

Swansea Bay University Health Board

Unconfirmed

Minutes of the Special Meeting of the Audit Committee Accounts held on Monday, 7th June 2021 at 1.00pm Microsoft Teams

Present:

Martin Sollis	Independent Member (in the Chair)
Stephen Spill	Vice Chair
Tom Crick	Independent Member
Nuria Zolle	Independent Member
Martyn Waygood	Independent Member

In Attendance:

Pam Wenger	Director of Corporate Governance
Andrew Biston	Head of Accounting and Governance
Darren Griffiths	Interim Director of Finance and Performance
Christine Williams	Interim Director of Nursing and Patient Experience
Daniel King	Audit Wales
Jason Blewitt	Audit Wales
Anthony Veale	Audit Wales
Ellis Williams	Audit Wales
Len Cozens	Head of Compliance
Osiann Lloyd	Deputy Head of Internal Audit
Liz Stauber	Head of Corporate Governance
Leah Joseph	Corporate Governance Officer

Minute No.		Action
74/21	APOLOGIES	
	There were no apologies noted.	
75/21	WELCOME / INTRODUCTORY REMARKS	
	The chair welcomed everyone to the meeting.	
76/21	DECLARATION OF INTERESTS	

	<p>(i) <u>Annual Accounts</u></p> <p>Darren Griffiths declared an interest in item 2.1 <i>Annual Accounts</i> as a family member is employed by the British Red Cross. He provided assurance that he had withdrawn from any of the work for the accounts which related to that organisation.</p>	
77/21	ANNUAL ACCOUNTS 2020/21	
	<p>The audited annual accounts for Swansea Bay University Health Board (SBUHB) for 2020/21 was received.</p> <p>In introducing the report, Andrew Biston highlighted the following points:</p> <ul style="list-style-type: none"> - Following further discussions between Welsh Government and Audit Wales it was confirmed that the COVID-19 vaccine costs would be included in the Welsh Government accounts and therefore no amendment was made to the SBUHB's accounts between draft accounts and final accounts; - There are no amendments to the main accounts statements comprising the Statement of Comprehensive Net Expenditure and Statement of Financial Position, with one minor change to the cash flow being a change in the split between the purchase of tangible and intangible fixed assets; - Additional disclosure narrative has been included in the foreword describing the impact of COVID-19 and this narrative had been agreed with Audit Wales and the Chair of Audit Committee; - On 24th May 2021, Welsh Government issued Technical Update 09 to all NHS Wales organisations advising that Audit Wales had concluded that there is insufficient data to create a reliable estimate in respect of a provision for scheme pays. However, all NHS Wales bodies are required to include an approved disclosure agreed between Welsh Government and Audit Wales in their Contingent Liabilities Note. The final disclosure required was issued by Welsh Government in Technical Update 10 on 28th May 2021; - In future years, the Auditor General for Wales has concluded that any expenditure on scheme pays will be material by nature and therefore where there is expenditure in SBUHB's accounts the regularity opinion will be qualified, which will be an ongoing issue for health bodies and Welsh Government. <p>In discussion of the report Andrew Biston confirmed that all actions and amendments identified and agreed with auditors had been completed and actioned within the required notes within the accounts .</p>	

Resolved:	<ul style="list-style-type: none"> - The audited annual accounts for 2020/21 were noted. - Committee members recommended the audited annual accounts be taken through the Board for approval following consideration of item the Audit Wales and other associated agenda papers. 	
78/21	CHANGE IN ORDER OF AGENDA	
Resolved:	The chair requested that item 4.1 be taken with 4.2 and 3.1 to follow.	
79/21	ISA 260 AUDIT OF FINANCIAL STATEMENTS (INCLUDING THE LETTER OF REPRESENTATION AND RESPONSE TO AUDIT ENQUIRIES)	
	<p>The ISA 260 Audit of Financial Statements (including the letter of representation and response to audit enquiries) was received.</p> <p>In introducing the report, Jason Blewitt highlighted the following points:</p> <ul style="list-style-type: none"> - Thanks to Darren Griffiths, Andrew Biston and SBUHB's finance team pre-COVID and post-COVID for their support with the response to Audit Wales; - The work surrounding testing of staff costs and Audit Wales' final review of their audit file which was recorded as outstanding in the Audit of Accounts report have both now been completed; - Audit Wales intend to issue an unqualified true and fair opinion but a qualified regularity opinion on SBUHB's Accounts once the Letter of Representation has been provided; - The Auditor General's substantive report outlined that SBUHB did not meet its financial duty to have an approved three-year integrated medium-term plan for the period 2019-20 to 2021-22; - The regularity opinion qualification for 2020-21 is because SBUHB did not meet its revenue resource allocation and planning requirements over the three-year period ending 2020-21; - Further details were provided surrounding the impact of the Ministerial Direction issued on 18th December 2019 to the Permanent Secretary of the Welsh Government in respect of clinicians' pension tax liabilities. SBUHB disclosed the existence of a contingent liability at 31st March 2021; 	

	<ul style="list-style-type: none"> - There were initially misstatements in the accounts that have now been corrected by management; - SBUHB informed Audit Wales of the minority interest in a private limited wound care company which was set up in 2004-05 as a 'spin out' of the then Bro Morgannwg NHS Trust. At the time, Bro Morgannwg NHS Trust would have had the legal powers to establish this 'spin out' company. This interest was disclosed in the Bro Morgannwg NHS Trust accounts through to 2008-09. However, the accounts format changed in 2009-10 when Abertawe Bro Morgannwg University Health Board came into existence and the Fixed Asset Investment note was no longer included in the health board accounts proforma. No further disclosure was made in subsequent accounts until 2020-21 when the disclosure was re-instated in Note 16 'other financial assets'. <p>In discussion, the following points were raised:</p> <p>Martin Sollis asked for further clarification on the background and issues surrounding the Ministerial Direction. Anthony Veale advised that the Ministerial Direction was unusual and therefore switched accountability from the Chief Accountable Officer for Welsh Government to the Minister. Martin Sollis noted that there was a strong likelihood of SBUHB incurring future irregular expenditure which could result in a qualified regularity opinion on any future accounts.</p> <p>Anthony Veale highlighted that expenditure has not been included this year and the position of next year's expenditure will be treated as irregular expenditure and included in the irregularity opinion when it is incurred. This stance would be taken not just in SBUHB, but across all other health boards where this expenditure would occur. He advised that there was nothing that SBUHB could have done to impact on the decision. Martin Sollis advised that the SBUHB may be asked to give evidence in future surrounding the commitment already made even though the health board could not change the outcome of the decision. The Board should therefore note that there was nothing the Board could do to avoid the potential qualification given the ministerial decision made.</p> <p>Martin Sollis noted the compliments given by the Auditors to SBUHB in paragraph eight of their report covering the work of the finance team throughout difficult circumstances. He thanked the auditors for their involvement, good work relationship and support during a difficult COVID year and during the completion of their year-end work.</p>	
Resolved:	<ul style="list-style-type: none"> - The ISA 260 Audit of Financial Statements including the letter of representation and response to audit enquiries were noted. 	

	<ul style="list-style-type: none"> - Committee members recommended the statements to the Board for approval. 	
80/21	AUDIT ENQUIRIES RESPONSE	
	The response to Audit Enquiries was received and noted .	
81/21	ANNUAL REPORT	
	<p>The annual report 2020/21 was received.</p> <p>In introducing the report, Pam Wenger highlighted the following points:</p> <ul style="list-style-type: none"> - In light of the unprecedented year the report was a true and fair reflection; - 'Reasonable' assurance was received and good governance was maintained working through the COVID-19 pandemic inclusive of transparent reporting which has been validated by Audit Wales; - Audit Wales recognised good financial control and retrospective procurement reports were taken through Audit Committee and Health Board meetings; - Audit Committee has received notification of breaches of standing orders; - 'Targeted Intervention' was de-escalated to 'Enhanced Monitoring' which was a positive for SBUHB. <p>In discussion the following points were made:</p> <p>Martyn Waygood noted that on page 64 of the annual report he was SBUHB's Interim Vice Chair to <i>January 2021</i> and not <i>January 2020</i>. On the same page he requested that '<i>Legal</i>' is added to his area of expertise representation role.</p> <p>Martin Sollis he believed that the annual report was an excellent summary. Martyn Waygood found the report easy to read and in particular was complimentary of the highlight report. Pam Wenger gave thanks to Liz Stauber for collating the report.</p>	LS
Resolved:	<ul style="list-style-type: none"> - The annual report 2020/21 was agreed subject to the minor amendments. - Committee members recommended the annual report to the Board for approval. 	LS

82/21	ANY OTHER BUSINESS	
Resolved:	<p>i. <u>Chair</u></p> <p>Martin Sollis noted that this meeting would be his final meeting as Chair of the Audit Committee. He expressed his thanks to committee members for their support. Stephen Spill noted that although he would not be chairing the meeting permanently, he would be chairing the next meeting on 13th July 2021, and thanked Martin Sollis for his involvement with Audit Committee. Pam Wenger gave her personal thanks to Martin Sollis.</p>	
83/21	DATE OF NEXT AUDIT COMMITTEE MEETING	
	The date of the next meeting was confirmed as 13 th July 2021.	