

Governance Arrangements during Covid-19 Pandemic

Advisory Review

Internal Audit Report

Swansea Bay University Health Board

Audit and Assurance Services

2020/21



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Please note:

This advisory review report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee. Advisory review reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Swansea Bay University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. INTRODUCTION

The NHS in Wales continues to face unprecedented pressure in planning and providing services to meet the needs of those who are affected by Covid-19 and other essential services.

At the time of this report, the number of cases of Covid-19 in Wales is in decline and there is an opportunity for NHS Wales organisations (organisations) to take stock following the initial peak of cases experienced between March and May 2020.

This rapid advisory review was originally requested by the All Wales Finance Directors Group to assess the adjusted financial and overall governance arrangements that were put in place to enable Swansea Bay University Health Board (the 'health board') to maintain appropriate governance whilst enabling its senior leadership team to respond to the rapidly developing global pandemic.

We have assessed the effectiveness of those arrangements with respect to compliance with Welsh Government guidance. The key objective of the review is to provide independent, timely feedback to enable changes to be made to temporary governance arrangements if they are to be used in the future.

This rapid review was completed during late June and July 2020 and involved interviewing key members of the health board and reviewing associated documentation supplied, where available. We have undertaken further detailed discussions and walkthroughs of arrangements in place and actions undertaken to manage the pandemic within the health board. However, whilst we have assessed this information against Welsh Government and other guidance, we have not undertaken detailed operational testing of the arrangements in place. We worked closely with Audit Wales to avoid unnecessary duplication with their work, sharing information where relevant and undertaking a number of interviews together.

Further detail regarding the scope of the review, the guidance used as the basis of the assessment and the review work undertaken are included in the appendices to this report.

We are aware of other reviews being undertaken within the health board including, for example, the Gateway review of the delivery of the field hospitals, albeit the scope and remit of these differ from this governance review.

2. EXECUTIVE SUMMARY

Main Observations

Effective action was taken to respond to the first peak of the pandemic. The governance arrangements at Board and Committee level were adapted appropriately to maintain Board oversight of the health board response. Management has reviewed the effectiveness of arrangements during the period and adapted where required. Indeed, some of the points raised in this report were already known to management and subject to ongoing management review and/or action.

Feedback from the Health Board Chair, Chief Executive and Chairs of the Audit, Quality & Safety and Performance & Finance Committees on the health board's Covid-19 response approach was positive. In particular:

- The health board emergency response was stepped up promptly and governance arrangements were revised in response to the peak of the pandemic.
- The Board and those Committees that continued to operate during the peak adapted to new working conditions, with good attendance and focus. The operation of Committees was reviewed regularly.
- The Chair and Independent Members felt well informed and involved in the process.
- Members were complimentary of the speed with which digital services were implemented to support new ways of working and management of the pandemic.

While this was the case some comments were made highlighting areas that required improvement or require further consideration:

- The local procurement and provision of Personal Protective Equipment was uncoordinated initially. However, it was recognised that improvements were made in this area, following the establishment of a dedicated silver cell, and supported by the military and provision of a digital dashboard.
- A need for more information on resource tracking was expressed – something to indicate at Board level how staff have been re-deployed, and those areas with absences due to Covid-19.
- Some indicated that different approach would be taken to the closure of surgical services at a future peak (e.g. a modular approach that maintained services for longer).

Further responses from these interviews have informed our findings elsewhere within the report, and we note later that a 'hot debrief' approach

has been used to identify improvements as the pandemic has continued to progress.

Prompt action was taken to adjust the Board's governance arrangements in response to the approaching peak. While the Board, Audit Committee and Quality & Safety Committee continued to meet, other Committees were stood down for a period. The business of meetings was reviewed and revised in order to provide an appropriate balance between Covid-19-related risks and issues and the most significant of those relating to routine business.

Executive Directors' time was freed up to focus on urgent matters at the peak of the pandemic, and regular briefings provided to independent members outside of the formal committee forums. A 'buddying' system provided for informal communication between Committee chairs and lead Executives.

Virtual meetings using Skype and latterly Microsoft Teams have developed over time, with initial teething troubles and connectivity problems nationally throughout the NHS. All planned meetings have been proceeded with the appropriate quorums.

The Command Structure operated effectively and enabled the organisation to make decisions in an agile way. A coordination centre was established to provide coordination and administrative support to Gold Command and those managing the health board response. Management are taking the opportunity now to look at the basis for decisions made during the pandemic peak and updating records.

No changes were made to the Scheme of Delegation (SoRD), Standing Financial Instructions (SFI) or Financial Control Procedures (FCP), but pragmatic approaches were implemented to deal with the early procurement requests of service areas to prepare for the coming peak.

While examples of single tender actions and single quotation actions were provided during the period, the Director of Finance has commissioned a review of procurement expenditure to assess and provide assurance regarding compliance with Standing Orders & SFIs.

Financial performance has been monitored and reported to Welsh Government in the prescribed format, highlighting additional spend (and underspend) ascribed to Covid-19-related issues.

Priority Considerations for the Future

We have not assigned priority ratings to considerations for the future, but we highlight the following areas for the health board to take into account as it reviews its processes:

- Development of reports received by the Quality & Safety Committee in those areas where reporting to date has been high-level or focused

on process development to include information on performance / outcomes e.g. waiting list risk of harm.

- Following the receipt of completed decision logs by the Director of Finance, decision-making records are reviewed and consideration given to any further action required to address capacity & capability, clarify responsibility for completing records contemporaneously and to ensure that consistency of approach and any qualitative aspects of completion are addressed for the future.

A review of template documentation used for decision logs and for individual decision-making records, and directions on how they should be used may be appropriate.

- Following the reporting of decision logs to Audit Committee in September, producing guidance for the level of information required to be documented in the Decision Log and an indication of when information should be escalated to the Committees/Board. This can be used for mobilisation of the process in event of potential future peaks.
- Following completion of the local NWSSP Procurement review of expenditure and the associated documentation, it would be appropriate to clarify for a future peak what processes and documentation are required to ensure compliance with Standing Orders, the demonstration of value for money, and the identification and management of potential conflicts of interest in the procurement process.
- If alternative processes to those currently required by Standing Orders are considered necessary for future procurement decisions, Board approval should be sought and Standing Orders amended.
- Management review record-keeping arrangements, including format and use, and take steps to promote consistency and address any matters in respect of quality/completeness.
- Formalising the framework for assessing and documenting the risks associated with decisions made and issuing directions and template documentation from Gold Command.
- We have discussed with the Director of Finance the absence of financial values from decision logs associated with the Silver Infrastructure Group and the potential assurance that may be derived by preparation of a report that captures all capital decisions and financial values for retrospective scrutiny by the Audit Committee.

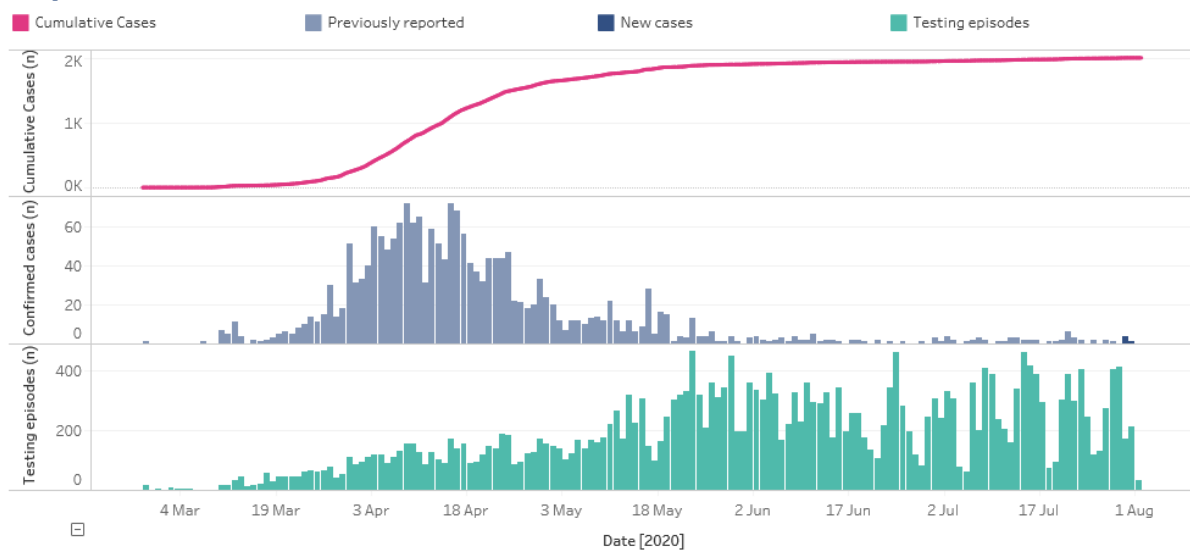
3. BACKGROUND AND CONTEXT

Overview of the Impact of the Pandemic on the Health Board

In the period of a few weeks (10th March to 8th April 2020) a rapid escalation of the pandemic impacted the health board. The graphs below illustrate the acceleration of the cases of Covid-19 within the health board's region.

Swansea Bay University Health Board Daily Reports

Daily charts



Source: <https://public.tableau.com/profile/public.health.wales.health.protection#!/vizhome/RapidCOVID-19virology-Public/Headlinesummary>

The All-Wales and Health Board total per 100,000 are detailed below.

SBUHB	09/03-15/03	16/03-22/03	23/03-29/03	30/03-05/04	06/04-12/04	13/04-19/04	13/04-19/04
Swansea	6.1	7.7	31.2	84.2	117.8	98.4	70.0
Neath Port Talbot	9.8	7.7	24.4	76.8	79.5	87.2	56.5
Wales Total	4.2	12.5	36.4	66.6	73.8	65.0	45.9

Source: <https://public.tableau.com/profile/public.health.wales.health.protection#!/vizhome/RapidCOVID-19virology-Public/Headlinesummary>

Command and Control Structure

The health board initiated its emergency response quickly in January 2020, setting up command arrangements in line with the principles of its major incident procedure and established Pandemic Flu plans. The effectiveness of arrangements was reviewed in February and adjustments made to improve areas where necessary, including the establishment of a

Coordination Centre to provide coordination and administrative support to Gold Command and management. The structure and working arrangements have been kept under review. An illustrative map of the arrangements adopted by the health board and its partners is attached at Appendix 3.

Adjusted Governance Arrangements

In addition to the Command and Control structure initiated and developed during Quarter 4 of 2019/20, in April a paper entitled *Maintaining Good Governance (Covid-19)* [the Governance Paper] was approved by Chair's Action and ratified by the Board. In this, the health board set out arrangements designed to ensure the appropriate level of board oversight and scrutiny with which to discharge its responsibilities effectively, whilst recognising the reality of Executive focus and time constraints. Part of the paper presented new ways of working, and part of it introduced temporary variation from the legal framework (Standing Orders) to which the Board operates. Key elements included:

- Adoption of new ways of working during the pandemic response;
- Clarification of the approach to the taking of decisions reserved for the Board, including the use of Chair's Actions;
- Streamlining of the Board and committee structure and operation, including the suspension of committees of the Board, with the exception of the Audit and Quality & Safety Committees;
- The introduction of virtual meetings and changes to public access to meetings and records;
- The allowance for variation to Workforce policy to be approved by the strategic director, with oversight in place from the Chief Executive, subject to reporting to the Board (and approval where appropriate).

The conclusions and considerations for the future in this report take into account the rapid onset of the pandemic at the beginning of its spread through Wales and the consequent impact on the health board and the wider Swansea, Neath and Port Talbot regions. Considered in this context, the health board quickly established governance arrangements and continued to strengthen and adapt measures to manage the pandemic as more guidance became available.

4. DETAILED FINDINGS

This section sets out the detailed findings of the review, under the headings of Strategic Governance, Financial Governance and Other Governance Areas.

Strategic Governance

1. Board and Committee Meetings
2. Scheme of Reservation and Delegation (SoRD) and Decision Making Arrangements
3. Risk Management

Financial Governance

4. Annual Accounts and Reporting
5. Financial Systems and Processes
6. Covid-19 Expenditure (Revenue and Capital)
7. Workforce
8. Budget and Savings

Other Governance Areas

9. Partnership Arrangements
10. Charitable Funds
11. Information Governance

Each section provides commentary on the adjusted governance arrangements put in place and considerations for the health board to take into account as it plans for potential further Covid-19 peaks in the future.

Where we consider it appropriate we have suggested areas which should be given greater priority.

Strategic Governance

4.1 Board and Committee Meetings

What we found

Our review identified the following:

- A 'Maintaining Good Governance' (*Covid-19*) paper [the Governance Paper] was approved in April 2020 by Chair's Action and ratified by the Board, setting out new ways of working and adjustments to Standing Orders.
- Board agendas and meeting arrangements were reviewed and revised. Formal monthly Board meetings were established, with shorter agendas alternating between Covid-19 and Non-Covid-19 subject matter to allow a focused approach. There were regular updates from Gold Command at both, and information was received on agreed non-Covid-19 areas.
- The Governance Paper clarified the appropriate route for urgent decisions requiring Board approval, with an illustrative flowchart.
- Board meetings have been held virtually. Members have adapted to the new medium, recognising both the advantages and disadvantages. Guidance on etiquette has been circulated to assist the flow of meetings and solutions have been identified to address technical difficulties, including the move to Microsoft Teams software.
- Whilst the public has been excluded from meetings in accordance with regulations, papers have continued to be published online, with a summary briefing published shortly after meetings, and steps were being taken to broadcast meetings live over the internet. Additionally, from April, the public have been able to submit questions to an email address included in a public notice on the website.
- The Health Board Chair indicated that there has been regular contact with the Community Health Council.
- The Board quorum established within Standing Orders has remained unchanged and Board meetings have continued to be quorate throughout the pandemic. Resilience has been provided in the nomination of 3rd and 4th deputies for the chair.
- The Board stood down each of its Committees with the exception of the Audit Committee and Quality & Safety Committee (QSC). The latter was changed to a bi-monthly meeting and the agendas

for both meetings were revised to focus on key areas. Discussion with the QSC Chair indicated that monthly meetings to increase the level and breadth of assurance coverage were now to be re-introduced.

- The quorums already established for Audit Committee and QSC meetings remained unchanged and were achieved during the period.
- Review indicated that most subjects set out within Welsh Government guidance had been received by the Quality & Safety Committee, were scheduled to be so, or were available to Board members by other routes such as performance reports, Gold Command updates, or the Covid-19 Dashboard. Some had been considered at the Quality & Safety Governance Group which reports into the Quality & Safety Committee. Recent additions to the Committee programme picked up some early gaps.
- The reporting on some areas was high level and/or referred to the development of processes e.g. waiting list risk of harm, and the implementation of DNACPR. Greater assurance would be provided if these were developed into outcome focused reports reflecting on the effectiveness of arrangements put in place.
- Committee action logs have also been updated to include capture of actions delayed due to Covid-19 and now classed as 'pending' alongside those carried forward as normal.
- For those Committees stood down during the peak of the pandemic, the Governance Paper directed that any relevant matters arising should be escalated to the Board.

Discussions indicated that informal 'buddying' arrangements between Committee Chairs and nominated lead Executive Directors facilitated communication on relevant matters; informal briefings were provided for Independent Members; and regular meetings of the Chair with Independent Members enabled a flow of information on developments during the pandemic. Independent members spoke positively about arrangements in place.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Development of reports received by the Quality & Safety Committee (board and other standing committees where appropriate) in those areas where reporting to date has been high-level or focused on process development to include information on performance / outcomes e.g. waiting list risk of harm.

4.2 Scheme of Reservation and Delegation (SoRD) and Decision Making Arrangements

What we found

Our review identified the following:

- The Standing Orders *Scheme of Reservation & Delegation of Powers* was not changed, but the Board were informed that deputies had been identified for existing key roles. We were provided with a document listing individuals nominated to provide this resilience.
- As noted earlier, the Governance Paper clarified the appropriate route for urgent decisions requiring Board approval.

We reviewed three Chair's actions: two reflected decisions on changes to governance and Personal Protective Equipment (PPE), and were ratified at the April 2020 meeting; the decision to commission Field Hospitals was ratified at the April in-committee session. For each of the Chair's actions we note that Independent Members required to discuss the action were the Chairs of the Audit Committee and Quality & Safety Committee respectively, compliant with the requirement within Standing Orders to seek two members' views.

The Head of Corporate Governance has drafted a Standard Operating Procedure to improve the clarity of process and record-keeping arrangements for chair's actions.

- Changes to delegated decision making arrangements were limited, but the Governance Paper allowed for variation of Human Resources policy to be approved by the strategic director, with oversight in place from the Chief Executive, indicating that adaptations should be recorded and reported to Board for assurance and that some decisions would go to full Board where appropriate.
- At the outset of our review it was highlighted that decision making records were not complete. The Director of Finance had contacted managers instructing them to bring their decision logs up to date. While some were forwarded to us during the review, a number, including those relating to Singleton, Neath & Port Talbot and Morriston Units, remained outstanding.
- Our limited review of those logs made available, indicated small differences in format between the two Units that had completed them. Additionally, the RAID logs (Risk, Action, Issue & Decision

logs) used by Silver command cells differed in format to Unit logs (e.g. the Units had a field for financial value, whilst the RAID logs did not), and review of their use highlighted differences in the elements completed – some were detailed, whilst others were blank. The Gold decision log was also different in format to those of the Units.

- The Audit Committee has requested sight of decision logs and these are scheduled to be received at its next meeting in September. While it is acknowledged that many decisions would not require to be reported to the Board for approval, the planned reporting of decision logs to the Audit Committee is a positive step to support Board assurance of arrangements in place.

In April, the Executive Board considered a draft 'Decision Making Record' form and a 'Form for GOODS' (originally drafted for orders of value up to £750k) alongside the Governance Paper. These were not approved formally. We were provided with some examples of decisions recorded on forms similar to the 'Decision Making Record' form, but there was no record of its issue centrally so it is not clear whether it has been adopted widely. We were informed that the 'Form for GOODS' was not formally adopted.

- In respect of single tender/quotation actions, the provisions of Standing Orders/Standing Financial Instructions have remained in force. We have been provided with examples of single tender and single quotation action forms for some procurements that support considerations of value for money. The Director of Finance indicated in his report to the Audit Committee in July that there are other STAs and SQAs relating to Covid-19 which will require approval, but also that a retrospective review of expenditure was planned. We met with the Assistant Finance Director and colleagues in local NWSSP Procurement who indicated single tender actions and single quotation actions had not been used routinely for Covid-19 purchases but the review was underway with the aim of reporting to Audit Committee in September.

Recognising the non-adoption of the 'Form for Goods', it may be appropriate to review and clarify for staff, the process and documentation required for procurement.

- The health board has processes in place to deal with conflicts of interest set down within the Standing Orders Standards of Business Conduct. While these are noted, one of the requirements of the Standards is that at the beginning of every decision making/formal meeting, members and those in attendance will be invited to declare their interests in relation to any items on the

agenda. This was not routinely recorded in the notes of command structure meetings we reviewed. There were no additional, specific measures put in place to identify and manage potential conflicts of interest in decision-making processes. This is an area where the use of single tender/quotation action documentation could provide assurance in respect of specific decisions made. The NWSSP Procurement review commissioned by the Director of Finance is anticipated to provide further detail in respect of particular transactions and the processes followed.

- Interviewees were complimentary of the role played by the Director of Public Health in chairing the Gold Command throughout the period. Discussions indicated that some key staff had worked throughout the pandemic bringing consistency of approach and knowledge, but conversely presenting some risk in terms of single points of knowledge / expertise which could cause difficulties if any became unavailable. Cover arrangements have been identified for Executive and Unit Directors, Unit Covid-19 coordinators and some of the corporate support functions. We noted the Head of Emergency Preparedness, Resilience & Response was not included.
- It is positive to note that the health board stepped up its emergency response early in the pandemic. While no formal step down triggers had been adopted at the start of our review, it was evident from the changes to governance arrangements, including the frequency of Gold Command meetings, that arrangements were regularly reviewed and adapted in response to the level of risk present. We note that consideration is being given to identifying triggers currently.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Following the receipt of completed decision logs by the Director of Finance, decision-making records are reviewed and consideration given to any further action required to address capacity & capability to complete records contemporaneously, and to ensure that consistency of approach and any qualitative aspects of completion are addressed for the future.

A review of template documentation used for decision logs and for individual decision-making records, and directions on how they should be used may be appropriate.

- Following the reporting of decision logs to Audit Committee in September, producing guidance for the level of information

required to be documented in the Decision Log and an indication of when information should be escalated to the Committees/Board. This can be used for mobilisation of the process in event of potential future peaks.

- Following completion of the NWSSP Procurement review of expenditure and the associated documentation, it would be appropriate to clarify for a future peak what processes and documentation are required to ensure compliance with Standing Orders, the demonstration of value for money, and the identification and management of potential conflicts of interest.
- If alternative processes to those currently required by Standing Orders are considered necessary for future procurement decisions, Board approval should be sought and Standing Orders amended.

Furthermore, we suggest the following considerations as the organisation looks forward:

- The list of covering officers developed to provide resilience be reviewed for completeness and that any developmental needs of covering staff be identified and addressed so that they can cover effectively in the absence of substantive leads.

4.3 Risk Management

What we found

Our review identified the following:

- Recognising that the response to the pandemic needed to be fast-moving, the Health Board received & approved a paper in April entitled 'Reporting and Management of Risk & Issues during the Covid-19 Pandemic' setting out a risk management approach to run alongside the normal risk management process for reporting on Covid-19 related risks and issues.
- As part of this, the Board increased its appetite during the peak to consider only the highest scoring non Covid-19 risks, and the scores for these were reviewed in light of the pandemic. An overall Covid-19 risk was added to the main Health Board Risk Register, which was received by the Board in April and July. It was not formally received by the Executive Board or Senior Leadership Team between these dates.
- Procedures were introduced requiring the completion of RAID (Risk, Action, Issue, Decision) logs by each Cell and health board-wide Silver Group and the provision of 'situation reports' (reports of current risks and issues) by Units. We noted that the latter were delivered verbally at Gold Command meetings.
- A Covid-19 Strategic Risk Log was established to capture the most significant risks for use by Gold Command in line with the wider risk appetite established.
- We confirmed that the Gold Command risk log was received and reviewed regularly. The Executive Director membership of Gold command ensured the appropriate level of awareness and monitoring of risk.
- We reviewed RAID logs for 21 command cells. They varied in respect of which sections were completed and the level of completeness. One was not present on the sharepoint site. While this was the case, the presence of Unit Directors and Silver Cell leads at Gold Command provided a means for swift communication of risks where required and we noted that the Gold risk log recorded risks owned by some of the silver cells.
- Where we noted the risk sections of Silver Cell RAID logs were completed, our review of a sample of high scoring risks confirmed that they were captured in the Gold log.

- The intention documented in the April Board paper was to share the Gold risk log on a weekly basis with independent members. This intention was overtaken by other means for the communication of risks & issues including:
 - The Chair & QSC Chair have attended at Gold Command meetings and as such are apprised of risks & issues discussed there
 - The Chair has met regularly with Independent Members
 - The regular Gold Command update papers to Board included information on issues being managed and listed key risks
 - The Board received the Covid-19 Risk Register at its July meeting.
- The Quality & Safety Committee received Covid-19-related risks in May and the July Audit Committee received the register of Covid-19 risks in the standard risk register format, alongside the wider organisational risk register to which it is linked.
- With the health board still being in response mode, the Covid-19 Strategic Risk Register remains active and is reviewed on a weekly basis by Gold Command in order to maintain situational awareness should there be a further spike in Covid-19 cases.
- A 'hot debrief' approach has been used to ensure experiences from all levels of the health board response are captured while fresh. Recommendations based upon these are being taken forward.
- There were no written directions to staff in respect of how to document risk assessments for decisions taken. We were provided with some examples of decisions documented within decision making forms and separate meeting papers that demonstrated considerations made. There is potential for greater assurance that the assessment of risks is documented for decisions more widely. While this is the case, management indicate that the health board plans include the Joint Emergency Interoperability Programme (JESIP) and the meetings are based on the Joint Decision Making Model which includes risk assessment.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Management review record-keeping arrangements, including the format and use of RAID logs, and take steps to promote consistency and address any matters in respect of

quality/completeness. Building on guidance already available, management should consider providing additional direction for Silver cell leads on key activities and record-keeping e.g. checklists.

- Clarifying the approach to documenting the risks associated with decisions made and issuing directions and template documentation from Gold Command. (See also the earlier recommendation in relation to decision-making records.)

Furthermore, we suggest the following considerations as the organisation looks forward:

- In the event of further peaks and the standing down of Board Committees, the more frequent receipt of the wider health board risk register at Executive Board and full Board meetings.

Financial Governance

4.4. Annual Accounts and Reporting

What we found

Our review identified the following:

- The year-end account process was managed effectively. A closure plan was prepared by Finance which listed tasks, dates and owners of the steps required to complete the process.

It is notable that this was achieved during the peak of the pandemic and while staff were working from home.

- Accounts were presented to the health board on 25th June 2020 alongside the Audit Wales Audit of Accounts Report.
- Remote access to supporting documentation was provided to support the external audit. At the June 2020 Audit Committee the external audit team expressed gratitude for the co-operation of health board staff and the quality of the papers provided to support the audit. There were no uncorrected mis-statements and an unqualified true and fair opinion was noted within the Audit of Accounts Report. Recognising that the health board had breached its resource limit over the three-year period 2017/18-2019/20 a qualified regularity opinion was recorded.

What could be done differently in the future

No actions recommended.

4.5 Financial Systems and Processes

What we found

Our review identified the following:

- No changes were made to Standing Financial Instructions or Financial Control Procedures, but deputies were identified to cover key roles.
- There is a link to Financial Control Procedures and Desktop Procedures within the Finance portal for Finance staff.
- The Finance Directorate did not have a documented Business Continuity Plan. It was clear however that steps were taken to communicate to staff within the Directorate (including a weekly podcast by the Director of Finance), to assess their capability for home working, and to review and update desktop procedures.
- No additions were considered necessary to authorised signatory lists for current cost centres to respond to Covid-19, there having been a review of signatories undertaken earlier in 2019/20.
- A small number of additional cost centres were set up to capture costs incurred directly as a result of Covid-19 in dedicated service areas, including Field Hospitals. Sample review confirmed that named individuals assigned were allocated financial limits in line with the Board's Scheme of Reservation & Delegation.
- There was a further cost centre (code 7004) set up to capture the procurement costs of wider service areas where requisitions associated with Covid-19 preparations were directed to provide financial control via corporate review and approval. The approver for this code was not named, but the title of the signatory on the list was branded generically as '*Covid-19 Health Response*'. Approvals were processed by the Deputy Director of Finance on the agreement of the Covid-19 Coordination Centre lead, communicated via email. There were practical financial control reasons why this was set up in this way at the outset.
- While names on the list of banking signatories attached to Financial Control Procedure 9: *Banking Arrangements* were out of date, we noted that the schedule had been updated more recently and, while it required minor amendment for the most recent changes, it provided for resilience.

- The Welsh Risk Pool has confirmed that NHS indemnity applies to the Llandarcy and Bay field hospitals and community testing sites at the Liberty Stadium and Margam.
- We were informed that obtaining PPE was a challenge initially and early actions were uncoordinated. However, this improved through the establishment of a PPE cell chaired by the Assistant Director of Health & Safety who had identified areas for improvement.
- A central stock was established with subsidiary stores at a Unit level. A target of 48 hours availability was set and included within a dashboard created by Digital Services which enabled live updates from Units on the availability of PPE and facilitated central monitoring & procurement.
- We were informed that no Covid-19 losses and special payments had been identified, but that this would be monitored as time progresses and reported to Audit Committee in the usual way.

What could be done differently in the future

We suggest the following considerations as the organisation looks forward:

- Management use the experience of this pandemic to inform the development of a documented business continuity plan for Finance (alongside the other departments and units) and give additional consideration to building resilience to mitigate against the risk of loss of key individuals.
- Recognising the abatement of the first Covid-19 peak, review of the continued use of 7004 *Covid-19 Health Board Readiness* cost centre would be appropriate. Alternative cost centres have already been introduced for particular aspects of Covid-19 management which align responsibility for expenditure with operational management e.g. field hospitals / dedicated Covid-19 wards. There may be scope to spread this approach further. If it is decided there is a continued requirement for a central fund we would recommend that the electronic controls within Oracle are adjusted to record the name of the responsible officer authorising expenditure for the cost centre.

In the meantime, it should be noted that email correspondence provides the record of accountability for transactions authorised in this way and so it should be retained in a structured, accessible way.

- Out of date banking signatories listed within financial control procedures have been highlighted for amendment as part of management's ongoing programme of review of financial control procedures.

4.6 Covid-19 Expenditure (Revenue and Capital)

What we found

Our review identified the following:

- The Oracle financial system has been set up to promote authorisation of expenditure by appropriate officers for those cost centres with named authorisers.
- Some of the requisitions placed against the 7004 cost centre were of a value above threshold assigned to the 'HB Covid Readiness' generic approver, and required separate intervention from the Oracle systems team – approvals for these depend on separate authorisation communicated outside of the Oracle system. The Director of Finance has commissioned NWSSP Procurement to undertake a retrospective review of procurement expenditure in order to provide him and the Audit Committee with assurance in respect of processes followed. Discussion with NWSSP Procurement colleagues indicated to us that this would include a review of approvals.
- Revenue investments relating to Covid-19 have been reported via Welsh Government Monitoring Returns. We were informed that there is no explicit approval as such for this in advance. Separate monitoring returns capture the expenditure related to field hospitals.
- While approval is not obtained in advance the health board has prepared Quarterly Operational Plans for Welsh Government, which include Financial Plans setting out expected additional costs associated with Covid-19 for the next three months ahead.
- It has been reported to the Board that until funding is provided by Welsh Government this presents a financial risk.
- The cost centres set up for Covid-19-related services and the generic Covid-19 readiness cost centre support the identification of Covid-19-related expenditure. The receipt and scrutiny of requisitions centrally for the latter provided an opportunity to vet requests for appropriateness and challenge if needed, though it was acknowledged that early on, the level of check may have varied alongside other demands.
- Costs associated with Covid-19 from other service areas are identified by Finance Business Partners. We were informed that there is analysis of financial performance against re-based budgets to identify areas of over (and under) spend associated with Covid-

19 issues. Each month returns are sent to the Deputy Director of Finance for review and consolidation.

- Codes have been set up within rostering systems and the Electronic Staff Record payroll system to identify work / payments associated with Covid-19.
- The health board's monitoring returns record resources freed up from the reduction in planned care. This is informed by returns from Unit Finance Business Partners which highlight this.
- A weekly activity analysis is provided to Units which highlights movements in service activity compared against a historic average.
- Examples of single tender action and single quotation action forms were shared with us. However, while these examples were noted, we were informed that this process may not have been followed for all procurements. NWSSP Procurement indicated that the output of their review would provide assurance in respect of compliance with single tender / quotation actions requirements of Standing Orders. This work is starting and a report is anticipated to be provided to the Audit Committee in September.
- Management indicated that no pre-payments had been recorded in relation to Covid-19. While this was the case, we were informed that NWSSP Procurement has been asked to review for payments for goods and services not delivered due to the onset of the pandemic.
- Management indicate that the health board has been in regular discussion with Welsh Government since early April on the process for accessing additional capital funding above the approved Capital Resource Limit (CRL). The letter from Andrew Goodall (Covid-19 decision making & financial guidance – issued 30 March) was presented at the Audit Committee on 27 May.
- Only those major projects for which Welsh Government funding has been approved have continued during this time. No new capital bids have been prepared acknowledging the expected limited availability due to Covid-19 spending within Health. It has also been reported to Board (through finance reports) that there has been slippage on existing schemes due to the priorities of Covid-19 work.
- The Board received a paper on 30th April 2020 regarding the Covid-19 field hospitals and via ratification of a Chair's action paper approved their clinical model, the estimated capital and revenue

costs for them as well as the workforce model. The appointment of contractors has been undertaken by the local authorities.

- Our review of the Silver Infrastructure Group decision log indicated provision of Oxygen supply to field hospitals which has been approved through a capital order. However, there was no value reflected within the log. The decision log (entry dated 23/04/2020) also indicates the order of ventilators for 31 beds at Morriston ICU (surge capacity). As with the field hospitals, no costs were recorded within the decision log.
- Discussion with the Head of Counter Fraud Services indicated that there has continued to be a presence on site and steps taken to ensure the service can continue remotely. Counter fraud advice & guidance has been issued during the period to services and patients/clients/carers.
- Fraud awareness raising has continued during the period, and the attention of staff drawn to Covid-19 related frauds via the Intranet.
- The Audit Committee has been apprised of action taken to address increased fraud risks arising from Covid-19.

What could be done differently in the future

Considerations have been raised earlier relating to the use of the general Covid-19 cost centre, and the requirement to act on the outcome of the NWSSP review of expenditure when it is completed.

In addition, we advise that priority should be given to considering the following:

- We have discussed with the Director of Finance the absence of financial values from decision logs associated with the Silver Infrastructure Group and the potential assurance that may be derived by preparation of a report that captures all capital decisions and financial values for retrospective scrutiny by the Audit Committee.

4.7 Workforce

What we found

Our review identified the following:

- As part of the papers received by the Board in support of the approval to set up Field Hospitals, figures were presented of staff resources required to meet super surge.
- Vacancy Panels were stood down by Gold Command as part of a paper on 'Accelerated Recruitment Processes'. We were informed that there was no alternative procedure put in place for the approval of posts. There has been a drive to recruit as many staff as possible recognising the risk presented within the Covid-19 Strategic Risk Register to achieving the numbers required for super surge operation. We noted that with only a small number of exceptions, staff listed as appointed relating to Covid-19 demands had been appointed to the bank or given fixed term contracts.
- The 'Accelerated Recruitment Processes' paper approved at Gold Command also adjusted the pre-employment checking process to allow staff to start employment while some checks remained ongoing.
- Some staff have started on this basis, though the Nurse Bank Manager informed us that she would not place staff onto shifts until the checks were confirmed as complete.
- The decision was captured in a Gold Command decision log, which was circulated to Board members in May, but the brief nature of the log entries meant that the nature of the risks considered in making the decision were not described there.
- We are aware that some staff groups have been paid at enhanced rates outside the normal terms and conditions. In particular, staff at Agenda for Change Bands 8 and above have received overtime pay. We are informed that this was in line with Welsh Government Frequently Asked Questions documentation, so it has not been reported to the Board or Remuneration Committee for approval.

The Governance document approved by the Board in April indicated that variation of Human Resources policy could be approved by the Strategic Director, with oversight in place from Chief Executive Officer. Adaptations should be recorded and reported to Board for assurance.

- We reviewed a small sample of overtime payments made for the appropriateness of authorisation, recognising that staff who would not normally receive variable pay were now receiving it. Financial Control Procedure 9: *Pay Expenditure* requires that payroll returns must be certified by the responsible supervising officer (section 3.2.1). Pay returns currently take the form of controlled electronic spreadsheets which are submitted electronically. None of the returns sampled were electronically approved and submitted by the supervising officer directly. We noted that some of the managers sampled had submitted a return that included their own overtime hours, however we found either additional correspondence / records to be in place locally, or where this was not available, senior officers who confirmed their satisfaction with submissions made.
- We were informed that processes for engaging agency staff were unchanged by the pandemic. An example of an off-contract agency nurse booking was provided demonstrating the Executive Director authorisation in place.
- We were informed that there was no central coordination of the redeployment of staff, but that each Unit was empowered to manage this. However, a daily Nurse Staffing cell was in place to discuss staffing levels at each Unit and provide an opportunity for any escalation from Units on risk areas – should there be a need to consider cross Unit support it could be raised through this forum. There was a daily call within Unit Directors with nurse bank representation to support this. The Chief Executive has indicated potential for greater information on resource tracking.
- A paper to the May Board on the Nurse Staffing Levels Act provided a wider update on the mechanisms to risk assess and upskill staff deployed during the pandemic. We were provided with information on training delivered to redeployed staff, new starters, students and those returning to practice.
- The health board also established a central page on its Intranet for posting Covid-19-related information with workforce helplines, including extended Occupational Health hours, and Frequently Asked Questions.

What could be done differently in the future

We suggest the following considerations as the organisation looks forward:

- Recognising the importance of vacancy control panels, we would recommend that their suspension is reviewed periodically and alternative control arrangements be documented.
- Noting the re-instatement of the Board's Workforce & OD Committee management provide a report on the approach taken to recruitment and pre-employment checks, with information on progress (and/or completion) of ongoing checks for staff commenced in post under the amended process. This will provide assurance on the management of risk.
- Provide a retrospective assurance report to the Board or appropriate Committee on the implementation of variations to standard contractual pay allowances.
- It may be appropriate to review Financial Control Procedures to reflect the level of control expected in respect of electronic payroll spreadsheet returns and supporting records expected at a department level if the submission process itself does not demonstrate senior officer authorisation.
- Develop a mechanism to track and report the extent to which staff have been re-deployed across the health board in response to need.

4.8 Budget and Savings

What we found

Our review identified the following:

- The health board is reporting the information in the format required by Welsh Government.
- The health board received and noted a paper setting out the approach to budget-setting for 2020/21. Following the recommendations of the KPMG review in 2019/20, it was highlighted that budgets for 2020/21 would be re-based on 2019/20 income and expenditure run-rates for 2019/20.
- It had been intended that there would be engagement with each Unit and Corporate Directorate prior to the issue of budgets and accountability letter. However, due to the impact of the pandemic, letters of accountability have not been issued, but it was decided to issue the budgets as a monitoring framework. Further engagement and review of budgets are intended during the year and the Director of Finance has indicated to us the intent to issue to managers, a description of the principles and approach to financial management in SBUHB.
- While there is no budget identified for the management of Covid-19 impact, financial reports identify Covid-19 implications. The Deputy Director of Finance is working on revised year end projections but it is acknowledged as difficult due to the assumptions around Field Hospital use that will need to be adjusted as situation changes. Until confirmed, the availability of Welsh Government funding to cover the costs associated with Covid-19 presents some financial risk. However, there is ongoing communication of costs to Welsh Government via the monitoring returns.
- Financial reporting to the Board indicates the considerations being given to cash flow forecasting & draw down.
- Progress against delivery of savings requirements was reported during 2019/20, and an outturn of £19m against its planned savings target of £22m reported to the Board in May.
- We were informed that an initial review of savings schemes in April reduced the figure for planned CIP schemes from £23m to £5m.
- The Finance report to Board in June highlighted that all management capacity and focus has been directed towards the

Covid-19 response. Welsh Government has been kept informed via the Monitoring Returns of the limited progress early in the year and forecast outturn position.

- We understand that plans are being revisited in July and some of the pipeline savings highlighted by the KPMG review e.g. the impact of digital service provision, will be brought forward where possible.

What could be done differently in the future

No actions recommended.

Other Areas of Governance

4.9 Partnership Arrangements

What we found

Our review identified the following:

- Additional capacity has been purchased from the private sector through an All Wales approach, funded by Welsh Government in Quarter 1. The health board has not sought to extend this.
- In April 2020, the health board approved a paper that included revisions to the Terms of Reference for an Extraordinary Regional Partnership Board (RPB) to facilitate the implementation of emergency governance arrangements with partners until September 2020. The Director of Strategy and Chief Executive were appointed as health board representatives to the RPB and the Director of Strategy was designated as the health board's representative on a Health and Social Care Interface Board (HSCIB) – a small group of directors from partner organisations responsible for making decisions regarding the reallocation of resources.
- The board paper highlighted that much of the established programme of transformation would be put on hold in order that resources could be re-allocated to address the pandemic and set out the establishment of a pooled fund into which unallocated and uncommitted regional revenue and capital spending would be diverted. It indicated the financial limits within which HSCIB decision-making would operate and the threshold at which decisions need to be escalated to the RPB. The use of Integrated Care Fund monies is considered by the Regional Partnership Board Covid-19 Silver Situation Finance Group.
- Examples of collaboration with Regional Partnership Board members at an operational level was evident in the health board's participation at the Multi-agency Community Silver Cell and Multi-Agency Test, Trace & Protect Silver Cell. A joint paper was produced in conjunction with local authority partners, setting out a service model for Test, Trace & Protect arrangements locally.
- In April 2020 the Board approved the establishment of two field hospitals. The construction of these has been managed by local authority partners. A Collaborative Agreement setting out the principles of collaboration and the roles and responsibilities of each party has been agreed with the Local Authority in relation to the

Llandarcy site. Discussions are ongoing to finalise the same for the Bay Field Hospital.

- The health board has followed All Wales guidance in respect of maintaining the funding flows associated with Long Term Agreements and Service Level Agreements.
- Monitoring arrangements are in place and information provided quantifying the relative financial risks/benefits of the approach.
- Primary care costs associated with Covid-19 are highlighted by the Finance & Business Partner for Primary & Community Services Unit as part of the monthly return submitted to the Deputy Director of Finance to inform the Welsh Government Monitoring Returns.

What could be done differently in the future

No actions recommended.

4.10 Charitable Funds

What we found

Our review identified the following:

- Systems in place for the management of previously established charitable funds are unchanged.
- An additional fund has been set up to receive monies following the health board becoming a member of the NHS Charities Together. A bidding form is in place to apply for use of the funds and we noted that expenditure is approved by the Director of Corporate Governance.
- The response from the public has been unprecedented. Generous donations received via online fundraising websites have been acknowledged via the press and others who wish to contribute similarly have been directed to the Just Giving 'Spread the Love Swansea' page, or to purchase items for patient benefit from Amazon 'wish lists' set up by staff.
- Gifts received from private companies have been logged and recorded using the health board's 'Form for Registering Gifts and Hospitality' (part of its Standards of Business Conduct).

What could be done differently in the future

- The health board's Fundraising Policy continues to develop as indicated by the Director of Corporate Governance to ensure that processes are documented for the appropriate management of non-financial donations.

4.11 Information Governance

What we found

Our review identified the following:

- Guidance and controls have been implemented to address emerging information governance risks in relation to Covid-19.
- There was good communication around information governance and Cyber issues – links are visible via the Bronze groups into Gold for information governance and Cyber related issues – and this extends to communication at a national level too.
- There is evidence of changes to practices including consideration of information governance and Cyber issues.

What could be done differently in the future

No actions recommended.

Appendix One – Guidance, Principles and Scope

Guidance and Principles

In its response (dated 26 March 2020) to a letter received on behalf of the Board Secretaries Group, Welsh Government agreed the Governance Principles that are designed to help focus consideration of governance matters.

The Principles are:

- Public interest and patient safety;
- Staff wellbeing and deployment;
- Governance and risk management;
- Delegation and escalation;
- Departures from existing policies and processes;
- One Wales (acting in the best interest of the whole of Wales); and
- Communication and transparency.

In particular, the Welsh Government reiterated the importance of continuing the role of both the Audit Committee and the Quality and Patient Safety Committee during the Covid-19 outbreak, in supporting the Board with discharging its responsibilities.

Further detailed guidance was issued regarding financial governance in Covid-19 Financial Guidance to NHS Wales' Organisations and the Covid-19 Decision Making and Financial Governance Letter from Welsh Government dated 30th March 2020.

Scope of this Advisory Review

The advisory review assessed the adequacy and effectiveness of internal controls in operation during the Covid-19 outbreak, with particular regard to the Principles set out by the Welsh Government regarding maintaining financial governance.

This review focused on the following Principles:

- Governance and risk management;
- Delegation and escalation; and
- Departures from existing policies and processes.

In particular, we undertook interviews and review of documentation:

- To ensure that appropriate key decisions are made through the revised management arrangements, with risk, impact and value for money adequately assessed;
- To confirm that the (revised) Scheme of Delegation and escalation requirements are adhered to;
- To ensure appropriate oversight and scrutiny remains by the Board over applicable matters – for example, the risk appetite level set;
- To ensure that departures from existing standards, frameworks, policies and procedures are appropriately documented and reviewed regularly, but still in accordance with the Principles; and
- To determine if the command structure established (i.e. Gold, Silver and Bronze) is appropriate – for example, achieving the Principles set out by the Welsh Government.

In our interviews with Board Members we discussed the remaining Principles and where appropriate commentary on those is include in the detail of this report.

The potential risks considered in this review are as follows:

- Decisions are not completed in the best interest of the public;
- Statutory requirements are not met;
- Inappropriate expenditure and financial commitments;
- Insufficient scrutiny of the risks associated with each key decision;
- The Welsh Government Principles are not adhered to; and
- Inappropriate governance arrangements.

As this is an advisory review, the assignment is not allocated an assurance rating, but we have suggested some considerations for the future, should temporary governance arrangements be required in response to further peaks in the future.

Appendix Two – What we did

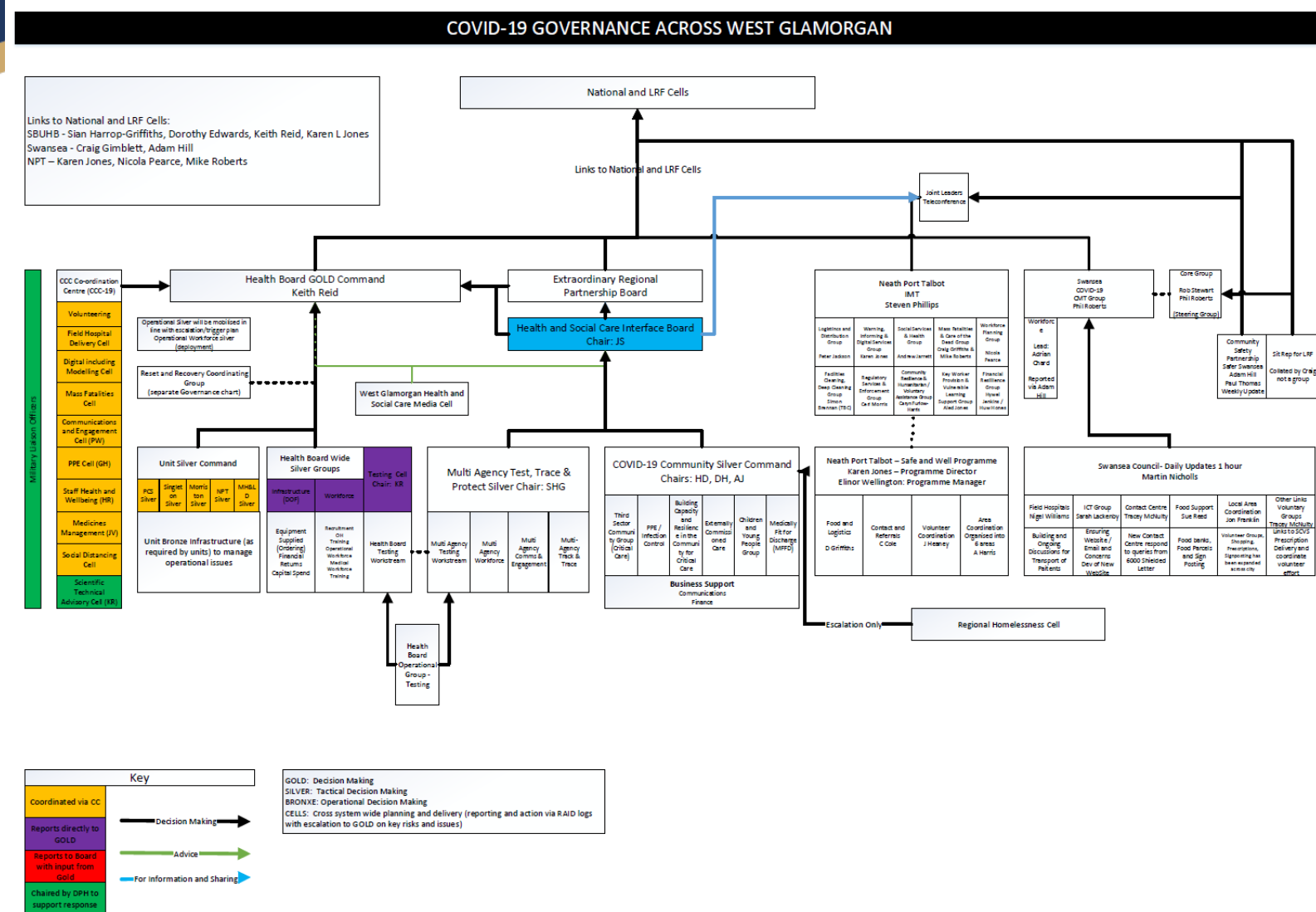
We undertook the following review activity:

- a) Interviewed, discussed arrangements and/or corresponded with the following:
- Director of Corporate Governance;
 - Head of Corporate Governance;
 - Deputy Director of Finance;
 - Head of Strategic Financial Planning;
 - Fundraising Manager;
 - Head of Accounting;
 - Finance Analyst (Charitable Funds);
 - Local Counter Fraud Lead (outgoing);
 - Head of Corporate Nursing;
 - Head of Procurement, NWSSP;
 - Deputy Head of Procurement, NWSSP;
 - Deputy Chief Digital Officer;
 - Assistant Director, Workforce & OD;
 - Associate Head of HR;
 - Nursing Workforce Manager;
 - Regional Resourcing Manager, NWSSP;
 - Head of Corporate Nursing;
 - Assistant Director Health & Safety;
 - Operational Lead Covid Co-ordination Centre/Assistant Director of Transformation;
 - Director of Public Health/Gold Command Chair;
 - Director of Nursing & Patient Experience;
 - Chief Operating Officer/Deputy CEO;
 - Chair of the Health Board;
 - Chair of the Audit Committee;
 - Chair of the Quality and Patient Safety Committee;
 - Chair of the Performance and Finance Committee; and
 - Chief Executive.
- Reviewed notices, agendas and minutes of the Board, Audit Committee and Quality and Patient Safety Committee and Quality and Safety Governance Group from March 2020.
 - Reviewed the public availability of the respective committee papers and in particular the hosting of them onto the health board's webpage.
 - Reviewed selected papers and minutes of the Health and Safety Committee, Charitable Funds Committee and the Recovery, Learning & Innovation Group.

- Reviewed the risk register(s) for Covid-19 and non-Covid-19 risks and escalation arrangements between Silver and Gold Commands.
- Reviewed documentary evidence of assessment of committee business and compared these to Welsh Government guidance.
- Reviewed records of informal briefings provided to Workforce & OD and Performance & Finance Committee members.
- Reviewed the SoRD and Standing Financial Instructions and any associated changes to the documents.
- Reviewed the Chair Actions relating to changes in governance arrangements, PPE and Field Hospitals and reviewed the documentation of approval behind each of them.
- Reviewed the Executive Team and Senior Leadership Team minutes / notes.
- Reviewed the papers / documentation / logs from Strategic Gold and RAID (Risk, Action, Issue, Decisions) Logs for Silver commands/cells.
- Discussed documentary evidence of business cases and reviewed examples of use of a dedicated 'Decision Making Record' template.
- Reviewed the response and business continuity arrangements within Finance.
- Reviewed the Authorised Signatory List / Oracle approvers.
- Reviewed the revised timetable for reporting of annual accounts.
- Reviewed key financial control procedures.
- Reviewed the Monthly Monitoring Returns.
- Identified reporting on budget setting and arrangements to capture Covid-19 expenditure.
- Obtained and reviewed saving plans.
- Obtained the list of newly created cost centres, specifically created for Covid-19 expenditure and reviewed authorising officers assigned against the Board Scheme of Delegation
- Walked-through the operation of the new *Covid-19 Health Board Readiness* cost centre.
- Reviewed the command structure for managing Covid-19 arrangements.
- Reviewed the Decision Logs (though a limited number were available at the time of fieldwork).
- Reviewed indemnity arrangements within the health board.

- Reviewed changes to PPE distribution arrangements.
- Reviewed redeployment journals, field hospital staffing summaries and Silver Nurse Staffing call arrangements.
- Identified new starters and rates charged.
- Reviewed overtime approval and confirmed off-agency processes.
- Obtained records of staff employed through accelerated recruitment processes and information on their pre-employment checks.
- Identified and reviewed partnership arrangements, including additional capacity procured.
- Obtained capital project information, including expenditure incurred.
- Discussed charitable funds arrangements and reviewed a small number of applications to the new NHS Together fund.
- Reviewed information governance guidance and controls.
- Shared information and emerging findings with Audit Wales for consistency.

Appendix Three – Command & Control Structure



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