

UNCONFIRMED

SWANSEA BAY UNIVERSITY HEALTH BOARD MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY, 19TH SEPTEMBER 2019 AT 9.30 IN THE MILLENNIUM ROOM, SBU HQ

Present:	Martin Sollis Tom Crick	Independent Member (in the chair) Independent Member
In Attendance:	Andrew Biston Paula O'Connor Dave Thomas Jason Blewitt Pam Wenger Claire Mulcahy Hazel Lloyd Keir Warner Jacqueline Maunder Leah Joseph	Head of Accounting and Governance Internal Audit Wales Audit Office Wales Audit Office Director of Corporate Governance Corporate Governance Officer Head of Patient Experience, Risk and Legal Services (Minute 119/19) Head of Procurement (Minute 126/19) Interim Head of Compliance (Observing) Corporate Governance Officer (Observing)
Minute		Action
114/19	WELCOME AND APOLOGIES FOR ABSENCE	
	Apologies were received from Martyn Waygood, Independent Member, Lynne Hamilton, Director of Finance, Gareth Howells, Director of Nursing and Patient Experience, Carol Moseley, Wales Audit Office and Neil Thomas, Deputy Head of Internal Audit.	
115/19	DECLARATION OF INTERESTS	
	Paula O'Connor advised that she remained a lay member and chair of the City and County of Swansea Council's Audit Committee and declared an interest for this and subsequent meetings.	
116/19	MINUTES OF THE MEETING ON 15th JULY 2019	
	The minutes of the meeting held on the 15 th July 2019 were received and confirmed as an accurate record.	
117/19	MATTERS ARISING	
	There were no matters arising.	
118/19	ACTION LOG	
	<u>Action Point 1</u> Pam Wenger informed that good progress was being made on the development of the Board Assurance Framework (BAF). As risk management had been a key focus, progress on the BAF had been slower	

	<p>although this will be with the committee in November for consideration.</p> <p><u>Action Point 4</u></p> <p>Pamela Wenger advised she had prompted the completion of audit recommendation action plans with her executive colleagues and there had been much improvement, this was positive but a sustained improvement was needed in this area.</p> <p><u>Action Point 6</u></p> <p>Martin Sollis stated that he was not comfortable with the Safe Water Management Audit Report and action needed to be taken to address the issues within. Paula O Connor added that some progress was being made, 4 out of 8 actions had been completed although some high risk issues surrounding testing still remained unresolved. Martin Sollis stated that assurance was needed in the update report which was due to the committee in November.</p>	
Resolved:	- The action log be noted .	
119/19	HEALTH BOARD RISK REGISTER	
	<p>Hazel Lloyd was welcomed to the meeting.</p> <p>A report on the progress to revise the health board risk register was received.</p> <p>In introducing the report, Hazel Lloyd highlighted the following points;</p> <ul style="list-style-type: none"> - An Executive Team session on Risk Management was held on 24th July 2019; - Executive Directors have updated their risk entries and discussed the full health board risk register (HBRR); - The report covers of the 11 Highest risks recorded in the HBRR that are rated 20 and above; - A Risk Management Workshop would be held in September with the aim of reviewing all risks in Datix with Unit and corporate representatives to ensure the system wide risks are identified and recorded in the HBRR; - The Workshop will also review the Unit Plans in respect of the IMTP process. The work will inform and support the final version of the Board Assurance Framework (BAF) - The Revised HBRR and BAF will then be presented to the Executive Team in October and then reported to the Audit Committee; - Since last Audit Committee, two successful workshops had taken place and executive colleagues had been met individually. There had been good engagement and discussion and challenge surrounding the process; - Discussions regarding the linkage between the IMTP and risk management were ongoing and were being factored into the risk 	

management policy;

In discussing the report, the following points were made:

Martin Sollis gave his thanks to Pam Wenger and Hazel Lloyd for the hard work on improving the risk management process. He commented that this was a much more positive report and good progress was being made. Although there was still some way to go, there was progress on changing the culture surrounding risk management and embedding a different approach across the board. His aim was for the committee to be used as a support mechanism in the change of the risk management process. Hazel Lloyd added that she felt there was now a more consistent approach amongst executives.

Martin Sollis queried whether Hazel Lloyd felt the register was inclusive in terms of ensuring that key risks were not being missed. Hazel Lloyd advised that there was a good process within the risk management system/or approach and that units and corporate risks were being looked at holistically. Martin Sollis also questioned whether colleagues were aware that risks would be scrutinised and escalated further to the executive lead. Hazel Lloyd replied that awareness was increasing and there was much more engagement, this was still evolving but it was on the right track.

Pam Wenger raised the point with regards to clinical risk and informed that Richard Evans agreed to ensure that there was a medical director representative at the workshop. It was important that that health board risks and clinical risks triangulate. She stated that currently the Risk Management Group scrutinises the clinical risks and these are then fed through to the Quality and Safety Forum and Committee. Martin Sollis added he didn't think the breadth of information was there in order to triangulate thoroughly but this was being developed.

With regards to the risk scrutiny panel Hazel Lloyd advised the group was purposefully kept small in order to ensure the best use of time and focus on the key issues with key colleagues. Pam Wenger advised that this was a monthly mechanism used to involve corporate and unit colleagues to scrutinise, challenge and escalate risks. Protocol must be followed i.e. the completion of correct documentation in readiness for discussion. Martin Sollis stated that compliance and attendance at the panel WAS important and stated that those who were non-compliant would be invited to the Audit Committee.

Discussion ensued surrounding the top 11 risks and Martin Sollis made reference to '*Sustainable Corporate Services*'. He advised that the structure was currently under review and the resource issue was being worked through. It had been recognised that workforce was key to reaching the organisation's business objectives. There would be an update on this in November.

Concerning the '*Screening for Fetal Growth Assessment*' risk, Hazel Lloyd advised that that there had been a change in guidance and this was putting extra demand on the service in terms of resources. Paula O' Connor commented that Chris White had undertaken to address this and was looking into the capacity issues.

With regards to the risk '*Ophthalmology Clinical Capacity*', Hazel Lloyd

	<p>informed that an action plan had recently been approved at the Quality and Safety Committee. Paula O'Connor added that it had also been placed under a gold command structure being led by the Assistant Director of Therapies, there was now real focus and a management plan in place and some improvements had been made.</p> <p>Tom Crick made reference to the risks on Table 2 of the report, in particular those covering '<i>cyber security</i>' and '<i>emergency department information systems</i>'. He raised concern for the risk of the health board's dependency on national systems in terms of their resilience, control and governance. He stated that he felt the board needed much more visibility of these risks. Martin Sollis added that he also felt that digital systems should be higher on the register and that as a board he didn't feel sighted on them. Pam Wenger added that while Informatics colleagues were working through their governance structure, Digital was now part of the Transformation Portfolio Board.</p> <p>Tom Crick commented on the improved quality of the paper itself and highlighted the progress and the difference in the culture which was taking place across the board in identifying and scrutinising risk.</p>	
Resolved:	The report be noted .	
120/19	NHS WALES SHARED SERVICES PARTNERSHIP (NWSSP) INTERNAL AUDIT PROGRESS AND ASSIGNMENT SUMMARY	
	<p>A report setting out progress and assignment summaries of internal audit was received.</p> <p>In introducing the reports, Paula O'Connor highlighted the following points:</p> <ul style="list-style-type: none"> - Seven reports had been finalised with Executive Leads since the last meeting; - Overall there was a positive picture, six had a <i>reasonable assurance</i> and one had a <i>limited assurance</i> rating (WHO Surgical Safety Checklist); - Actions had been agreed with the Executive Medical Director to address the WHO Checklist and this was due for completion by the beginning of November 2019; - There had been a request to defer the Mortality Review audit to Quarter 3 in 2020/21; <p>In discussion of the report, the following points were raised;</p> <p>Martin Sollis stated that while it was fundamental to see progress with regards to the WHO checklist, there had been a number of errors and adverse events linked to it and improvement in this area was critical. He informed that the Quality and Safety committee was monitoring the issue and requested feedback from the committee on the action plan at the next meeting.</p> <p>Paula O'Connor added in relation to the WHO checklist, issues had arisen due to the use of the electronic theatres system where the timeliness and quality of input had been problematic. She added that there was a variation of the systems across the health board and Morriston has seen a</p>	PW

	<p>lack of checks and controls in place. Martin Sollis stated there needed to be consistency and control across the organisation in terms of compliance with the checklist.</p> <p>With regards to the Mortality Review, Paula O'Connor advised that the request to defer the audit had come due to the National Medical Examiner arrangements which were due to go live in April 2020. She also advised that completion rates of 'stage 1' reviews continued to be positive and there was much improvement in the completion 'stage 2' reviews, which had risen to 68%. Martin Sollis replied that he was comfortable in delaying the audit as advised by the Medical Director on the basis that improvements had been made and that they were maintained.</p> <p>Paula O'Connor added that it had been discussed to delay the audit review for finance due to the current KPMG independent review taking place and advised this would be looked at once the KPMG report was finalised. Members concurred with this advice.</p>	
Resolved	<ul style="list-style-type: none"> - Feedback from the Quality and Safety Committee on the WHO checklist action plan to be received at the next meeting. 	PW
121/19	WALES AUDIT OFFICE PROGRESS REPORT	
	<p>The progress report from Wales Audit Office was received.</p> <p>In introducing the report, Jason Blewitt and Dave Thomas highlighted the following points:</p> <ul style="list-style-type: none"> - The Charitable Funds Audit of Financial Statement 2018/19 was due to be presented at the Trustees meeting in November 2019; - The Audit of the S1 and S2 transfer (Bridgend) - accounts separation was due to finish at the end of September, to be presented at the audit committee meeting in November; - The Wellbeing of Future Generations and Consultant Contract Review will be due for consideration at the audit committee in November; - Work was underway on the structured assessment, preliminary feedback should be available at the November committee, with a final report due in January 2020; - The fieldwork for the Quality Governance review would commence in late 2019 to early 2020; <p>In discussion of the report, the following points were raised;</p> <p>Dave Thomas informed that the All Wales Integrated Care Fund (ICF) review had now been published and added that this may be something the committee would like to consider on a local level. Pam Wenger replied in that it would be something that the health board would need to seek assurance on and would be factored into the work programme for a later date.</p>	PW
Resolved	<ul style="list-style-type: none"> - The All Wales Integrated Care Fund be factored into the Audit 	

	<p>Committee for discussion for later in the year.</p> <ul style="list-style-type: none"> - The report be noted. 	PW
122/19	FINANCE UPDATE	
	<p>A verbal update on the financial position was received.</p> <p>In introducing the report, Andrew Biston highlighted the following points:</p> <ul style="list-style-type: none"> - The Period 5 (August 2019) revenue financial position was an overspend of £5.995m; - The board was committed to breakeven this year but there were a number of key cost drivers facing the board; diseconomies of scale following the Bridgend boundary change, unscheduled care pressures, Continuing Health Care (ChC) activity and slippage against savings plans; - There had been significant progress in recovery actions, the Delivery Support Team was in place and driving forward actions, forecasting a breakeven position; - The outcome from the Bridgend arbitration case was that £7.1m would be allocated to Cwm Taf from Welsh Government on a non-recurring basis; <p>Martin Sollis commented this was a positive outcome for the health board. It was pleasing that both organisations had received good support from Welsh Government in this transitional period.</p> <p>Martin Sollis requested sight of the due diligence report which had recently been completed.</p>	
Resolved:	<ul style="list-style-type: none"> - The due diligence report to be sent to Martin Sollis. - The report be noted. 	AB
123/19	LOSSES AND SPECIAL PAYMENTS REPORT	
	<p>A report providing an update on the on the losses and special payment for the period 1st April 2019 to 31st July 2019 was received.</p> <p>In introducing the report, Andrew Biston highlighted the following points;</p> <ul style="list-style-type: none"> - The losses and special payments recorded during the period 1st April to 31st July 2019 totalled £7,185,990; - The most significant payments related to clinical negligence (£6,793,268), Redress (£252,026) and Personal Injury (£116,334); - Of this sum, £6,476,764 was recoverable from the Welsh Risk Pool and therefore the actual loss to the Health Board in the period totalled £709,226; - The change in the accounting treatment of Redress cases and also the introduction to the GP indemnity Scheme within Welsh Risk Pool has increased reporting requirements for the health board and therefore had resource implications within Claims Management and the Finance teams. 	

	<p>In discussion of the report, the following points were raised;</p> <p>Martin Sollis made reference to Appendix C and the number of Bad Debt, Private Patient entries, in particular to the Wales Fertility Institute. Andrew Biston replied that these invoices were likely to be ongoing but they would be nominal in value. He also assured that there were robust processes in place within the private patients department.</p>	
Resolved	The report be noted .	
124/19	BRIDGEND BOUNDARY CHANGE BALANCE SHEET DISAGGREGATION PROCESS	
	<p>A report providing an update on the Bridgend Boundary Change balance sheet disaggregation process was received.</p> <p>In introducing the report , Andrew Biston highlighted the following points;</p> <ul style="list-style-type: none"> - As a result of the boundary change, £150.348m of fixed assets, £6.209m of current assets and £26.185m of liabilities would transfer to Cwm Taf University Health Board based on the balance sheet values as at 31st March 2019; - A cash sum of £19.976m was required to be transferred in order to clear the net liabilities transferring to them , which would result in the working capital and cash position of SBU to deteriorate; - The impact of this transfer would require the health board to obtain working capital cash support from Welsh Government; - Transfer documents have been completed and shared with Cwm Taf. Wales Audit Office would commence their audit on the 10th September. <p>In discussing the report, the following points were raised;</p> <p>Pam Wenger advised that due to the scale and uniqueness of the process, the transfer would need to be cleared and signed off at board level. Andrew Biston advised that the audit would be due for completion at the end of September and once completed it would be ready for sign off.</p> <p>Due to the shifts in working balances, Andrew Biston highlighted that there could be potential cash flow risks during January 2020 and this would mitigated by working with Welsh Government.</p> <p>Martin Sollis queried whether Cwm Taf Health Board had raised any disputes with regards to the working papers. Andrew Biston replied in that there were none, only clarification on some aspects so far. Martin Sollis stated that there should be further checks to ensure there would be no disputes raised late in the process. He requested that Lynne Hamilton contact Steve Webster to gain assurance on this.</p> <p>Martin Sollis also requested that the Bridgend losses and payments were separated out on the report in future as they needed to be separately highlighted.</p>	<p>LH</p> <p>AB</p>
Resolved:	<ul style="list-style-type: none"> - Letter to be sent to Steve Webster to gain assurance that Cwm Taf Health Board are comfortable with the working papers in order to 	LH

	<p>avoid disputes later in the process.</p> <ul style="list-style-type: none"> - Bridgend losses and payments to be separated out on the report in future iterations. 	AB
125/19	AUDIT REGISTERS AND STATUS OF RECOMMENDATIONS	
	<p>A report providing an update in relation to audit registers and action plans was received.</p> <p>In introducing the report, Andrew Biston highlighted the following points:</p> <ul style="list-style-type: none"> - The number of outstanding recommendations had decreased during the period June 2019 to August 2019; - As at the 23rd August 2019 , 11 final internal audit reports had been issued, of which 2 had a limited assurance; - Of the internal audit recommendations, the number had stood at 99 for the period and of those 27 were overdue high priority recommendations; - Of the external audit reports issued, there were a total of 108 outstanding recommendations, 30 of which were of a high priority; <p>In discussing the report, the following points were raised:</p> <p>Martin Sollis stated he was still concerned with the number of outstanding recommendations that remained. He stated that Leads needed to follow through on the actions that are assigned in the action plans. Focus needs to be maintained on getting the numbers down. He asked for overdue numbers to be monitored and if volumes were still high, Leads would be invited to the committee for discussion on them.</p> <p>Martin Sollis requested that Executive Leads were provided with this report prior to Audit Committee in order to understand what was outstanding and to take action on them. Pam Wenger replied that this could also be done via the Executive Team Meeting.</p>	AB/PW
Resolved:	<ul style="list-style-type: none"> - The Audit Register report to be circulated to executives prior to the Audit Committee via the executive team meeting. 	AB/PW
126/19	SINGLE TENDER ACTIONS AND QUOTATIONS	
	<p>A report setting out Single Tender Action (STAs) and Quotations (SQAs) approved since the previous meeting was received.</p> <p>In introducing the report, Keir Warner highlighted the following points;</p> <ul style="list-style-type: none"> - During the period 25th June 2019 to 16th August 2019 there were 7 x SQA's and 12 x STA's approved where competition was not sought. <p>In discussing the report , the following points were raised;</p> <p>Keir Warner informed that procurement were processing a high number of retrospective STAs and SQAs. He stated that improvement was needed in this area and stressed that procurement should have involvement much earlier in the process. Martin Sollis concurred and added the committee</p>	

Resolved:	<ul style="list-style-type: none"> - Keir Warner to ensure all units have medical director input in the development of the procurement strategy. - Keir Warner to provide Martin Sollis with a breakdown of consultancy fees; - Keir Warner to contact Martin Sollis outside of the committee with background information on the STA for <i>Waiting List Initiative – TURP - Sancta Maria Hospital</i> and the STA for the <i>Glaucoma Service</i>. - The next iteration of the report to be circulated earlier in order for queries to be raised with Executive colleagues. - A meeting to be arranged to discuss supporting the process of defining STAs. - The report be noted. 	<p>KW</p> <p>KW</p> <p>KW</p> <p>KW</p> <p>PW/KW</p>
127/19	SENIOR INFORMATION RISK OWNER ANNUAL REPORT	
	<p>The 2018-19 Annual Senior Information Risk Owner’s report was received.</p> <p>In introducing the report, Pamela Wenger highlighted the following points;</p> <ul style="list-style-type: none"> - The report provided an overview of the Information Governance agenda across the disciplines of Information Governance , Health Records and Clinical coding, Data Quality and Cyber Security; - The report serves to inform of the work being undertaken, to understand and manage risks in respect of information and to protect the interests of patients and staff; - Overall the report showed that the health board was in a positive position in terms of the work undertaken and highlights the key achievements and high levels of compliance across information governance; <p>In discussing the report, the following points were raised;</p> <p>Tom Crick commented that this was a positive report and highlighted the developments and the growing maturity of the organisation in terms of how the health board was managing information governance challenges.</p> <p>Dave Thomas queried point 2.5.1 of the report in which it stated that WAO audited the Information Governance department as part of a wider IT Infrastructure follow up Audit in August 2018. The resultant report had not yet been received by the health board. He commented that he was unaware of any outstanding reports and sought clarification in order to chase up. Pam Wenger undertook to make enquiries about this and feedback to him.</p> <p>Martin Sollis raised the point with regards to the report itself, stating that it would be beneficial in terms of narrative to have information on quantification from the risk register. Pamela Wenger agreed and undertook to inform Sian Richards of the requirement.</p> <p>The committee was content to approve for submission to the health</p>	<p>PW</p> <p>PW</p>

	board.	
Resolved	<ul style="list-style-type: none"> - Pam Wenger to make enquiries about the WAO report referred to under 2.5.1 and feedback to Dave Thomas. - Pam Wenger to inform Sian Richards of the requirement to include information on quantification from the risk register in the next iteration of the report. - The report be approved. 	PW PW
128/19	EFFECTIVENESS OF AUDIT COMMITTEE	
	<p>A report informing the committee on the process for the annual self-assessment was received.</p> <p>In introducing the report, Pamela Wenger highlighted the following points;</p> <ul style="list-style-type: none"> - The survey would be circulated to members for completion of the survey by the 25th October 2019; - She encouraged the completion of the survey in order to inform areas of development for the forthcoming year. 	
Resolved:	The report be noted .	
129/19	ANY OTHER BUSINESS	
	There was no further business and the meeting was closed.	
130/19	NEXT MEETING: Thursday, 21st November 2019	