

Swansea Bay University Health Board
Unconfirmed
Minutes of the Meeting of the Audit Committee
held on Thursday, 9th March 2023 at 9.30am
Microsoft Teams

Present:

Nuria Zolle	Independent Member (in the Chair)
Patricia Price	Independent Member
Tom Crick	Independent Member

In Attendance:

Hazel Lloyd	Director of Corporate Governance
Darren Griffiths	Director of Finance and Performance
Nia Morgans	Assistant Director of Finance - Accounting and Governance
Osian Lloyd	Head of Internal Audit
Felicity Quance	Senior Internal Audit Manager
Sara Utley	Audit Wales
Georgia Pennells	Corporate Governance Officer
Liz Stauber	Head of Corporate Governance
Keir Warner	Head of Procurement (minute 40/23)
Matt Evans	Head of Counter Fraud (minute 48/23)
Jason Blewitt	Audit Wales (until minute 39/23)
Dave Thomas	Audit Wales
Neil Thomas	Head of Risk and Assurance (minute 44/23)
Carl Mustard	Assistant Director of Digital

Minute No.		Action
26/23	APOLOGIES	
	Apologies were noted from Andrew Biston, Assistant Director of Finance Accounting and Governance, Jackie Davies and Keith Lloyd, Independent Members.	
27/23	WELCOME / INTRODUCTORY REMARKS	
	The chair welcomed everyone to the meeting.	
28/23	DECLARATIONS OF INTEREST	

	There were no declarations of interest received .	
29/23	MINUTES FROM THE PREVIOUS MEETINGS	
	The minutes from the meeting held on Thursday 19 th January 2023 were approved .	
30/23	CONSIDERATION OF ANY MATTERS ARISING NOT OTHERWISE ON THE AGENDA	
	There were no items raised under matters arising.	
31/23	ACTION LOG	
	The action log following the meeting held on Thursday 19 th January 2023 was received and noted .	
32/23	WORK PROGRAMME	
	The work programme was noted .	
33/23	PERFORMANCE AND PROGRESS REPORTS	
	<p>The Performance and Progress Reports from Audit Wales were received.</p> <p>In introducing the report Jason Blewitt highlighted the following accounts audit updates;</p> <ul style="list-style-type: none"> - The Audit of the 2022-23 accountability report and financial statements had been moved back to 31st July 2023. Due to the introduction of a new auditing standard ISA 315 has placed a change to the audit approach therefore additional work was required; - There were issues with local government audits which meant a number of the audits were not finalised until the end of January 2023 with some audits still ongoing; - The above factors had placed resourcing pressures on the team. Therefore the new deadline of the 31st July 2023 was agreed with Welsh Government. <p>In discussing the reports the following points were raised:</p>	

	<p>Darren Griffiths noted that he would look forward to the findings of the orthopedic review and highlighted that some of the recommendations were made in 2015, the board had progressed the development of the additional theatre capacity which launches in June 2023. He reminded members that when the findings of the report were released it was important to recognise the difficult journey faced by orthopedics during the pandemic but the health board was on the cusp of achieving something quite powerful with the launch of the theatre suite in the future of orthopedics and plans were in place to tackle the unacceptable length of waits for Swansea Bay patients.</p> <p>Members agreed that there would be an opportunity for a more rounded discussion on receipt of the management response at the May 2023 committee.</p> <p>Nuria Zolle noted the timeframes for various work streams in the audit plan which were to be confirmed, and queried whether the dates in the annual report were still the dates which would be worked towards. Dave Thomas advised the annual report would be updated.</p>	
Resolved:	Committee members noted the performance and progress reports.	
34/23	OUTLINE AUDIT PLAN	
	<p>The Outline Audit Plan was received.</p> <p>In introducing the audit plan, Dave Thomas, Audit Wales highlighted the following points:</p> <ul style="list-style-type: none"> - It was recognised that due to the issues highlighted in the accounts audit update, Audit Wales were unable to bring to the committee a full audit plan with a fee; - An outline audit plan had been developed to give a sense of the areas which would be included in the full audit plan; - A change to the structured assessments would see the same core areas covered but would incorporate a deep dive into specific thematic areas which would be confirmed at May 2023 Audit Committee. The detailed deep dive would likely focus on the area of estates, infrastructure and capital planning; - There would be an All Wales thematic across all health boards as a follow on to the planned care work. <p>In discussing the plan, the following points were made:</p> <p>Darren Griffiths advised that a draft estates strategy was recently provided informally to the board, a task and finish group was established specifically</p>	

	to look at individual sites and a formal document would be brought to the May 2023 health board meeting and it would be good to get Audit Wales' perspective.	
Resolved:	Committee members noted the outline plan.	
35/23	OUTSTANDING MANAGEMENT RESPONSES	
	The outstanding management response report was received . In discussing the report, the following points were made: Nuria Zolle welcomed the response, and requested that clarity on timelines be included in future reporting.	
Resolved:	Committee members noted the report.	
36/23	STRUCTURED ASSESSMENT	
	Audit Wales' structured assessment was received . In discussing the structured assessment, the following points were made: Thanks was given to those involved in the structured assessment work. Nuria Zolle asked Hazel Lloyd to look at further tightening of the health board's response, and asked for clarity on the mapping and aligning of the strategies and suggested she would feedback to Hazel Lloyd offline to assist in discussions with Audit Wales.	
Resolved:	Committee members noted the structured assessment. ACTION - Hazel Lloyd to look at further tightening of the health board's response, and asked for clarity on the mapping and aligning of the strategies.	HL
37/23	NATIONAL ORTHOPEDIC REPORT	
Resolved:	Committee members noted the national orthopedic report.	
38/23	FINANCE UPDATE	
	The finance update was received . Darren Griffiths <i>verbally</i> updated committee members on the following:	

- The financial position had improved by £1.7m in month 11, therefore the reduction in overspend had reduced to £2.3m;
- Pleasing movements in the run rate of the delegated position across corporate and service groups and a £0.300m reduction in the variable pay position at Morryston;
- Workforce profiling with Morryston had been carried out and based on overseas recruitment the health board has a trajectory to be fully established to registered nurses by September 2023. Which allows the health board to manage and build a system of controls around the level of variable which goes into the system;
- Whilst there has been a modest improvement in variable pay there was now a clear plan to work towards next year which would form part of the structure of the run rate work forming part of the financial plan;
- Based on what was known at this stage a breakeven forecast would be retained.

In discussing the update the following points were raised:

Patricia Price acknowledged the huge amount of work undertaken to meet the huge financial challenges next year, for the whole sector in Wales. Patricia Price highlighted the big achievement for 2022-23.

Darren Griffiths advised members a further board briefing session would be arranged a week ahead of the formal board meeting and the accountable officer letter had been submitted to the director general and the three year projection would be set out to the board. Darren Griffiths shared with members that the Finance Delivery Unit complimented the health board on the clear governance processes and approaches particularly through quarter four.

Nuria Zolle asked for assurance on the lessons learnt, and would welcome further information on how SBUHB systems would prevent and detect should any such issues occur at SBUHB from the substantial amounts of unaccountable spending at Betsi Cadwaladr University Health Board. Darren Griffiths advised that Andrew Biston, Head of Accounting and Governance chairs the technical accounting group and Andrew Biston had been asked to work with the group to understand some of the lessons learnt. Based on what was known and understood, it would be very unlikely that the same matters would occur at SBUHB. Darren Griffiths would welcome the support of internal and external audit colleagues the lessons learnt moving forward. Dave Thomas advised that discussions were taking place at All Wales groups as to how Audit Wales would feedback general shared learning.

Resolved:	Committee members noted the verbal financial update.	
39/23	ANNUAL ACCOUNTS UPDATE	
	<p>The annual plan was received.</p> <p>In introducing the annual accounts update, Nia Morgan Assistant Director of Finance – Accounting and Governance highlighted the following points:</p> <ul style="list-style-type: none"> - A letter was received from Audit Wales on 1st March 2023, proposing a delayed audit certification deadline of 31st July 2023 for the NHS bodies in Wales. As stated by Audit Wales earlier in the committee this was mainly due to resourcing issues and the newly implemented auditing standard; - Welsh Government colleagues indicated that they had clarified with Audit Wales that the draft account submission date would be Friday, 5th May 2023 and the remuneration, accountability and performance report was confirmed for Friday, 12th May 2023; - The final manual of accounts is expected soon, and a timeline for field work was yet to be confirmed; - The ledger would close on Monday, 17th April 2023; - For the 2022/23 audit process, the Health Board would utilise the Audit Wales Inflow software for provision of working papers and responses to audit queries. <p>In discussing the annual accounts update, the following points were raised:</p> <p>Patrica Price asked why Wales had qualified for clinician’s pension tax liabilities and England had not. Jason Blewitt advised that it was a decision made by the auditor general as he deemed it management public money. Patricia Price queried the change to Audit Wales attending the stock counts, it was advised this was due to the change in systems.</p> <p>Darren Griffiths noted that he wasn’t close to the discussions regarding the offer with trade unions around pay but noted there may or may not be a decision to be made in this financial year and if there was pressure or a rush to get certain payments through this financial year he would suggest to reflect on the provisions and national decisions. It was an uncertainty and a risk at this point as to how it would work but advised he was involved in discussions at the Directors of Finance forum.</p> <p>Nuria Zolle requested clarity as to whether all accountable health boards qualified based on the pension payments. Jason Blewitt wasn’t able to provide clarity as it was currently with the auditor general to make a decision, the expenditure would still sit in the health board’s accounts, it was whether</p>	

	<p>the auditor general would decide whether it was to be a one off qualification or whether it would continue each year.</p> <p>Nuria Zolle raised the potential efficiencies of the inflow system, and wondered to what extent the efficiencies were factored into the fee decisions. Jason Blewitt advised that it wouldn't factor into the fee decisions for 2023 as the system was in early stages of implementation, but certainly for future years if there were efficiencies given to the audit it would form of discussions moving forward.</p> <p>In terms of the complexities surrounding the estimates in primary care spend and given the implications that covid-19 has accounted for some of the underspend in recent years, Nuria Zolle queried whether the estimates would be closer to the actual spend that it has been over the last few years and asked if this would be considered in the accounts and the financial position. Jason Blewitt advised that in terms of the accounts, the reasoning of the estimate would be looked at and it would be whether there was a material difference and referred to the paper where it provides the difference between the actual and the estimates hadn't been materialised. Compared to last year, at around £0.13m this years was nowhere near the same territory in terms of differences of estimates and he didn't imagine there wouldn't be a significant issue this year.</p> <p>Nuria Zolle noted that the paper highlighted the importance of agreeing with Audit Wales, the principals applied to the estimates and asked Audit Wales if they were content with what was being proposed. Audit Wales advised that what was proposed looked reasonable.</p> <p>From a digital perspective Carl Mustad queried whether the inflow system was a national or local system to ensure it had gone through the correct assurance processes, Jason Blewitt advised that the system was a national system that Audit Wales use and it was in place in another of health boards last year.</p> <p>Nuria Zolle would welcome clarity on the timescales but recongised it causes some difficulties, Darren Griffiths agreed and confirmed he would work with governance colleagues to ensure the work programme aligned with the work of Audit Wales.</p>	
	<p>Committee members noted the annual accounts update.</p>	
<p>40/23</p>	<p>NWSSP PROCUREMENT: SINGLE TENDER ACTIONS AND QUOTATIONS</p>	
	<p>The NWSSP procurement: single tender actions and quotations were received.</p> <p>In introducing the report Keir Warner - Head of Procurement highlighted the following points:</p>	

	<ul style="list-style-type: none"> - During the period 01/01/2023 to the 23/02/2022 there was 1 SQAs approved, and 21 STAs, with a total value of £3,165,475.29 (excl. VAT). 9 Retrospective action file notes were sent to the Head of Procurement for approval, with a total value of £335,635.06; - The STAs which are driving the higher expenditure during this reporting period are several requests for specialist locums. A significant expenditure was also required to source and fit replacement parts for the Health Board's LINAC system. <p>In discussing the report, the following points were raised:</p> <p>Darren Griffiths highlighted the good work of the procurement team with providing educational training to the board.</p> <p>Keir Warner advised that there were fewer repeat STAs and SQAs reported due to the wider training, there would of course be some instances for example where equipment was required for a longer period of time than intended, but as a whole there were fewer reported which was a positive reflection that the training provided was having the intended effect.</p>	
Resolved:	Committee members noted the update.	
41/23	AUDIT REGISTERS AND STATUS OF RECCOMENDATIONS	
	<p>The Audit Registers and Status of Recommendations was received.</p> <p>In highlighting the report Hazel Lloyd highlighted the following point:</p> <ul style="list-style-type: none"> - In view of the number of overdue actions, a report was taken to the executive team meeting for executive colleagues to review to provide an update as to whether the actions were still appropriate. <p>In discussing the report the following points were raised:</p> <p>Patricia Price recognised work was ongoing to close down the recommendations, however the outstanding recommendations brought implications for other areas of work such as the level of assurance under the board assurance framework and welcomed the review by executive colleagues.</p>	
	Committee members noted the report.	
42/23	BOARD EFFECTIVENESS ASSURANCE PROGRAMME	
	The board effectiveness assurance programme was received .	

	<p>In introducing the report, Hazel Lloyd Director of Corporate Governance highlighted the following point:</p> <ul style="list-style-type: none"> - Since completion of the report a further action had been completed in relation to the board training of the Duty of Quality and Duty of Candor. <p>In discussing the programme the following points were raised:</p> <p>Patrica Price asked when the results of the Phase One big conversation would be available. Hazel Lloyd confirmed that the results would come to March board meeting and it would be covered as part of the board development in April.</p>	
Resolved:	Committee members noted the update.	
43/23	BOARD ASSURANCE FRAMEWORK	
	<p>The Board Assurance Framework was received.</p> <p>In discussing the reports, the following points were raised:</p> <p>Patricia Price recognised the positive progress which had been made to date, and highlighted the use of the overall assessment and for her it was a combination of various areas such as the risk register, the performance metrics and external reports which her assurance was sought. Patricia Price thought it would be good to have the opportunity to challenge the assurance ratings in the various committees. Hazel Lloyd agreed with Patrica Price's point, and advised that the Board Assurance Framework was being used to develop the agenda planning sessions and the Framework would continue to stimulate conversation.</p> <p>Nuria Zolle thanked Len Cozens, Head of Compliance for all his work but acknowledged there was further work to be done in aligning the board assurance framework with the health board's broader strategy. Sessions had been planned and the board assurance framework was scheduled to be discussed at the independent member weekly catch up moving forward.</p>	
Resolved:	Committee members noted the reports.	
44/23	HEALTH BOARD RISK REGISTER	
	<p>The health board risk register was received.</p> <p>In discussing the risk register, the following points were raised:</p>	

	<p>Patricia Price queried whether it would be helpful to include a specific section in the report which related to the monitoring, implementation and effectiveness of the risk management policy, and what matrix were used. Neil Thomas advised he had started to consider the monitoring as part of the analysis in the risk management group. To date the risk management group had looked at the approving of new risks, progress notes to ensure all notes were updated on a regular basis, the use of target scores and risk decisions to ensure the score was considered reasonable and within the appetite of the health board. Following initial discussions within the risk management group work had been identified to ensure effective monitoring.</p> <p>Nuria Zolle referred to the screening of fetal growth risk and asked for clarity that the increase in scoring was due to deep dive work. Neil Thomas confirmed that the increase was due to a change in the quality and safety management team, following a comprehensive review of their risks.</p> <p>Nuria Zolle acknowledged that a number of risks were moved away from the Audit Committee to address recommendations from the structured assessment, and in terms of the Audit Committee role was to ensure of focus on risk management, the working of policies, group learning and the idea of the matrix. Nuria Zolle was keen to have a conversation offline to gain assurance to ensure the system as a whole was working as efficiently as possible.</p>	
Resolved:	Committee members noted this risk register.	
45/22	CORPORATE GOVERNANCE CODE	
	<p>The corporate governance code was received.</p> <p>In discussing the report the following points were raised:</p> <p>Nuria Zolle noted that she had provided comments in advance to the Head of Corporate Governance who agreed to included her factor within point 5.6, 5.7 and 5.9.</p>	
Resolved:	<p>Committee members noted the compliance with the corporate governance code;</p> <ul style="list-style-type: none"> - Supported the assessment of compliance against the corporate governance code; and - Agreed to the assessment being reflected in the accountability report. 	
46/23	INTERNAL AUDIT - PROGRESS REPORT	

	<p>The internal audit progress reports were received.</p> <p>In introducing the reports, Osian Lloyd – Head of Internal Audit highlighted the following points:</p> <ul style="list-style-type: none"> - Of the 29 reviews in total, 9 were delivered, four were in draft, twelve were in progress and five remained at planning stage; - Sickness absence in the internal audit team had impacted the reports to be finalised for the March Audit Committee. A significant number of audits were in progress and the team hoped to finalise as many as possible by the May Audit Committee and internal audit thanked the health board for patience during this time; - There was one change to the proposed plan to defer the review of the ‘Service Group Governance’ to the end of 2023/24. <p>In discussing the reports, the following points were raised:</p> <p>Nuria Zolle asked the internal audit team to ensure committee member were kept in the loop, should there be any further delays to the ‘Service Group Governance’ review.</p> <p>Nuria Zolle queried whether executive colleagues were providing management responses in a timely manner. Osian Lloyd confirmed there weren’t any significant concerns to raise. Hazel Lloyd agreed to remind executive colleagues that this was an area of focus for the committee.</p>	
<p>Resolved:</p>	<p>Committee members noted the progress report and approved the proposed change.</p> <p>ACTION - Hazel Lloyd agreed to remind executive colleagues that management responses were an area of focus for committee members.</p>	<p>HL</p>
<p>47/23</p>	<p>REVIEW AND APPROVE THE INTERNAL AUDIT ANNUAL PLAN</p>	
	<p>The internal audit annual plan was received.</p> <p>In discussing the report, the following points were raised:</p> <p>Hazel Lloyd confirmed there was good discussion with executive colleagues and thanked internal audit for their open engagement.</p> <p>Nuria Zolle asked if the Board Assurance Framework would be taken into consideration as part of the risk management work, Osian Lloyd confirmed it would be. Further to this, in relation to the waiting list management the focus was on prioritisation but queried if this would take into consideration the prioritisation of those waiting for their first outpatient appointment, Osian Lloyd agreed to look at this when finalising the scope of work.</p>	

Resolved:	Committee members approved the internal audit annual plan.	
48/23	COUNTER FRAUD REPORT	
	<p>The counter fraud report was received.</p> <p>In discussing the report, the following points were raised:</p> <p>Tom Crick referred to the open source intelligence refresher course and wondered if there was the correct visibility and transparency for the health board in terms of how these things might be used for criminal and professional investigations. Matt Evans advised from the health boards perspective it wasn't just investigations but there was an element of cyber security when giving away too much information which would be used by cyber criminals, and as part of the training there was a module around compliance and legislation, and views would be delivered once the training had been received.</p> <p>Carl Mustad advised that there was a lot of reliance of digital in terms of the fraud investigations, and advised that conversations were taking place in terms of what support was required from the cyber team and a memorandum of understanding was at the early stages of development.</p> <p>Nuria Zolle asked for the work of pre-employment checks to be referred to the Workforce and OD Committee.</p>	
Resolved:	Committee members noted the report.	
49/23	ITEMS TO REFER TO OTHER COMMITTEES	
Resolved:	- The work of Pre-Employment checks would be referred to the Workforce and OD Committee.	
50/23	MEETING EFFECTIVENESS	
Resolved:	Nuria Zolle thanked members for completion of the meeting effectiveness survey and thanked member for their positive feedback. However, there were areas identified for improvement which would be monitored through an action plan.	
51/23	ANY OTHER BUSINESS	

	There was no further business discussed.	
52/23	DATE OF NEXT AUDIT COMMITTEE MEETING	
	The date of the next meeting was confirmed as Thursday 18th May 2023.	