future Generations Act was interesting in relation to how some bodies had responded.	
168/18	MATTERS ARISING There were no matters arising.	
169/18	ACTION LOG The action log was received and noted with the following update:	

(i) Action Point Two

Pam Wenger advised the role of the Workforce and Organisational Development (OD) Committee was under review as the executive team had approved the establishment of a workforce and OD forum to manage the operational issues, but clarification was needed as to where this would report.

Martin Sollis noted that compliance with mandatory training had increased by 10%, which was a significant improvement, but there was still work to be done to reach the 85% target. He added that workforce and OD needed to remain a board priority. Pam Wenger concurred and advised that she and the head of risk were working with the Director of Workforce and OD to identify the key workforce risks and to develop an action plan.

170/18 WORK PROGRAMME

The committee's work programme was **received** and **noted**.

171/18 BOARD ASSURANCE FRAMEWORK

A report providing an update on the board assurance framework was received.

In introducing the report, Pam Wenger highlighted the following points:

- The board assurance framework would be in place from April 2019 to manage the risk and governance process;
- The draft was at the committee to give a sense of what was being worked towards;
- Work was being undertaken with the Director of Nursing and Patient Experience to develop the corporate risk register and the risk management process;
- The units and corporate functions had been engaged with the process and exception reports would be taken through the risk management group;
- Meetings were being held with executive directors to review their risks.

In discussing the report, the following points were raised:

Martin Sollis welcomed the process to develop the board assurance framework, adding that currently he was more concerned about the approach to risk management. He suggested that members submit any comments on the the draft board assurance framework to Pam Wenger by the end of September 2018. This was agreed. Pam Wenger advised that work in relation to the risk management process was in the early stages and consideration was being given as to how issues were to be escalated. She added that guidance was being developed to support the units and corporate functions to assess risk and manage it, and the meetings with the executive directors would ensure the risks were relevant.

All

Martin Sollis queried as to whether the organisation would have a new risk register by December 2018 or if the current one would still remain. Gareth Howells responded that it was the intention to have a newly developed one by December 2018 as the health board needed to be in a position whereby it understood what its key risks were. He added that while the units had their own registers, the challenge was to know corporately the risks and actions being taken. Pam Wenger stated that it was hoped a draft version would be presented at the November 2018 committee.

Lynne Hamilton stated that she fully supported the work being undertaken by Pam Wenger and the fresh view that Gareth Howells was bringing to the process but she felt frustrated that little progress had been made since the board development session held in December 2017 which had focussed on the risk management process.

Martin Sollis commented that the need for a robust risk management process had been re-enforced by the number of 'surprise' issues being raised at the board without any previous coverage by the committee or board. Gareth Howells concurred, adding that the culture needed to be changed whereby lead executive directors were advised of issues as and when they arose. Pam Wenger stated that this emphasised the need for the executive team to engage with the development process.

Martyn Waygood advised that he fully supported the process as based on discussions at the Health and Safety Committee, there was a need for a fully robust risk management system. He queried as to how progress and direction of travel would be demonstrated. Pam Wenger responded that updates would be provided on a quarterly basis which would highlight whether risks had increased or reduced.

Martin Sollis queried as to whether the auditors had been engaged with the process as the risk register should identify areas which the committee should be probing further. Pam Wenger advised that audit colleagues had been included within the process.

Martin Sollis sought further details as to how the principle risks had been identified. Pam Wenger responded that she had worked with the head of risk to develop an outline which was discussed further by the risk management group and executive board. She added that the risk appetite of the organisation needed to be identified and reviewed on an annual basis.

Martin Sollis commented that the Audit Committee had an overarching role to oversee the system of assurance and he was pleased by the presentation and layout of the board assurance framework as it would help the committee discharge its duty.

Carol Moseley referred to the 2017 structured assessment, adding that it was pleasing to see progress had been made as previously there had been some resistance to change.

Resolved: - The progress on the development of the board assurance

framework be **noted**;

- The progress in reviewing the corporate risk register be **noted**;
- All executive directors and their direct reports are in the progress of being set up on DATIX and will receive appropriate training as required be **noted**.
- Members to submit comments on the draft framework to Pam Wenger by 30th September.

All

172/18

REVIEW OF STANDING ORDERS

(i) Scheme of Delegation

A report outlining a revised scheme of delegation for approval was **received**.

In introducing the report, Pam Wenger advised that the scheme of delegation had expanded over previous years to include areas outside of the standard model, therefore it had been taken back to the original structure and a separate document outlining executive portfolios developed.

In discussing the report, the following points were raised:

Martin Sollis noted that the numbering within the first table was out of sync and queried as to whether sections were missing. Pam Wenger advised that entries additional to that of the standard model had been removed and the numbering needed to be reset. She added that this also applied to the footnotes at the bottom of some of the pages.

Tom Crick advised that there were a few references to 'assembly government' yet to be corrected.

Martin Sollis referenced the delegation to the Director of Finance for irregularities and queried if this was correct. He also added that he would expect legal advice to sit with the Director of Corporate Governance as opposed to the Director of Nursing and Patient Experience. Pam Wenger advised that she would discuss these areas further with the relevant executive directors as perhaps the wording could be improved to make the responsibility more explicit.

PW

Martyn Waygood sought clarity as to which executive director was to have health and safety within their portfolio. Gareth Howells advised that it was to transfer to him from the Director of Strategy but the issue relating to identifying a suitable deputy with capacity to support the work needed to be resolved.

(ii) Capital Planning Control Manual

A report outlining amendments to the capital planning control manual was **received**.

In discussing the report, the following points were raised:

Martin Sollis noted the level of detail contained within the control manual and sought assurance of the process undertaken to review

it. Huw Richards advised the specialist services unit of internal audit had reviewed the manual and the only issue he had was around the approval process as changes required throughout the year were being 'saved up' and submitted in one go, rather than the document amended as and when issues occurred. He added that it appeared to be an operational document as opposed to a governance one and clarification was required as to whether every change needed to be considered by the Audit Committee.

Martin Sollis stated that it was unclear as to how the manual aligned with the scheme of delegation and standing orders, and as it was so procedural, whether it should be for noting as opposed to approval. He added that there was a lack of context within the covering report as to its purpose and the changes which had been made, as well as the process it had subsequently gone through prior to submission to the Audit Committee for approval. Pam Wenger advised that the capital control manual was a schedule within standing orders.

Lynne Hamilton commented that at a recent board meeting, members had considered a document which set out and summarised capital planning arrangements which would align with the control manual, so it would be worth considering the two together.

Pam Wenger stated that the 2017 structured assessment had recommended clarity be provided in relation to capital delegations and this needed to be considered further, which could align a discussion in relation to the issues raised regarding the control manual.

Martin Sollis suggested that he discuss the report further with the relevant executives and take delegated authority to approve it. This was agreed.

MS

- Resolved:**
- The report be **noted**.
 - The revised scheme of delegation be **approved**, subject to the discussed amendments.
 - Martin Sollis to discuss the capital planning control manual with the relevant executives and take delegated authority to approve it if appropriate.

PW

MS

173/18 SENIOR INFORMATION RISK OWNER ANNUAL REPORT

Sian Richards was welcomed to the meeting.

The senior information risk owner (SIRO) annual report 2017-18 was **received**.

In introducing the report, Sian Richards highlighted the following points:

- This was the second year that an annual report had been produced and it was a legal and regulatory requirement;
- Improvement initiatives for the coming year had been included;

- Significant progress had been made to develop the information asset register and an improvement in compliance with information governance training had been achieved;
- Clinical coding performance was at 99% against a target of 90% which gave integrity to the data;
- Significant investment had been made into the electronic tagging of medical records.

In discussing the report, the following points were raised:

Pam Wenger advised that following the departure of the previous Medical Director, she had taken up the SIRO role on an interim basis. She added that the annual report had been considered by the information governance board earlier that month and would be received by the board at its November 2018 meeting.

Tom Crick commented that the report reflected the breadth of the organisational data that existed and that there was always work to be done. He added that the report recognised the culture as well as the systems and it was interesting to see the contributions from across the organisation.

Tom Crick stated that it was pleasing to see the organisation taking its responsibility under the general data protection regulations (GDPR) seriously as there would come a point when the Information Commissioner's Office (ICO) started to issue fines as a result of breaches. He added that he had not considered the loss of income as a result of the changes to the subject access request process. Sian Richards advised that the loss amounted to around £170k per year and consideration needed to be given to more resources as the number of requests had increased by 12% since the change. She added that a report was to be received by the information governance board in the new year to identify trends.

Martyn Waygood complimented the report but sought confirmation as to when the health board would be fully compliant with GDPR regulations. Sian Richards responded that the work was being progressed through the information governance board and improvement was expected during 2019, however given the size of the organisation, it would be a continuous task and the health board would never be fully compliant due to moving nature of the requirements.

Martyn Waygood queried as to how well informed staff were at the introduction of the tool to monitor unauthorised access of patient information. Sian Richards advised that intranet bulletins had been published as well as a note added to payslips, plus when cases arose, individual departments became aware through their involvement in the cases. She added that it was also covered within information governance training and the health board's occurrences were lower than others.

Tom Crick queried as to where the information governance board sat within the governance structure as he had been invited to attend some meetings at the start of his term of office. Lynne Hamilton

commented that at the moment, it felt like it was removed from the structure but it should be something on which the executive team had a line of sight. Pam Wenger advised that the reporting structure for the information governance board was now under review to determine where it should reside. Sian Richards advised that the group did have a robust governance structure but the link with the corporate structure needed to be considered and going forward, regular updates would be provided to the executive team.

Martin Sollis commended the team on a positive report but queried if the presentation could be developed further to provide a summary of key achievements at the front as the organisation ought to be proud of them. Pam Wenger responded that this would be considered prior to submission to the board.

Resolved: The report be **noted**.

174/18 NHS WALES INFORMATICS SERVICE BUSINESS CONTINUITY INCIDENTS

A report providing an update in relation the NHS Wales Informatics Service (NWIS) business continuity incidents was **received**.

In introducing the report, Sian Richards highlighted the following points:

- Since the report received by the committee in July 2018, a further incident had occurred;
- A different approach had been taken by NWIS following the latest outage in sharing the report and learning, and the health board was encouraged by the action and response;
- The full investigation relating to the data centres was ongoing.

In discussing the report, the following points were raised:

Tom Crick stated that it was pleasing to see a quick response from NWIS following the most recent incident but the long term issue was the data centres and nothing had inherently changed in relation to these. Sian Richards advised that the health board was working closely with NWIS on the investigation to help move the process forward.

Martin Sollis commented that he was also pleased to see the quick turnaround and the report relating to the recent incident. He added that it was also useful that the board had been kept apprised of what was happening during the latest outage rather than just informed after the fact.

Resolved: The report be **noted**.

175/18 AUDIT REGISTERS AND STATUS OF RECOMMENDATIONS

A report providing an update in relation to audit registers and the status of recommendations was **received**.

In introducing the report, Lynne Hamilton highlighted the following points:

- 2018-19 was halfway through and the health board was yet to receive a substantial assurance internal audit;
- A number of audits still had a significant amount of recommendations outstanding;
- There would be a challenge going forward as to how best to address issues raised in relation to Bridgend given the impending boundary change.

In discussing the report, Gareth Howells commented that there were 55 high priority recommendations outstanding and more than 70 medium. He queried the escalation process as these were areas which should be addressed as a matter of urgency. Martin Sollis responded that determining this was the next stage of the process as initially the committee just wanted identification of the recommendations still extant given the length of time that they had been open. He added that the committee would now look to bring in executive directors to explain why recommendations had not been addressed and the action that was to be taken, and if movement was still not evident following this, he would be writing to the Chief Executive. Gareth Howells undertook to be the first to be scrutinised by the committee in relation to outstanding actions and to provide an update at the next meeting. Martin Sollis added that he would meet with Lynne Hamilton and Pam Wenger to determine the areas which should be scrutinised by the committee and the order in which they would be covered.

GH

MS

Resolved:

- The current position of the audit registers and the status of the action plans be **noted**.
- Gareth Howells to be the first to be scrutinised by the committee in relation to outstanding actions and to provide an update at the next meeting.
- Martin Sollis to meet with Lynne Hamilton and Pam Wenger to determine the areas which should be scrutinised by the committee and the order in which they would be covered..

GH

MS

176/18

FINANCE UPDATE

A verbal finance update was **received**.

In introducing the report, Lynne Hamilton and Andrew Biston highlighted the following points:

Financial Position

- Welsh Government had set the health board a control total of a deficit of £20m;
- The board and Performance and Finance Committee had considered this option during July 2018 and did not feel at that point it could meet this and maintain quality of service

with the turnover of the nursing and medical directors;

- The period five position was a slight improvement on period four and was more in-line with that of period three, with an overspend of £2.044m;
- Mitigating actions had been deployed as well as reserves and contingencies, and some savings plans had started to deliver;
- A detailed discussion in regard to the plan to reach £20m would take place at the Performance and Finance Committee the following week and a monthly out turn of £1.285m was needed;
- The Chief Executive had issued revised control targets to the units who would need to submit new plans;
- The plan was to be shared with Welsh Government at the targeted intervention meeting that afternoon;
- Three of the executive-led workstreams were not delivering and required a review, and the service redesign had not achieved the anticipated bed closures;
- The organisation was experiencing significant variable pay pressures;

Bridgend

- The clinical services to transfer as part of the Bridgend transfer had been agreed by the board;
- The financial and workforce analysis was aligned and there were more than 1,500 cost codes to identify pay and non-pay implications;
- Welsh Government had provided monies to both health boards involved in the transition to support more resources however it was proving challenging to recruit;
- The transition would have a significant bearing on the planning for the integrated medium term plan for 2019-20;
- A set of financial principles had been agreed to determine the value of each service as the transition needed to be cost neutral and both boards would work together to mitigate any adverse impacts;
- The transition was a positive opportunity for the health board to 'reshape' the remaining areas;

Other items

- The finance team and local counter fraud service were working to recover salary payments made to an incorrect bank account;
- The all-Wales 'no purchase order, no pay' process was now in place and a number of areas were raising requisitions for the first time;
- The work to update financial control procedures was nearing

completion and the final ones would be ready by end of October 2018.

In discussing the report, Martin Sollis referenced the briefing from Tracy Myhill to the delivery units which set out quality expectations as well as financial. He added that the briefing was really good in setting out that quality was the fundamental priority which should never be compromised, and that Lynne Hamilton and the executive team were doing an excellent job.

Resolved: The report be **noted**.

177/18 LOSSES AND SPECIAL PAYMENTS

A report outlining losses and special payments was **received** and **approved**.

LH

178/18 SINGLE TENDER ACTION AND QUOTATIONS

A report setting out single tender action and quotations approved since the previous meeting was **received**.

In discussing the report, the following points were raised:

Martin Sollis noted that three executive directors had responsibility for approving single tender and quotation actions, adding that some of the requests would be for their areas of responsibility. He asked that the next iteration of the report provide assurance that these officers did not approve requests for their own services.

LH

Martin Sollis stated that a number of the requests were extensions to existing contracts, for example for maintenance or consumables, and he would have expected this to have been factored into the original agreement.

Martyn Waygood referenced the payments for decontamination services and queried as to whether these could have been avoided if the health board had an internal service. Gareth Howells advised that this was the case although it had had a significant impact on infection rates at Morriston Hospital.

Resolved:

- The report be **noted**.
- Next iteration to include assurance that executive directors did not approve requests for their own services

LH

179/18 NHS WALES SHARED SERVICES PARTNERSHIP (NWSSP) INTERNAL AUDIT PROGRESS AND ASSIGNMENT SUMMARY

A report setting out progress and assignment summaries of internal audits was **received**.

In introducing the report, Neil Thomas and Huw Richards highlighted the following points:

- The executive team continued to receive monthly internal audit updates;

- Eight final reports had been issued, four of which had a limited assurance rating, and seven audits were in progress;
- A brief had been agreed for the review of ARCH (A Regional Collaboration for Health);
- Minor amendments to the 2018-19 plan had been proposed;
- Recruitment was underway for a vacant principal auditor post and discussions were ongoing with Swansea University to establish an 'auditor bank';
- The four reports which had limited assurance were;
 - Vaccination and immunisation – this was the first review in this area and challenges were identified in meeting the targets as well as the management of governance groups. Actions has been agreed;
 - Charitable funds (part two) –focused on financial controls which had raised issues in relation to record keeping for donations;
 - Protection of vulnerable adults (POVA) (deprivation of liberty safeguards [DoLS]) – the review looked at the processes in place and the issue was now on the corporate risk register. Best interest assessors were noted to be the key constraint to the process and there were too few resources to drive progress;
 - Princess of Wales Delivery Unit: governance review – the unit would be providing an exception report to the next Quality and Safety Committee

In discussing the report, the following points were raised:

Martin Sollis stated that he was comfortable with the progress made and the proposed changes to the audit programme.

Martin Sollis queried as to whether a follow-up audit of vaccination and immunisations should be commissioned as it had a limited assurance rating, and this would give people a 'second chance' to get it right. Paula O'Connor advised that a follow-up could be considered for the end of the year but resources needed to be reviewed as it was not a high priority area. Pam Wenger advised that the issues were noted on the corporate risk register and actions would be monitored through that process. Paula O'Connor added that the Director of Public Health had taken the report in draft form to the Quality and Safety Committee.

Martin Sollis advised that the full charitable funds report would be considered by the Charitable Funds Committee the following month but he did have concerns as to the way in which donations were managed by the wards. He added that he was planning to discuss the review further with Martyn Waygood (who chaired the Charitable Funds Committee), Lynne Hamilton and Andrew Biston.

Martin Sollis suggested that a follow-up be undertaken of the POVA (DoLS) follow-up and the timescales be agreed by Gareth Howells

and internal audit outside of the committee. This was agreed. Paula O'Connor concurred, adding that it was a breach in legislation which left the health board open to legal challenge.

GH/PO'C

Neil Thomas queried as to whether reports with limited assurance ratings should be referred in full to the Quality and Safety Committee if relevant. Martin Sollis asked that limited assurance reports be shared with the chairs of the relevant sub-committees.

PO'C

Paula O'Connor stated that in relation to the Princess of Wales Hospital governance review, the unit director had escalated an issue to risk management group that a significant amount of senior staff were leaving and it was proving challenging to replace them due to Bridgend boundary change.

- Resolved:**
- The report be **noted**.
 - A further follow-up be undertaken of POVA (DoLS) audit and the timescales be agreed by Gareth Howells and internal audit outside of the committee.

GH/PO'C

180/18 CHANGE IN AGENDA ORDER

Resolved: The agenda order be changed and items 5c and 6a be taken next.

181/18 CONSULTANT MANAGEMENT CONTRACT FOLLOW-UP

Alastair Roeves was welcomed to the meeting.

A report outlining progress against the recommendations within the consultant management contract follow-up review by Wales Audit Office was **deferred** and Martin Sollis undertook to discuss it further with Alastair Roeves.

AR/MS

182/18 CLINICAL AUDIT ANNUAL REPORT

The clinical audit annual report for 2017-18 was **received**.

In introducing the report, Alastair Roeves highlighted the following points:

- Clinical audit was a key component of the Medical Director's portfolio;
- It comprised local audits by the units, reviews with general medical services and compliance with the national audit programme;
- Reports were made to Welsh Government in-line with the national process;
- The health board's clinical outcome group met on a regular basis at which results of national audits and actions were considered;
- The mortality review system was working well but there was room for improvement and there were plans to develop an electronic completion service.

In discussing the report, the following points were raised:

Martin Sollis queried as to where the report was published as there was room for improvement in terms of layout once the new Medical Director was in post, for example a summary of achievements. Pam Wenger advised that it was included within the Audit and Quality and Safety committee papers published on the health board's website. Alastair Roeves commented that there was some overlap between this report and the annual quality statement (AQS) and a significant number of the achievements would be noted in the AQS as well components reported to Welsh Government.

Martyn Waygood noted that within the report was a table of actions but many had not been taken forward within the specified period of time.

Martin Sollis stated that internal audit and external audit had a set programme of work for each year but the same rigour was not evident for clinical audit and the quality approach needed to be improved. He added that it was unclear as to how the health board could take assurance from the reviews. Alastair Roeves responded that there were some challenges which were outside of the health board's control as the national audits had set guidelines.

Paula O'Connor advised that a previous internal audit review of clinical audit had raised some concerns and a follow-up was due to take place at the end of the calendar year.

Gareth Howells commented that how clinical audit found its way into the system needed to be considered, particularly how it entered the eyeline of the board. Martin Sollis concurred, adding that he would discuss this further as part of his meeting with Pam Wenger and the chair of the Quality and Safety Committee the following month. Pam Wenger suggested that she and Gareth Howells met with Alastair Roeves to determine expectations for reporting. This was agreed.

PW/AH

- Resolved:**
- The report be **noted**.
 - Pam Wenger and Gareth Howells to meet with Alastair Roeves to determine expectations for reporting.

PW/AH

183/18 EXTERNAL AUDIT PROGRESS REPORT

The progress report from Wales Audit Office was **received** and **noted**.

184/18 2019-20 AUDIT FEES

A verbal update in relation to a consultation for the 2019-20 audit fees was **received** and **noted**.

185/18 REVIEW EFFECTIVENESS OF THE COMMITTEE VIA SELF-ASSESSMENT

A report outlining the committee's annual self-assessment process was **deferred**.

PW

Resolved: The report be **noted**.

186/18 ANY OTHER BUSINESS

There was no further business and the meeting was closed.

xxx/18 NEXT MEETING: Thursday, 15th November at 9.30am.