

Swansea Bay University Health Board
Unconfirmed
Minutes of the Meeting of the Audit Committee
held on Tuesday, 12th January at 9.30am
Microsoft Teams

Present:

Martin Sollis	Independent Member (in the Chair)
Tom Crick	Independent Member
Nuria Zolle	Independent Member
Martyn Waygood	Independent Member

In Attendance:

Andrew Biston	Head of Accounting and Governance
Darren Griffiths	Interim Director of Finance and Performance
Neil Thomas	Deputy Head of Internal Audit
Helen Higgs	Head of Internal Audit
Felicity Quance	Internal Audit
Anthony Veale	Audit Wales
Dave Thomas	Audit Wales (from minute 161/21)
Pam Wenger	Director of Corporate Governance
Matt John	Director of Digital Services (Minute 162/21)
Keir Warner	Head of Procurement (Minute 169/21)
Claire Mulcahy	Corporate Governance Manager
Stephen Spill	Vice Chair (Observing)

Minute No.		Action
01/21	APOLOGIES	
	Apologies were noted from Christine Williams, Interim Director of Nursing and Patient Experience and Len Cozens, Head of Compliance.	
02/21	WELCOME / INTRODUCTORY REMARKS	
	The chair welcomed everyone to the meeting. In particular, Stephen Spill, who was attending this meeting as an observer in his role of Health Board Vice Chair.	
03/21	DECLARATION OF INTERESTS	

	There were none.	
04/21	MINUTES OF THE PREVIOUS MEETING	
	The minutes of the meetings held on the November were received and confirmed as a true and accurate record, except to note the following amendment	
05/21	MATTERS ARISING	
	<p>(i) <u>Minute 137/20 - Internal Audit Assignment Summary and Progress Report</u></p> <p>Martin Sollis made reference to the <i>Discharge Planning</i> review stating he was concerned that the management response had not yet been received.</p> <p>Pam Wenger advised that management had been chased in order to finalise the management response for the review. It did require responses from operational colleagues which was proving difficult in the current circumstances. She advised that it had been agreed with relevant executives that this item would be put on the Audit Committee agenda for March 2021. This would enable discussion surrounding the recommendations but would also offer an opportunity to demonstrate progress and the changes that have taken place during COVID-19.</p> <p>Pam Wenger to follow up with Executives and forward the completed response to chairs of Performance and Finance Committee and Quality and Safety Committee.</p> <p>(ii) <u>Clinical Audit</u></p> <p>Martin Sollis advised members that as of next year, NHS England would be leaving the national clinical audit programme and the health board needed guidance on what would be expected in terms of any future arrangements. There had been no information from Welsh Government as yet, and as Chair of Audit Chairs he would raise the issue with Welsh Government officials and feedback to Audit Committee and also the Chair of Quality and Safety Committee. Pam Wenger advised that this had also been raised via her peer group, the all-Wales Board Secretaries.</p>	

Resolved	<ul style="list-style-type: none"> - Pam Wenger to follow up with Executives and forward the completed response to chairs of Performance and Finance Committee and Quality and Safety Committee. - The Clinical Audit item to be kept on the agenda for Audit Committee under matters arising. 	<p>PW</p> <p>MS</p>
06/21	ACTION LOG	
Resolved:	The action log was received and noted .	
07/21	WORK PROGRAMME	
Resolved:	The work programme was noted .	
08/21	AUDIT REGISTERS AND STATUS OF RECOMMENDATIONS	
	<p>A report providing an update on the audit registers and status of recommendations as at the 18th December 2020 was received.</p> <p>In discussing the report, the following points were raised:</p> <p>Martin Sollis reminded members that historically there had been an issue with responding to audit recommendations in a timely way. He stated that this had improved significantly in recent years and internal audit had recognized that executives were now more engaged. A number of cleansing exercises had taken place on non-extant recommendations and the Audit Committee had been calling officers to account for the completion of outstanding recommendations.</p> <p>Andrew Biston advised that following the recent significant cleansing exercises, the registers were much less complex but there was still some work to do.</p> <p>Martin Sollis stated that it was disappointing to see the increase in outstanding recommendations but this was understandable given the current pressures on executives. Nevertheless, it was important there is focus on those fundamental recommendations i.e, those with limited assurance ratings and categorized as high priority and particularly those relating to patient care. He undertook to work with Pam Wenger and Andrew Biston in readiness for the next meeting to obtain an update on the 30 outstanding recommendations, ensuring that action is taken on those that were most important. He advised that executives would not be asked to attend Committee but would be required to report and provide an update</p>	PW/AB

	<p>on the high priority recommendations and actions being taken. Members supported this approach.</p> <p>Martin Sollis queried whether this information had been to the Executive Board meeting. Pam Wenger advised that it had been shared with executives but would be formally taken through before the next Audit Committee and the Chief Executive would also be briefed in more detail as the Accountable Officer.</p> <p>Helen Higgs highlighted that the status of recommendations also fed into the Head of Internal Audit Opinion report, Martin Sollis concurred adding that improvement was necessary to aid year-end reporting.</p>	
Resolved:	<ul style="list-style-type: none"> – An update be provided to Audit Committee in March 2021. – The current position of the Audit Registers and the status of the Action Plans was noted. 	PW/AB
09/21	BOARD ASSURANCE FRAMEWORK	
	<p>A verbal update was provided on the Board Assurance Framework (BAF). In introducing the report, Pam Wenger highlighted the following points;</p> <ul style="list-style-type: none"> - The formal document would be brought to Audit Committee in March 2021; - Work was currently underway with executives in terms of the mapping of the Quarter three and four plans and the risk register; - The aim is to have the document signed off at Audit Committee and Health Board in March 2021, with implementation of the framework by 1st April 2021; <p>In discussion of the report, Martin Sollis reminded members that there had been a key focus on risk management for the organization and the BAF was a key operational element as it drives the business focus towards a risk management approach. Significant work was underway in the development of this.</p>	
Resolved:	The report be noted .	
10/21	DIGITAL SERVICES HEALTH BOARD RISKS	
	<p>A report providing an update on Digital Risks was received.</p> <p>In introducing the report, Matt John highlighted the following points;</p>	

- The report provided an overview of the health board risks in relation to digital services and the actions being taken to mitigate against them;
- There were five risks on the health board risk register; *Information Led Decisions; Sustained Clinical Services – Digital Transformation; Storage of Paper Records; Cyber Security and National Data Centre Outages;*
- Both *Cyber Security* and *National Data Centre Outages* had a risk rating of 20;
- The Cyber Security team continue to grow in experience with the adaption of tools and they were also working closely with the national team. The risk of cyber-attacks was ever present with the health board's increasing reliance on digital and the risk and consequences of this were increasing;
- Whilst mitigations were in place, the risk would need to remain at a score of 20 while improvements continued;
- In terms of national data outages, there had not been any adverse incidents since June 2019; nevertheless, the risk would need to remain at 20 for the meantime while national NWIS developments continued;
- Since the update provided to the committee in March 2020 there has been a National Infrastructure review;
- It was important to highlight that the movement of the data centre from Blaenavon to a new location planned for July 2021 posed a potential risk;
- The transition would need to be monitored closely until the benefits of this move i.e. improved stability of hosted services are realized;

In discussion of the report the following points were raised;

With Cyber security continuing to be a threat to all NHS bodies, members queried the reasoning behind these cyber-attacks. Matt John informed that health and personal data was of a high value. Tom Crick concurred adding that the disruption to the digital infrastructure was another key reason for these attacks. Although he felt the health board were doing well in terms of mitigation of the risk, the importance of continuous improvement and resilience in this area was essential.

Dave Thomas advised that a national audit on Cybersecurity would be issued this week and would be in circulation to public sector bodies. Due to the timings of the audit, SBU were unable to participate but nevertheless, the findings would be useful for the Audit Committee and the Board.

	<p>With regards to the Cyber Security team, Tom Crick queried whether the skills and talent pipeline was affected in terms of the increase in demand from other organisations. Matt John replied that it had been challenging but further work was being undertaken with NHS Wales Informatics Services (NWIS) in terms links to their expert team and resources. He added that there were also opportunities on offer for staff development at the local Universities. Tom Crick concurred, adding that there were strong links with the University and it was important to utilize these opportunities both locally and in a wider NHS Wales perspective.</p> <p>Members queried whether there were enough financial resources in place in terms of what was needed for Cyber Security. Matt John replied that there was always a need for more but this was starting to improve as part of the strategic alliance with NWIS.</p> <p>Martin Sollis queried whether the national outages were still as big of a risk to the health board as they had been. Matt John assured that there had been no adverse incidents for some time. The Welsh Laboratory Information System (WLIMS) had suffered from stability issues but this had been upgraded in December 2020.</p> <p>Tom Crick commented that it would be helpful for the health board to have an oversight in the form of a diagram or documentation which presents the all the national systems and how they were interrelated and interdependent. Matt John advised that NWIS would have this in place but it would be a complicated document. Martin Sollis added that this should form part of the NWIS arrangement and he would like to see this as part of the Service Level Agreement (SLA). Martin Sollis requested a meeting with Pam Wenger to discuss how the changing NWIS governance arrangements would be covered by the Board . Pam Wenger informed that this was an item on the Health Board work programme.</p>	
Resolved;	<ul style="list-style-type: none"> - Martin Sollis requested a meeting with Pam Wenger to discuss the changing NWIS governance arrangements and how they would be covered by the Board; - Update on Digital Risks to be provided to the Committee in 6 months; - The report be noted. 	PW/MS MJ
11/21	INTERNAL AUDIT ASSIGNMENT SUMMARY AND PROGRESS REPORT	
	The internal audit assignment summary and progress report was received ;	

	<p>In introducing the report, the following points were raised;</p> <ul style="list-style-type: none"> - From a total of thirty six audit reviews within the audit plan for 2020-21, ten had been finalised, three had been issued in draft, ten remained in progress, eleven had not yet been started and two would be reported by the year end. - Of the five finalised reports since the last reporting period, two had a <i>substantial assurance</i> rating; two had a <i>reasonable assurance</i> rating and no assurance ratings were applicable for the other reviews. - The Infection Control review was currently in draft, it had been assigned a reasonable assurance rating but there were a number of actions to be undertaken; - The Primary Care Clusters review was also in draft and discussions were underway with the Unit to agree actions; <p>In discussion of the report, the following points were raised;</p> <p>Martin Sollis queried whether there were any significant risks within the draft reports that the Committee should be aware of. In particular, relating to Infection Control and Vaccinations and Immunizations as these were timely given the current position with the pandemic. Neil Thomas advised there was nothing that needed to be drawn to the attention of the Audit Committee urgently. The Vaccination and Immunizations was a follow-up review and not directly linked to COVID-19 and the Infection Control audit did require some action even though it had received reasonable assurance rating. Pam Wenger advised that the audit had been recently signed off and would be issued to Quality and Safety Committee and Audit Committee in due course.</p> <p>With regards to the Controlled Drugs item, Neil Thomas advised that this was a briefing paper rather than an audit as this had not progressed as yet. Martin Sollis stated that controlled drugs was very important and there had been a level of concern in this area from Health Inspectorate Wales. Pam Wenger assured that significant work had progressed with regard to the policy and licenses but this had not been fully implemented as yet. Martin Sollis requested a meeting with Pam Wenger and the Clinical Director of Pharmacy to discuss the matter.</p> <p>Darren Griffiths thanked Internal Audit colleagues for their flexibility and pragmatism with regards to the finance elements of the plan.</p>	
Resolved	<ul style="list-style-type: none"> - A meeting with Martin Sollis, Pam Wenger and the Clinical Director of Pharmacy to be arranged to discuss the progress on Controlled Drugs; - The report be noted. 	PW/MS

12/21	AUDIT WALES PERFORMANCE AND PROGRESS REPORT	
	<p>The Audit Wales performance report was received</p> <p>In introducing the report, Dave Thomas highlighted the following points:</p> <ul style="list-style-type: none"> - The Audit Wales programme had been flexible in response to COVID-19 and the flexibility in timing and approach was ongoing; - The governance through the pandemic had been looked at as part of the Structured Assessments; - A short summary would be published on the 14th January 2021, which provides positive assurance regarding the arrangements that all bodies took in terms of governance during the pandemic; <p>In discussion of the report, the following points were raised;</p> <p>Martin Sollis made reference to the Test, Trace, Protect (TTP) audit, querying the timing of it as this was key issue at the moment. Dave Thomas replied that this was currently in draft and they were hoping that it can be issued prior to March 2021. He advised that the process of TTP moved quickly and Audit Wales had tried to cast the audit in a useful way in order to give assurance. There had been significant work in TTP with both challenges and achievements. It was important to pick up lessons to be learned from the process to improve future ways of working. Martin Sollis requested that any lessons learned arising from the audit that were specifically linked to SBU be relayed back to the health board.</p> <p>Pam Wenger stated that she would like to recognize the pragmatic approach that Audit Wales had taken through the pandemic whilst trying to discharge their duties.</p>	
Resolved:	<ul style="list-style-type: none"> - The Audit Wales performance and progress report was noted. 	
13/21	AUDIT WALES – ANNUAL REPORT 2020	
	<p>The Audit Wales Annual Report for 2020 was received;</p> <p>Dave Thomas highlighted the following points;</p> <ul style="list-style-type: none"> - The report provided a short summary of audit work undertaken during 2020; - The report was positive in nature and reflected the key messages provided in reports already issued, namely the Audit of Annual Accounts, the Structured Assessment and the Effectiveness of Counter Fraud arrangements; 	

	<p>In discussion, the following points were highlighted;</p> <p>In terms of the upcoming accounts audit for 2020-21, Martin Sollis queried what approach would be taken with there being more expenditure in the system due to COVID-19 and therefore more to audit. Anthony Veale replied that there would be a consistent approach across Wales and early conversations would be had with finance colleagues to ensure there were no surprises and to ensure closure of the accounts post April 2021.</p> <p>Dave Thomas advised that there had been a risk management drive in the performance element of the plan and space had been allocated for some reactive pieces of work. It was important to remain agile and adapt to the current pressures.</p> <p>Pam Wenger advised that the Annual Report would be placed on the Board agenda for January 2021 and Dave Thomas would be in attendance to present.</p>	
Resolved	<ul style="list-style-type: none"> - The report be noted. 	
14/21	FINANCE UPDATE	
	<p>Darren Griffiths provided a verbal update on the financial position and highlighted the following points:</p> <ul style="list-style-type: none"> - The financial position for period 9 stood at an in-month overspend of £1.944m; - Pay costs had increased during the period but this had been offset by a decrease in non-pay costs; - The year-end forecast deficit was £24.4, this was locked-in to the All Wales position and there was confidence that this would be achieved; - There had been a good handling of the accounting treatment in terms of the planned de-commissioning of the Field Hospital and this was currently being finalized; - Untaken leave was being discussed on an All-Wales basis and there was both a national and local direction of travel on that. Guidance would be issued to staff at the end of week commencing 11th January 2021; - Detailed discussions were being undertaken with the new Chief Executive with regards to a financial strategy for the next three years; <p>In discussion, the following points were raised;</p> <p>Martin Sollis queried whether a funding allocation for the unused leave was expected and whether the health board had provision in place for it. Darren</p>	

	<p>Griffiths advised that this would be highlighted as a financial risk. The health board had a £12m provision based on the size of the organization and discussions were ongoing in term of year end treatment with Welsh Government.</p> <p>Stephen Spill queried whether staff were to be encouraged to take leave. Darren Griffiths replied that guidance was due to be issued, which advised that leave could be carried over and taken over a two year period. Clinical colleagues were not being pressed to take leave and conversations were being undertaken with both finance and workforce colleagues on the best way forward. The key focus currently was on staff wellbeing.</p>	
Resolved:	<ul style="list-style-type: none"> - The finance update was noted. 	
15/21	ANNUAL ACCOUNTS UPDATE AND CLOSURE PLAN 2020/21	
	<p>A report informing the Audit Committee of the annual accounts timetable and closure plans for the financial year ending 31st March 2021 was received.</p> <p>In introducing the report, Andrew Biston highlighted the following points;</p> <ul style="list-style-type: none"> - The draft manual for accounts requires draft accounts to be submitted to Welsh Government by midday on 30th April 2020, with audited accounts to be submitted by midday on 11th June 2020; - These dates include an extra week for Audit Wales to audit the accounts following a request to Welsh Government for an extension by the Auditor General for Wales; - It was important to highlight that there were some risks to the accounts closedown process including the following: - The ability of clinical staff to undertake physical stock counts due to COVID-19 pressures; - The ability to physically verify fixed assets and the ability for operational managers to complete non-physical verification templates due to the pressures; - The ability to obtain information from the NHS Pensions Agency with regards to the number of clinical staff who have taken scheme pays in relation to the Pension Tax Issue for NHS staff; - The Oracle financial ledger is being upgraded during the first half of 2021, with tests taking places during February and May 2021; <p>In discussion of the report, the following points were raised;</p>	

	<p>Anthony Veale advised that it was mandatory to attend stock takes and Audit Wales were looking for work-around to this in the current climate. He assured that any issues that arise would be put firmly into context. With regards to the pension's issue, there had been an emphasis of matter relating to this issue last year and the treatment for this year was being worked through on an all-Wales basis.</p> <p>Martin Sollis requested that any issues are flagged to the finance team as early as possible and that the committee chair be given early sight of any difficulties arising from the audit should the need arise.</p>	
Resolved:	<ul style="list-style-type: none"> - The year-end accounts timetable and closure plan was approved; - The risks identified to the delivery of the timetable were noted; - A further detailed update to be brought to the March 2021 meeting; 	DG/AB
16/21	CORPORATE GOVERNANCE END OF YEAR REPORTING ARRANGEMENTS	
	<p>A report setting out the Corporate Governance end-of-year reporting arrangements was received.</p> <p>The following points were highlighted;</p> <ul style="list-style-type: none"> - The report sets out the proposed arrangements to meet the national end-of-year reporting requirements for corporate governance; - The health board is required to submit its annual governance statement and annual report to Welsh Government following the commencement of the new financial year; - The plan is to have an Annual General Meeting in July 2021; - The Annual Quality Statement requirement would be less than usual, with mandatory elements only, guidance on this had not yet been issued; - Committee dates will be flexed in order to align with the timescales; - Guidance had been received with regards to the requirements of the performance element of the report; 	
Resolved:	<ul style="list-style-type: none"> - The report be noted. - The proposed arrangements for end-of-year corporate governance reporting were approved; 	
17/21	SPECIAL PAYMENTS AND LOSSES REPORT	

	<p>A report detailing losses and special payments for the period 1st October 2020 to 30th November 2020 was received.</p> <p>In introducing the report, Andrew Biston highlighted the following points:</p> <ul style="list-style-type: none"> - During the period, the losses and specials payments amounted to £1,326,264 of which £1,111,184 would be recovered from the Welsh Risk Pool. The actual loss to the health board for the period was £215,080; - There had been only four clinical negligence settlements during this financial year to date and this was symptomatic of the pandemic where there had been delays in trials. It was anticipated that this would increase next year; - There was the likelihood that the risk sharing agreement with Welsh Risk Pool would be invoked in 2021 although discussions were ongoing with Welsh Government; - The final position would be agreed by February 2021; <p>Martin Sollis requested an update on the position of the risk sharing agreement with Welsh Risk Pool at the next meeting.</p>	
Resolved	<ul style="list-style-type: none"> - An update on the position of the risk sharing agreement with Welsh Risk Pool be provided at the next meeting. - The losses and special payments made in the period were noted. 	AB
18/21	NWSSP PROCUREMENT: SINGLE TENDER ACTIONS AND QUOTATIONS	
	<p>Keir Warner was welcomed to the meeting.</p> <p>The NWSSP Procurement: single tender actions (STA'S) and quotations (SQA'S) report was received.</p> <p>In introducing the report, Keir Warner highlighted the following points:</p> <ul style="list-style-type: none"> - The report covered activity for the period 31st October 2020 to 16th December 2020; - During the period, actions taken in direct response to supporting the pandemic were 8 SQA's and 10 STA's with a total value of £1,149,195; - The above actions taken in response to COVID-19 were related to capital expenditure and these had not been included in previous reports; 	

	<ul style="list-style-type: none"> - There had been an increase in activity related to SQA's and STA's which was reflective of returning to business as usual. There had been 4 SQA's and 8 STA's approved with a total value of £477,235; - A downward trend was being seen in terms of the numbers of SQA's and STA's and this was an indication of an increase in engagement with procurement; - The number of retrospective action requests was high and this was a concern. The total value for retrospective action requests for the period stood at £130k; - A procurement training programme was being developed to raise awareness of obligations under Standing Financial Instructions (SFI's) and Standing Orders (SO's) A procurement manual and quick reference guide was also in development. <p>In discussing the report, the following points were raised:</p> <p>Martin Sollis sought assurance on whether the actions relating to Capital, which had not been previously reported, posed any risk in terms of non-compliance of SFIs and SO's. Keir Warner assured there was no risk of non-compliance and it was just a case of these not being reported in previous iterations of the report.</p> <p>With regards to the retrospective actions, Keir Warner advised that this was a concern as it indicated a lack of early engagement with procurement. Martin Sollis commented that it was concerning that certain expenditure was falling under the radar. He queried the progress with the No PO No Pay Policy in which Keir Warner advised that this was still being worked through, there was good compliance across the board but in a number of cases, suppliers were being approached prior to the procurement team.</p> <p>Martin Sollis commented that there were areas of non-compliance which had always been there but he was pleased to see the improvement in grip and control. The training and education aspect was positive and it was pleasing to see these developments and improvements.</p> <p>Martin Sollis requested that if any breaches of SFI's and SO's were identified then these should be reported as soon as possible to the Director of Corporate Governance for the year-end reporting process.</p>	
Resolved:	<ul style="list-style-type: none"> - The NWSSP Procurement: single tender actions and quotations report was noted. 	
19/21	ITEMS TO REFER TO OTHER COMMITTEES	
Resolved:	There were no items to refer.	



20/21	ANY OTHER BUSINESS	
Resolved:	There was no further business and the meeting was closed.	
21/21	DATE OF NEXT AUDIT COMMITTEE MEETING	
	The date of the next meeting was confirmed as 9 th March 2021.	