

## UNCONFIRMED

### ABERTAWE BRO MORGANNWG UNIVERSITY LHB MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON TUESDAY, 31<sup>ST</sup> JULY 2018 AT 1.30PM IN THE BOARDROOM, HQ

<b>Present:</b>	Martin Sollis	Non-Officer Member (in the chair)
	Martyn Waygood	Non-Officer Member
	Tom Crick	Non-Officer Member
	Mark Child	Non-Officer Member
<b>In Attendance:</b>	Lynne Hamilton	Director of Finance
	Neil Thomas	Internal Audit
	Paula O'Connor	Internal Audit
	Carol Moseley	Wales Audit Office
	Gareth Howells	Director of Nursing and Patient Experience
	Len Cozens	Head of Counter Fraud Services
	Pamela Wenger	Director of Corporate Governance
	Liz Stauber	Committee Services Manager
	Matt John	Assistant Director of Informatics/Interim Chief Information Officer (for minute 146/18)
	Carl Mustad	Head of ICT Operations (for minute 146/18)

Minute	Action
<b>140/18</b>	<b>WELCOME AND APOLOGIES FOR ABSENCE</b>  Apologies for absence were received from Andrew Biston, Head of Accounting and Governance.
<b>141/18</b>	<b>DECLARATION OF INTERESTS</b>  There were no declarations of interest.
<b>142/18</b>	<b>MINUTES OF THE PREVIOUS MEETINGS</b>  The minutes of the meeting held on 17 <sup>th</sup> May and 31 <sup>st</sup> May 2018 were <b>received</b> and <b>confirmed</b> as a true and accurate record, except to note following typographical error: <u>106/18 Head of Internal Audit Opinion (final) and Annual Report</u> <i>Martyn</i> Waygood complimented the internal audit on a very professional report.
<b>143/18</b>	<b>MATTERS ARISING</b>  There were no matters arising.
<b>144/18</b>	<b>ACTION LOG</b>  The action log was <b>received</b> and <b>noted</b> with the following updates: i. <u>Action Point One</u> Martin Sollis advised that that he and Lynne Hamilton would meet

with post-payment verification colleagues once the summer break was over to discuss further reports.

ii. Action Point Two

Pam Wenger advised she and Gareth Howells were meeting with the chair of the Quality and Safety Committee later in August 2018 to discuss its future work programme and Martin Sollis was welcome to join.

iii. Action Point Five

Martin Sollis stated that assurance was needed that the health board had a process in place to manage large projects and programmes. Lynne Hamilton advised that while the full process was not yet established, a Director of Transformation was now in post for the two year secondment, whose first priority would be the Bridgend transfer. She added this related to the wider issue to deliver the transformational agenda within the health board and where such programmes reported.

iv. Action Point Six

The report on progress against the follow-up of the consultant contract had been deferred to September 2018 due to the changeover in Medical Directors.

**145/18 WORK PROGRAMME**

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

**146/18 NHS WALES INFORMATICS SERVICE (NWIS) BUSINESS CONTINUITY INCIDENTS**

Matt John and Carl Mustad were welcomed to the meeting.

A report providing an update on the NWIS business continuity incidents was received.

In introducing the report, Matt John and Carl Mustad highlighted the following points:

- NWIS had advised that progress was being made but there was still much to do;
- A joint management board with health board leads was meeting regularly with a big focus on change controls;
- Health boards leads would be asked to scrutinise decision making;
- Improvements were planned through infrastructure management;
- Assurance had been given that there was now an understanding as to why the three outages had occurred and things were in place to mitigate the risks.

In discussing the report, the following points were raised:

Tom Crick commented that he was reassured that the health board

was more proactive with the engagement and transparency of investigations and it was unusual that there had been so many incidents. He added that while the challenge of the Wales Audit Office report was clear, and developments should be completed on a 'once-for-Wales' basis, there needed to be contingency and capability to respond to outages.

Mark Child stated that national systems were an integral part of the way in which health boards functioned and assurance was required that this need could be supported. He queried if there was to be an audit of the continuous availability of the system. Carl Mustad advised that there had been an independent audit of the system and architecture of the network.

Tom Crick commented that the first incident should not have occurred as this was the purpose of having two separate data centres. He queried if there had been a root cause for both failing to work. Carl Mustad responded that it had been a design issue and prior to each incident there had been a change to service provision which the system had failed to adapt to.

Martin Sollis stated that during NWIS's appearance at the public accounts committee (PAC), 11 outages had been discussed and the instability of several systems. He queried as to how visible the health board was to these issues. Carl Mustad advised that previously, visibility had been low, but issues were now addressed through the joint management board to better develop systems.

Martin Sollis advised that when the systems had 'gone down', staff had managed the situations but nationally the potential risk of harm to patients had not been acknowledged. He queried if there was engagement with staff who were at risk of losing faith in systems should the incidents continue. Matt John advised that there was but there room for improvement.

Martin Sollis informed Matt John and Carl Mustad that they had the support of the committee should they need it going forward.

Carol Moseley advised that the PAC report would be available in due course for the committee to consider, along with the management response.

**Resolved:** The report be **noted**.

## **147/18 GOVERNANCE WORK PROGRAMME**

The integrated governance work plan was **received**.

In introducing the report, Pam Wenger advised that the work programme now included the recommendations of the NHS Wales Delivery Unit's review of serious incidents.

In discussing the report, the following points were raised:

Tom Crick noted the recommendations in relation to the Emergency Medicine and Retrieval Transfer Service (EMRTS) and queried the plans for its governance sub-committee, which could be more effective. Pam Wenger advised that the Director of Therapies and

Health Science was mapping quality operational groups and how they reported to the Quality and Safety Committee as there needed to be a distinction between operational and assurance. She added that the EMRTS governance sub-committee and the equivalent for the NHS Wales Delivery Unit were both operational, and while an assurance report may be needed to a board committee, a review of current arrangements was to be undertaken.

Martyn Waygood queried as to whether the mandatory training governance committee had been established. Pam Wenger undertook to clarify this and advise Martyn Waygood by email.

PW

Martyn Waygood sought an update in relation to the recruitment of the quality improvement manager. Gareth Howells advised he was keen to look at staff development as it was important to have staff out in the units managing concerns rather than recruiting to the corporate function.

Martin Sollis suggested that further iterations should highlight what has been changed or updated since the previous report. This was agreed.

PW

- Resolved:**
- The report be **noted**.
  - Clarification be provided as to whether the mandatory training governance committee had been established.
  - Further iterations should highlight what has been changed or updated since the previous report.

PW

PW

#### 148/18 **BOARD ASSURANCE FRAMEWORK (TO INCLUDE STRATEGIC RISK REPORT)**

A verbal report providing an update on the board assurance framework (including the strategic risk report) was **received**.

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

- A formal board assurance framework was in development and a draft would be circulated outside of the meeting for comment, prior to it being received at the next meeting;
- It was currently in an early draft form but gave a sense of the health board's current position in terms of risk;
- A risk management group had been established; which included representatives from the units;
- The corporate risk register needed to be refreshed;
- The organisation's appetite for risk needed to be identified;
- The units were reviewing their own risk registers through the risk management group;

In discussing the report, the following points were raised:

Martin Sollis advised that members should consider the process undertaken to develop the framework to determine it fulfilled

expectation.

Paula O'Connor stated that discussions were being undertaken as to who was populating the risk register as it was vital that they had the correct knowledge. Martin Sollis responded that this needed to be written into the units' delegations and had to be owned by everyone.

Lynne Hamilton advised that there was an expectation that the new methodology would be used to inform the planning process for 2019-2020 onwards.

Paula O'Connor advised that an internal audit of risk management was planned but the timescales may be deferred to allow for work to progress.

**Resolved:** The report be **noted**.

#### **149/18      AUDIT REGISTERS AND STATUS OF RECOMMENDATIONS**

A report outlining the results of a review of the audit registers and status of recommendations was **received**.

In introducing the report, Pam Wenger advised that all outstanding recommendations to audits had been reviewed to identify which were extant and which had been superseded and could therefore be removed from the register.

In discussing the report, the following points were raised:

Martin Sollis advised that he was comfortable with the process which had been undertaken but it was essential that officers were chased for actions on open recommendations as too many were not receiving a response.

Paula O'Connor stated that recommendations which had been open for more than 100 days were reviewed for relevance and to see if circumstances had changed or moved on. She suggested the updated list be brought to the next meeting. This was agreed.

Gareth Howells commented that it was disappointing to see the lack of responses going forward and executive directors should be invited to appear before the committee to outline reasons for non-delivery. Martin Sollis concurred, adding this would form the basis of the discussion at the September 2018 meeting.

**LH**

**Resolved:**

- The report be **noted**.
- The updated audit register be received at the next meeting.

**LH**

#### **150/18      FINANCE UPDATE**

A verbal finance update was **received**.

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

- The period three position demonstrated continued improvement but the run rate to achieve £25m deficit was still

above what it needed to be;

- The main issues affecting financial performance were under delivery of savings targets and only £15.7m of the £21.3m savings had been identified;
- Medical variable pay in Princess of Wales Hospital was increasing and the unit's financial position remained a challenge;
- The discussion with Welsh Government at the recent targeted intervention meeting had been clear that the health board was expected to better its forecast position, however the health board had stressed the importance of maintaining quality and safety of services;
- Progress had been made on the review of the financial control procedure;
- In previous years, the health board had undertaken a national accreditation, the value of which had been reviewed in 2018-19, and the decision made not to continue;
- Her Majesty's Revenue and Customs (HMRC) VAT (value-added tax) inspection was taking place in August 2018 and contact had been made with another health board already undergoing the process to understand the requirements and resource implications;
- A supplier of several health boards had its account 'hacked' and two NHS Wales payments intercepted; one of which was from ABMU. This had now been resolved;

In discussing the report, the following points were raised:

Martin Sollis commented that board discussions had been clear in relation to not compromising quality and safety to achieve a better financial position. He added that any savings schemes with qualitative issues needed to be signed off by the Medical Director and Director of Nursing and Patient Experience as the work progressed, the risks needed to be borne in mind. Gareth Howells concurred, stating that once a scheme had been delivered it would be important to assess it locally to ensure quality and safety would not be compromised.

Len Cozens advised in relation to the hacked bank account, the amount taken was small and confirmation was awaited of reimbursement. He added an investigation was to be undertaken as to how the 'hackers' bypassed the NHS Wales Shared Services Partnership system, which had responsibility for payment of invoices.

**Resolved:** The report be **noted**.

## **151/18 LOSSES AND SPECIAL PAYMENTS**

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

**LH**

152/18

## BRIDGEND CLINIC TRADING ACCOUNT

The Bridgend clinic trading account for 2017-18 was **received**.

In introducing the report, Lynne Hamilton advised that a governance review of the clinic was being undertaken from both a clinical and financial perspective.

In discussing the report, the following points were raised:

Martin Sollis queried as to when the report for the governance review would be available. Pam Wenger responded that the previous Medical Director had commissioned the review and she was working with the Princess of Wales Unit senior management team to undertake the work, with the support of Paula O'Connor. She added that given the scope of the work, a framework was to be developed to identify the range of areas which required review.

Martin Sollis advised that the purpose of the paper was to present the trading account for the previous year therefore it would be more appropriate to discuss the governance review further once the report was available. He queried to which fora it would be reported. Lynne Hamilton advised it would be reported to the Chief Executive and the quarterly performance reviews in the first instance. Martin Sollis asked that any significant issues be reported to the board and the Audit Committee.

Tom Crick noted that a £740k profit had been recorded for 2017-18 and queried as to where this money was received. Lynne Hamilton advised that it was reinvested in the Princess of Wales Unit.

Martyn Waygood queried the reasons as to why there had been a request for increased financial governance scrutiny. Lynne Hamilton responded that the clinical governance issues had been raised at a performance review and she had taken the opportunity to include financial governance for completeness to better understand the subsidiary.

**Resolved:** The report be **noted**.

153/18

## SINGLE TENDER ACTION AND QUOTATIONS

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

154/18

## CHANGE OF FIXED ASSET LIVES

A report setting out a change to the technical accounting process for fixed assets was **received**.

In introducing the report, Lynne Hamilton stated that a proposal had been developed to change the technical accounting adjustments for fixed assets to an annual basis.

In discussing the report, the following points were raised:

Martin Sollis sought clarification as to whether this would be a

material adjustment. Carol Moseley advised that out-of-life adjustments would be reviewed as part of the structured assessment process.

Martin Sollis suggested that the committee approve the proposal subject to the process being in-line with others in Wales and that the auditors were satisfied that it would not cause any issues in relation to the annual accounts. This was agreed.

LH

- Resolved:**
- The report be **noted**.
  - The proposal be **approved** subject to the process being in-line with others in Wales and the auditors were satisfied it would not cause any issues in relation to the annual accounts

LH

**155/18 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 highlighted the following points:

- Seven final reports from the 2017-18 plan had been issued; two of which had not been rated;
- Some progress had been identified in the medical devices follow-up review but not enough to improve the rating, so a another visit was to be undertaken in September 2018;
- The 2018-19 plan was underway and one final report had been issued since the last update;
- The review of charitable funds had been undertaken in two sections and had identified some concerns. It would be rated once the second part had been completed;
- The team had reviewed the draft annual quality statement for 2017-18 and made recommendations to consider for future iterations.

In discussing the report, the following points were raised:

Martin Sollis queried whether the review of charitable funds was linked to that of Golau. Neil Thomas confirmed that it was not.

Martyn Waygood advised that the issues identified within the review of charitable funds would be raised at the Charitable Funds Committee.

Len Cozens stated that the weaknesses identified within the review of charitable funds echoed that of an investigation from 2014. Martin Sollis queried if evidence was identified of untoward access of funds, whether this would be reported to the counter fraud service. Paula O'Connor advised that they would, but the issues of concern at the moment related to compliance with financial procedures. Neil Thomas added that documentation was not adequately completed in some instances to provide assurance as to how the monies had

been collected and spent.

Martyn Waygood noted the *limited assurance* rating for legionella management and sought further details. Huw Richards advised that a review of water safety was scheduled for the following month and would include legionella.

**Resolved:** The report be **noted**.

**156/18      HANDOVER OF CARE EMERGENCY DEPARTMENTS**

A report setting out the response to an audit of handover of care at emergency departments across Wales for Welsh Ambulance Service NHS Trust (WAST) was **received** and **noted**.

**157/18      EXTERNAL AUDIT PROGRESS REPORT**

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

In introducing the report, Carol Moseley highlighted the following points:

- The audit of the annual accounts had been completed;
- Four performance audits were in progress;
- The fieldwork for the audits of primary care and integrated care fund were concluding;
- Briefing notes had been issued for the structured assessment and review of clinical coding;
- Work was being undertaken with Pam Wenger to identify a time for a board development session on scrutiny and assurance;
- Five reports had been published since the previous meeting.

In discussing the report, Tom Crick stated that the reflection of the first year of the Wellbeing and Future Generations Act was interesting in relation to how some bodies had responded. Carol Moseley concurred, adding that time was to be included within the audit schedule going forward to enable the Auditor General to make a reflection before each election cycle.

**Resolved:** The report be **noted**.

**158/18      DECLARATIONS OF INTEREST**

A report setting out declarations of interest received to date for 2018-19 was **received** and **noted**.

**159/18      HEALTHCARE INSPECTORATE WALES (HIW) OPERATIONAL PLAN 2018-19**

The HIW operational plan for 2018-19 was **received** and **noted**.

**160/18      FREEDOM OF INFORMATION ACT POLICY**

The Freedom of Information Act policy was **received**.

In introducing the report, Pam Wenger advised that the policy had been reviewed and no changes made.

In discussing the report, the following points were raised:

Martin Sollis commented that the Freedom of Information Act process within the organisation seemed to be well managed. Pam Wenger concurred, adding that the number received each year continued to increase and was currently around 600. She added a more indepth update as to performance would be included within the senior information risk owner annual report at the next meeting.

Mark Child queried as to whether many requests were received for information already in the public domain. Pam Wenger advised that any which fell into this category had an appropriate exemption applied.

Tom Crick commented that the organisation should be publishing more information as a matter of course which would negate the need for some of the requests. Pam Wenger responded that the health board was developing a new website and this would be an opportunity to consider what could be published.

- Resolved:**
- The report be **noted**.
  - The Freedom of Information Act policy be **approved**.

**PW**

**161/18      HOSTED AGENCIES GOVERNANCE SUB-COMMITTEE MINUTES**

A report setting out the minutes of the recent hosted agencies governance sub-committee was **received** and **noted**.

**162/18      ANY OTHER BUSINESS**

There was no further business and the meeting was closed.

**163/18      NEXT MEETING: Thursday, 20<sup>th</sup> September at 9.30am.**