



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



		Agenda Item	3.6 (i)
Freedom of Information Status		Open	
Reporting Committee	Audit Committee		
Author	Claire Mulcahy, Corporate Governance Manager		
Chaired by	Martin Sollis, Independent Member		
Lead Executive Director (s)	Pam Wenger, Director of Corporate Governance		
Date of last meeting	15 May 2020		
Summary of key matters considered by the committee and any related decisions made.			
<ul style="list-style-type: none">Annual Governance Statement The committee were asked to consider the draft Annual Governance Statement. Overall, members felt the document was an accurate reflection of 2019-20 and it highlighted key areas covered at Board such as compliance issues, health and Safety and breaches to standing orders. Members also felt it important to note the good progress made within the organisation during the year despite the challenges of both the Bridgend boundary change and COVID-19. The document was approved subject to further development of the executive summary to include coverage of COVID-19 and further context around improvements in governance that had been made in 2019-20.Approach to Internal Audit and External Audit during COVID-19 The committee received a report outlining the approach to Internal and External Audit work programmes during COVID-19. Internal Audit advised that there would be significant changes to the internal audit plan and this would need to be agreed by the Committee in due course. They also stated that specific consideration was being taken for a review of the financial and governance arrangements covering COVID on an All-Wales basis. Audit Wales outlined the changes to the their audit plan and they outlined their agreed national approach to capture and share lessons on the innovative work developed across Wales during the pandemic. Audit Wales confirmed that the Information requested would be proportionate and sensitive to current circumstances. Members requested that the audit work should focus on the key innovative areas highlighted within the Quarter 1 operational plan. In particular, the work should cover the digital services developments in which the health board has been innovative and pioneering on a national level in terms of new technology and approaches.Internal Audit Progress and Audit Assignment Summary For information purposes, the committee received 10 draft reports which had been issued to Executives and were advised of the agreement to suspend the normal target timescales for response due to draft reports due to COVID-19 pressures. Of the 5 final reports received by the committee, 4 had been assigned a limited assurance rating: <i>Risk Management and Board Assurance Framework, Declarations of Interest, Gifts and Hospitality, Health and Safety and Management of Contractors</i>. Discussion took place surrounding the Risk Management and Board Assurance Framework (BAF) in which members reflected their disappointment with the audit rating as they felt that significant work and progress had been made in these areas during			

2019-20. The BAF would be a key priority for the health board this year. Internal Audit advised that the main reason for the rating related to the fact that the review had primarily focussed on how the processes had been embedded across the organisation. Progress within the system had been recognised but there were areas that needed further focus to ensure they were correctly embedded. The key area underpinning the rating was the effectiveness of the Risk Management Group and Scrutiny Panel. Members agreed emphasis was needed in getting risk management as an accepted priority across the whole organisation.

• **Head of Internal Audit Opinion (draft) and Annual Report**

Members received the draft Head of Internal Audit Opinion that confirmed that the Board could take *reasonable assurance* that the arrangements to secure governance, risk management and internal control were suitably designed and applied effectively across the health board. Seven of the eight domains had an overall rating of reasonable assurance. The domain that was given a limited assurance rating was: *Corporate Governance, Risk Management and Regulatory Compliance*. Members felt it was important to note that none of the domains could be attributed to an individual team and there needed to be accountability across the organisation to improve the remaining limited assurance domain.

Key risks and issues/matters of concern of which the board needs to be made aware:

None identified.

Delegated action by the committee:

None identified.

Main sources of information received:

The following reports were received with no significant issues raised:

- Compliance with the Corporate Governance Code;
- Update on Work-Programmes during COVID-19;
- Audit Committee Annual Report 2019/20 (appendix 1)

Highlights from sub-groups reporting into this committee:

None identified.

Matters referred to other committees

None identified.

Date of next meeting

27 May 2020



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



		Agenda Item	
Freedom of Information Status		Open	
Reporting Committee	Audit Committee		
Author	Claire Mulcahy, Corporate Governance Manager		
Chaired by	Martin Sollis, Independent Member		
Lead Executive Director (s)	Pam Wenger, Director of Corporate Governance		
Date of last meeting	27 May 2020		
Summary of key matters considered by the committee and any related decisions made.			
<ul style="list-style-type: none">Response to the Welsh Government Guidance (Covid-19 Decision Making and Financial Guidance) <p>The committee received a report setting out how the health board has responded to the each of the requirements within the guidance. Members felt assured by the information provided within the report and they noted that further assurance on the work undertaken during the pandemic would be sought via internal audit; external audit and Welsh Government reviews that were being planned. The committee was also advised of the COVID-19 decision log that was being maintained to document all governance and financial decisions undertaken for schemes during the pandemic. It was agreed that this should be reviewed at the next committee.</p> <p>With Reference to improvements needed in terms of Service Delivery Unit financial accountability, members were advised that accountability letters would be sent to Units in due course to cover requirements in terms of both delegated budgets and COVID-19 costs.</p>			
Key risks and issues/matters of concern of which the board needs to be made aware:			
<ul style="list-style-type: none">Review of draft Annual Accounts <p>The draft annual accounts for 2019/20 were received and reviewed by the committee. Members were advised of the changes to submission dates due COVID-19 and the fact that these were the first set of accounts as Swansea Bay University Health Board since the Bridgend boundary change. Members heard that the health board had failed it's first statutory financial duty to remain within its revenue resource limit by £16.284m although this was within the finally agreed control total of £16.3m. The health board achieved the target to remain within the capital resource limit but Compliance with PSPP guidance was not achieved with 94.3% being achieved against the 95% target. As the health board did not have an approved integrated medium term plan, it also failed to meet it's second statutory duty.</p>			

An analytical review of expenditure across primary care, healthcare from other providers and hospital and community services was outlined to the committee. All key issues, high level changes and trends were highlighted and discussed.

Members made reference to the increase in agency costs during the year, and they were advised that the increase in agency costs needed to be viewed in the context of both the requirements of the Nurse Staffing Act (Wales) 2016 and the surge capacity and extra beds for urgent care that had been needed during the year. It was important to compare usage especially with the vacancy rates last year and the extra beds kept open in terms of ensuring that urgent care demand was met.

The importance of not losing the work and improvements that had been made in dealing with the costs of continuing health care (CHC) was also highlighted. It was agreed that the Board needed to ensure that this was picked up as part of our innovation and improvements work to ensure that work on this continued to be prioritised next year.

Delegated action by the committee:

None identified.

Main sources of information received:

The following reports were received with no significant issues raised:

- Remuneration and Staff Report (Draft);
- A report in response to the audit enquiries to those charged with governance and management;
- Emergency Medical Retrieval and Transfer Service (EMRTS) Annual Report 2019/20.

Highlights from sub-groups reporting into this committee:

None identified.

Matters referred to other committees

None identified.

Date of next meeting

09 July 2020



Audit Committee Annual Report 2019/20



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Bae Abertawe

Swansea Bay University
Health Board

1. Introduction

The purpose of the committee is to advise and assure the board and the accountable officer on whether effective arrangements are in place - through the design and operation of the health board's assurance arrangements - to support them in their decision taking and in discharging their accountabilities for securing the achievement of the health board's objectives, in accordance with the standards of good governance determined for the NHS in Wales.

Where appropriate, the committee will advise the board and the accountable officer on where and how its assurance arrangements may be strengthened and developed further.

During 2019/20, the committee met its responsibility by fulfilling its role as outlined in its terms of reference, and through the delivery of its work programme. The annual report summarises this.

2. Committee Structure

The membership of the Audit Committee during 2019-20 comprised:

Independent Members

- Martin Sollis, Independent Member (committee chair);
- Tom Crick, Independent Member;
- Martyn Waygood, Independent Member (until July 2019);
- Mark Child, Independent Member; (until November 2019);
- Nuria Zolle, Independent Member (from November 2019).

Executive Directors

- Lynne Hamilton, Director of Finance (until February 2020)
- Gareth Howells, Director of Nursing and Patient Experience.
- Darren Griffiths, Interim Director of Finance and Performance (from March 2020)

Pam Wenger, Director of Corporate Governance, as well as representatives of internal and external audit and counter fraud also attended meetings.

Committee support in terms of the circulation of the meeting papers and minute taking was undertaken by the corporate governance function to ensure continuity with other board committees. The secretary to the committee was Claire Mulcahy, Corporate Governance Officer.

The terms of reference required the committee to meet bi-monthly however during 2019/20 it met five times due to the postponement of the committee of January 2020 due to an unforeseen quoracy issue. A special meeting in May 2019 to agree the annual accounts was also held.

3. Reports Received

In March 2019, the committee agreed its work programme for the coming year, which was separated into the following sections:

- Governance, risk and internal controls;
- Financial focus;

- Internal audit;
- External audit;
- Clinical audit;
- Counter fraud;
- Assurance reports for information.

Governance, Risk and Internal Controls

- Integrated Governance Work Programme

Updates were provided to the Audit Committee on progress against the Governance Work Programme introduced in 2018, and to outline the improvement actions in place for 2019-2020. The document was reviewed and updated for 2019-2020 and included feedback from the Structured Assessment undertaken in 2018-2019, updated actions from each Lead executive; updated actions on recommendations concerning serious incidents and the health board's governance priorities for 2019-2020.

- Accountability Statement

In line with the national manual for accounts, the committee received and considered the draft accountability statement, which included the annual governance statement and the annual accounts. The committee then approved the final version at its special meeting in May 2019.

- Organisational Annual Report

The committee considered the draft organisational annual report for 2018-19 with members providing comments to the Director of Corporate Governance in order for the final version to be received at the annual general meeting of the health board in July 2019.

- Review of Standing Orders

In-line with good governance practices, the committee undertook an annual review of standing orders. The committee also reviewed and updated its terms of reference.

- Health Board Risk Register

Throughout 2019-20, the committee received regular updates on the risk register and the significant work undertaken to refine and strengthen the approach to risk management within the organisation. Members felt assured that good progress was being made in terms of engagement, discussion and engagement of the delivery unit's and executives.

The committee gave particular focus on the health board's top five risks and on occasion, executive leads were required to attend in order to provide further information and assurance on the actions being taken to mitigate the risks. There was also focus on those risks that were the responsibility of the Audit Committee in particular the health board's digital risks which included *Cyber Security* and *National Data Centre Outages*. Members agreed that digital risks would be a key area of focus for the committee during 2020-21.

- Board Assurance Framework (BAF)

The Audit Committee has a key role in overseeing the development of the Board Assurance Framework. During 2019-20, the Audit Committee received regular updates on the progress to develop and strengthen the framework and recognised the significant progress made. The committee were informed on the engagement with executives and managerial leads to discuss content and how the Risk Management Group in tandem with the Health Board Risk Register, would monitor the BAF.

Members felt that the framework was fit for purpose and supported the implementation of its use by the Board and every committee going forward.

- Audit Registers

The Audit Committee received regular updates on the audit registers and the status of outstanding recommendations. Throughout the year, the number of outstanding recommendations fluctuated during each period and members raised concern for this. For those areas with high numbers, executive leads were invited to the committee to provide information and further assurance that actions were being taken to reduce the numbers. For 2020-21, further work would be undertaken in the form of a cleansing exercise of historic outstanding recommendations and an update to the processes surrounding the completion of the audit registers.

- Raising Concerns/Guardian Service

In order to fulfil the governance requirement within the Audit Committee terms of reference, the committee sought updates on the progress and implementation on the Raising Concerns Service/Guardian Service. Members were advised on the positive progress being made and the work underway to ensure that effective processes were in place for the escalation of the concerns to the appropriate officers, committees and to the Board.

- Hosted Agencies

As part of the terms of reference, the committee are required to consider the minutes of the Emergency and Medical Retrieval and NHS Delivery Unit Governance sub-committees. After consideration with both agencies, the Audit Committee agreed that the governance arrangements could be scrutinized as part of the main board committee structures and therefore it was practical to stand down the governance sub-committees. The Audit Committee would receive an annual governance report from both agencies going forward.

- Audit Committee Self- Assessment

In order to determine the effectiveness of the committee and to inform areas of development for the forthcoming year, members were asked to complete a self-assessment and findings were reported to the March 2020 committee. Overall the responses were very positive with the majority of questions receiving either 'strongly agree' or 'agree'. The following key themes were highlighted and will be taken forward in the development of the committee for the forthcoming year:

- The development of the Board Assurance Framework will help in terms of the effectiveness of the committee and assist the independent members discharge their responsibilities;
- The role of Clinical Audit has been highlighted as an area that needs further clarification in terms of the respective roles and played by both the Quality and Safety and Audit Committee;
- Reflection of the meeting does not take place but could follow a similar format to that of the Board Meetings? This could include a review of the timing of the meeting as there are some comments made in relation to the meetings 'over running' on occasions;
- Regular meetings with the Auditors to be formally scheduled.

Financial Focus

- Annual Accounts

The Audit Committee considered and recommended the annual accounts for 2018-19 for approval by the board. A presentation outlining the draft accounts was received at the meeting in May 2019 and members provided comments prior to approving the final version at its special meeting later that month. The remuneration and staff report was also received during these meetings.

- Finance Update

Throughout the year, the committee has received regular updates through a standing agenda item, which primarily kept members up-to-date as to the current position against the forecast deficit. It was also an opportunity for the Director of Finance to raise other issues for the committee to scrutinise and seek assurance, and these included staffing matters, a review of the financial control procedures and counter fraud issues.

- Losses and Special Payments/Single Tender Action and Quotations

Reports were received at each meeting outlining the losses and special payments and single tender action/quotations approved throughout the year.

- Bridgend Boundary Change Balance Sheet Disaggregation Process

The Audit Committee received updates on the process and progress of the Bridgend boundary change disaggregation process.

Internal Audit

As well as the regular updates outlining progress against the audit plan for 2019-20 and the outcomes of completed audits, members received the annual plan for 2020-21 for approval. The Internal Audit Opinion for 2018-19 was received in May 2019, which confirmed that the Board could take *reasonable assurance* that arrangements to secure governance, risk management and internal control were suitably designed and applied effectively across the board.

External Audit

Members received a regular update as to the work of Wales Audit Office (now re-named Audit Wales), both locally and nationally. Due to the postponement of the committee in January, it was requested that the Board received the structured assessment and annual audit report for 2019, which outlined all the findings and recommendations of financial and performance audits, as well as a review of governance arrangements. In March 2020, members noted the External Audit Plan for 2020 as well as the fees.

Clinical Audit

The committee received a report which provided an overview of the health board's position with regards to clinical audit and effectiveness for the first six months of 2019/20. A key issue raised by members was the lack of a planned audit programme to help support the quality and safety agenda. The committee were advised that an assessment was in progress which focussed on the quality and safety structure and the ability to utilise the skillset within the organisation to get all measures of quality, standards, outcomes and patient experience in one place. The item was formally referred into the Quality and Safety Committee for monitoring.

Counter Fraud

Members considered a regular report from the counter fraud service outlining progress against the annual plan, as well as the annual report for the service and the self-

assessment against the NHS protect standards. In addition, the Counter Fraud Policy and Response Plan was also approved and regular updates were provided within the in-committee section of the meeting on the sensitive and individual cases being investigated.

Assurance Reports for Information

- Declarations of Interest; Hospitality Registers and Standards of Business Conduct Policy.

The committee received regular updates as to the entries on the declarations of interest and hospitality registers. It was felt that this was an area in which improvements could be made in order to increase the submissions from staff so better the scrutiny and assurance could be made. In March 2020, the committee received a revised version of the Standards of Business Conduct Policy in which key changes were agreed and further work highlighted in terms of the development of electronic registers for recording of Interests and Hospitality and a wider dissemination and awareness of the policy.

- Information Governance Board Updates

As a sub-group of the committee, regular updates were received from the information governance board as to the discussions undertaken. In addition, following service outages of national systems within the NHS Wales Informatics Service, regular updates were sought as to the cause and actions being undertaken to address the issues. Members also received the annual report of the Senior Information Risk Owner which outlined the work over the course of the year in relation to the information governance.

Other Reports

- Water Safety Management

Following a *limited assurance* audit report, the committee sought further assurance on actions taken to address the issues raised. Members felt that this posed a significant risk to the health board in terms of patient safety. The issue was formally referred through to Health and Safety Committee for monitoring. Members did feel assured that actions were being undertaken to mitigate the risks but further work was needed in terms of a deep dive via the Health and Safety Committee.

- Long Waiting Patients

The Audit Committee received an update on the actions undertaken to address the recommendations from the NHS Delivery Unit's Report on long waiting planned care patients. Members were advised that the health board's planned way forward was via the clinical services plan in particular through the pathway re-design stream and also improvements would come via Value Based Healthcare programme. Committee members' main concern was for the clinical priority and validation of long waiting patients and stressed urgent assurance for the board was needed in terms of clinical prioritisation to ensure that any potential harm to patients was appropriately minimised. The item was formally referred into the Quality and Safety Committee.

4. Conclusion

This report demonstrates that the committee fulfilled its responsibilities through the reports it had received during the year from various services and sources.