

Swansea Bay University Health Board
Unconfirmed
Minutes of the Meeting of the Audit Committee
held on Tuesday, 18th May 2021 at 9.30am
Microsoft Teams

Present:

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

In Attendance:

Emma Woollett	Chair
Mark Hackett	Chief Executive Officer (minute 59/21 to 60/21)
Pam Wenger	Director of Corporate Governance
Andrew Biston	Head of Accounting and Governance
Darren Griffiths	Interim Director of Finance and Performance
Neil Thomas	Deputy Head of Internal Audit
Helen Higgs	Head of Internal Audit
Dave Thomas	Audit Wales
Daniel King	Audit Wales
Jason Blewitt	Audit Wales
Hazel Lloyd	Head of Risk (minute 64/21)
Len Cozens	Head of Compliance
Huw Richards	Internal Audit – Audit and Assurance Services
Liz Stauber	Head of Corporate Governance
Leah Joseph	Corporate Governance Officer

Minute No.		Action
53/21	APOLOGIES	
	There were no apologies noted.	
54/21	WELCOME / INTRODUCTORY REMARKS	
	The chair welcomed everyone to the meeting and noted that Neil Thomas was due to leave the internal audit team to begin a new role within the risk	

	team, and thanked him for his significant contribution as part of the internal audit team.	
55/21	DECLARATION OF INTERESTS	
	There were no declarations of interest.	
56/21	MINUTES OF THE PREVIOUS MEETING	
	The minutes of the meetings held on 9 th March 2021 were received and confirmed as a true and accurate record.	
57/21	MATTERS ARISING	
	There were no matters arising.	
58/21	ACTION LOG	
Resolved:	The action log was received and noted .	
59/21	DRAFT ANNUAL ACCOUNTS UPDATE	
	<p>A presentation and report informing the Audit Committee of the annual accounts timetable and closure plans for the financial year ending 31st March 2021 were received.</p> <p>In introducing both the report and presentation, Andrew Biston highlighted the following points:</p> <ul style="list-style-type: none"> - The draft accounts presentation contained the financial context for year 2020/21 and the COVID-19 impact. The forecast opening position was £28m and the required savings was £47.4m. The 2020/21 forecast deficit position was £24.4m, however the actual position reported in the year end accounts is lower than forecast i.e. £24.304m; - The COVID-19 impact revenue funding received from Welsh Government (WG) is £148.8m. There were two large payments received; the staff bonus payment amounting to £14.4m and the field hospital payment amounting to £35.9m; 	

	<ul style="list-style-type: none"> - The deficit for year three is 2.27%. Swansea Bay University Health Board (SBUHB) has not met its financial duty to break-even against its revenue resource limit over the three years 2018/19 to 2020/21; - SBUHB has met its financial duty to break-even against its capital resource limit over the three years 2018/19 to 2020/21; - SBUHB has not met its statutory duty to have an approved integrated medium term plan (IMTP) for the period of 2020/21 to 2022/23, however WG are due to provide further clarification on wording surrounding the statutory duty disclosure requirements; - SBUHB has not achieved the best practice prompt payment code target for 2020/21 and this was mainly due to delays in processing of nurse bank invoices and delays in receipting of orders early in the financial year. The target was 95% and SBUHB reached 93.9%; - An analytic review of comprehensive net expenditure was provided which covered primary health care, healthcare from other providers and hospital and community health services. The net operating costs for the financial year were £1.9m; - The approach in accounting methodologies used across the primary care accrual areas included the 3% global sum uplift for GMS contracts and an increase in prescribing costs; - Increases in expenditure on healthcare from other providers included payments to the City and Council of Swansea and Neath Port Talbot County Council for the field hospitals and community testing. Payments to care homes as a result of the COVID-19 pandemic have also increased; - Increases surrounding expenditure on hospital and community services were primarily COVID-19 related which included untaken annual leave, bonus payments to staff, costs for personal protective equipment and mass vaccination and field hospital running costs; - In respect of miscellaneous income, there has been a reduction in the dental service income from patient charges. Injury recovery scheme income has also reduced and this is linked to COVID-19; - Staffing numbers increased in 2020/21 due to the additional temporary staff being recruited during COVID-19. There has been an increase in agency nurse costs at Morriston Hospital, but a reduction across all other Delivery Units; - Liabilities have increased to £246m; - The clinical negligence closing position is £137.5m. The number of cases have reduced, however the sum provisions of the claims are higher than 2019/20; 	
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- Audit Wales are due to complete their audit review work and opinion shortly.

In discussion of the report and presentation, the following points were raised:

Darren Griffiths noted that the health board was in year three of three very different years. The first year was under Abertawe Bro Morgannwg University Health Board, the second year was under SBUHB and the third year was under SBUHB inclusive of the COVID-19 pandemic. He thanked the finance team for their excellent work carried out throughout a very difficult year.

Martin Sollis noted the professionalism shown in the analytic review presented and commented that it was good to see that the review detail confirmed the excellent financial reporting, information and controls reported consistently throughout the year and in the accounts at the end of the year. He stated that the finance team have done excellent work in the preparation of the accounts.

Tom Crick found the presentation helpful, but queried the impact on SBUHB in light of an IMTP not being approved, even though we had likely been in a position to submit one to WG. Andrew Biston advised that WG are reviewing their guidance notes and SBUHB have extended its narrative in the draft accounts. Darren Griffiths advised that a statement from the Senedd needed further validation as it affects the annual accounts and welcomed a refresh of the potential new guidance which would hopefully follow the recent establishment of the new government. Dave Thomas advised that the current climate is unusual and Audit Wales await further clarification from WG. Jason Blewitt advised that SBUHB's position was positive as it is in the same position as previous years, however further clarification is needed.

Pam Wenger stated that it was important to link the accounts to the annual governance statement, and the annual governance report needs to reflect the governance work that has taken place.

Martin Sollis advised that a further update will be received at the Audit Committee Accounts meeting scheduled for 7th June 2021. He noted that the funding for COVID-19 has impacted enormously on spending and although this is covered within the annual accounts he felt that, this should also be disclosed in the foreword statement of the accounts as it was so material. This was needed to help the reader understand the significant impact throughout the reported accounts. Darren Griffiths supported the disclosure statement of COVID-19 costs and wanted readers to understand and appreciate the position.

Martyn Waygood highlighted that the performance figures in the dental service dropped drastically, however the expenditure had not reduced.

	<p>Andrew Biston advised that dental performance did decrease however WG provided payments to dental practices to ensure they remained open and supported.</p> <p>Martin Sollis highlighted that following the previous major judgments report, there appeared to be no significant changes to any methodology. This was confirmed by Andrew Biston</p> <p>Martin Sollis queried whether the notional funding regarding the 6.3% pension increase was confirmed as irregular expenditure. Andrew Biston advised that following a discussion with WG on 14th May 2021, an update was discussed with Audit Wales and SBUHB awaits confirmation whether the information provided meets the definition of a provision. An irregularity issue was also raised and Audit Wales do not intend to deal with payments directly and expects WG to manage the payments. Further clarification is expected to facilitate the action from WG. Jason Blewitt advised that there are no further updates and the Auditor General will decide if there is irregularity. Martin Waygood noted that if there are any issues, they can be discussed on 7th June 2021.</p> <p>Andrew Biston advised that the vaccination costs will appear in WG's books and not SBUHB's books. Martin Sollis supported this approach.</p>	
Resolved:	The draft annual accounts for 2020/21 which are currently subject to audit by Audit Wales were noted .	
60/21	DRAFT REMUNERATION AND STAFF REPORT	
	<p>A report enclosing the draft remuneration and staff report was received.</p> <p>In introducing the report, Andrew Biston highlighted the following points:</p> <ul style="list-style-type: none"> – The report provided information in relation to Executive Directors' and Independent Members' remuneration, and outlined the arrangements which operate within SBUHB to determine this; – It also included information on staff numbers, composition, sickness absence data, staff policies applied during the year, expenditure on consultancy, off-payroll engagements and exit packages. 	
Resolved:	The draft Remuneration and Staff Report for submission to Welsh Government as part of the Health Board's Annual Report for 2020-21 was received and approved .	
61/21	DRAFT ANNUAL REPORT	

	<p>The draft annual report was received.</p> <p>In introducing the report, Pam Wenger highlighted the following points:</p> <ul style="list-style-type: none"> - Audit Committee previously received an earlier iteration, and the report is a living document; - The Corporate Governance team are requesting substantive comments at the committee, and for any amendments on accuracy to be emailed to the Head of Corporate Governance, by 3pm on Friday, 21st May 2021; - The detailed annual report had been included along with a simplified highlight version for the Annual General Meeting; - Following the extraordinary year, there was a need to achieve a balance of detail within the report which sets SBUHB in good stead for any public enquiry. Despite working through COVID-19, the Board had maintained robust governance arrangements and had put these into place at the beginning of the pandemic. The Board has been flexible with any changes needed and has continued to comply with all WG guidance; - There has been good progress in processes and systems in relation to risk management, with an increased risk appetite of 20; - There have been four breaches to standing orders; two financial, one relating to late papers and one relating to lack of public attendance at committees; - Pam Wenger expressed her thanks to Liz Stauber for developing the annual report to this stage. <p>In discussion the following points were made:</p> <p>Martin Sollis commented that the report was a substantial piece of work which was a fair and balanced view of the issues faced by SBUHB. Emma Woollett agreed to forward comments to Liz Stauber via email, and agreed that the annual report was good and thanked staff for their excellent work. Martin Sollis thanked Pam Wenger for her significant work in steering the Board through the Governance issues throughout the year, and he felt that the robust nature of the governance arrangements in an unprecedented year may be undersold within the report. Emma Woollett agreed and noted that SBUHB needed to be confident about the work that had been undertaken while working within the prescribed format.</p> <p>Martin Sollis advised that an updated version would be received at the Audit Committee (Accounts) meeting on 7th June 2021.</p>	
Resolved:	<ul style="list-style-type: none"> - The draft annual report 2020-21 for onward consideration and approval by the Health board in June 2021 was noted. 	

	<ul style="list-style-type: none"> - Members agreed to submit final comments via email to Head of Corporate Governance, by 3pm on Friday, 21st May 2021. - An updated version to be received at Audit Committee Accounts meeting on 7th June 2021. 	PW
62/21	DRAFT HEAD OF INTERNAL AUDIT OPINION AND ANNUAL REPORT	
	<p>A report providing an update on the draft head of internal opinion and annual report was received.</p> <p>In introducing the report, Helen Higgs highlighted the following points:</p> <ul style="list-style-type: none"> - Due to SBUHB's response to the pandemic, the Internal Audit plan was revised in June 2020 and the number of reviews reduced; - Further changes to the plan were approved by the Audit Committee during the year, with Internal Audit therefore planning to deliver 32 audits; - 32 audits were reported during the year; 5 were substantial, 12 were reasonable, 5 were limited and 10 had a rating of 'not applicable'. <p>In discussion the following points were made:</p> <p>Martin Sollis thanked Helen Higgs and the Internal Audit team for the work undertaken throughout the past year, and stated that it was good that a reasonable assurance opinion had been received.</p> <p>Nuria Zolle queried if the trajectory for SBUHB was improving. Helen Higgs advised that enough reviews have been covered to be able to provide an opinion, and reasonable assurance has been received for the past few years which is positive. Neil Thomas advised that SBUHB is on an improvement trend and has managed risks well.</p> <p>Martin Sollis suggested that going forward a focus is maintained on the high priority recommendations with limited assurance. Helen Higgs advised that the team are picking up limited assurances in follow up reviews in the 2020/21 plan and they would be working with managers on any outstanding recommendations. She thanked the organisation for its co-operation throughout the audit reviews. Pam Wenger thanked Internal Audit for their approach to audits and noted that the collaborative work was a positive experience.</p>	
Resolved:	The Head of Internal Audit report which confirmed an annual reasonable assurance opinion was noted .	

63/21	AUDIT REGISTERS AND STATUS OF RECOMMENDATIONS	
	<p>A report providing an update on the audit registers and status of recommendations was received.</p> <p>In introducing the report, Len Cozens highlighted the following points:</p> <ul style="list-style-type: none"> - There are a number of recommendations that have been dealt with and closed; - There has been a focus on limited assurance recommendations, however the team welcome comments on all recommendations. <p>In discussion, the following points were raised:</p> <p>Martin Sollis noted that there is a need to return to 'normal business' at some point in the future, but agreed that a focus needs to be maintained on limited assurance recommendations while Covid pressures continued. He noted that it may be helpful for the Committee to receive an update on the World Health Organisation checklist and Mortality Reviews at a future committee. Pam Wenger advised that an update report from the Medical Director is being taken through the Quality and Safety Committee on 25th May 2021 for assurance.</p> <p>Martin Sollis highlighted that discharge planning was raised with compliance on policies being a concern. Christine Williams advised that a 'safer policy' is due to be completed and targeted work is to be undertaken in June with delivery units to monitor and improve compliance under the 'safer policy'.</p> <p>Len Cozens stated that the revised date column would be reviewed to ensure that target dates are provided by Executive Directors and management leads by the next iteration of the report.</p> <p>Christine Williams highlighted that following the limited assurance report on the fire safety audit (which raised two high priority areas) there had been significant improvements in addressing the issues and completion is expected by July 2021.</p> <p>Martin Sollis ended the discussion by highlighting that the Audit Committee will continue to receive update reports on limited assurance recommendations, however there is a need to widen the report around other recommendations in future committee meetings.</p>	
Resolved:	<p>The progress made in implementing recommendations contained within 'Limited' assurance reports issued by NWSSP Audit & Assurance was noted.</p>	

64/21	HEALTH BOARD RISK REGISTER	
	<p>An update on the health board risk register and the COVID-19 risk register was received.</p> <p>In introducing the report, Pam Wenger highlighted the following points:</p> <ul style="list-style-type: none"> - The Chief Executive has written to Executive Directors detailing his expectations surrounding risks; - Progress has been made and communication is going to service groups and the updated risk report will be taken through Management Board on 19th May 2021 for comments. <p>In discussion, the following points were raised:</p> <p>Hazel Lloyd informed committee members that a risk scrutiny panel has been developed to mitigate and manage the risks.</p> <p>Darren Griffiths noted that it was positive to see the process bedding in and the way risks have been integrated into committees. He gave an example of a finance risk that was recently added to the risk register which surrounded insufficient resources to meet the ambition of COVID recovery, however when it was added to the register WG provided £16m for the COVID-19 recovery. The risk has changed due to the mitigating action and is a reflection of how quickly the process is enabling change.</p> <p>Nuria Zolle was comfortable for the population health risk to be removed from the risk register and for it to be linked to the Board Assurance Framework (BAF) going forward. Pam Wenger advised that the BAF was not quite ready for this meeting, but it would be reported through Audit Committee and Health Board in July.</p> <p>Emma Woollett noted the action combining the risk register and COVID-19 risk register as a 'work in progress' and welcomed a timescale to merge the two. Pam Wenger advised that there are three risks currently being amalgamated, and the report is going to Management Board on 19th May 2021 this should provide committee members with assurance that risks are being managed under 'normal business'. She added that recovery risks remain with gold command.</p> <p>Tom Crick noted that continuous improvement is needed to maintain cyber resilience. Although nothing has changed materially, constant vigilance is needed by SBUHB. Pam Wenger advised that the Audit Wales report will be taken through the July's In-Committee Health Board meeting scheduled for 27th May 2021. There is board development session in October on cyber resilience and she has suggested that Tom Crick is the link with the Head of ICT Operations to develop that session.</p> <p>Martin Sollis noted that the cyber risk was high and there is a need to revise</p>	PW

	and review the risk moving forward. He was delighted to see changes in the risk appetite and mentioned that high level risks need to be continually challenged and scrutinized by committees.	
Resolved:	<ul style="list-style-type: none"> - The progress in the review of the risks following the Board Meeting in March 2021 and the subsequent written request from the Chief Executive were noted. - It was noted that the Director of Corporate Governance will work with each of the Directors to re-frame the risks and that this will be reported as part of the next Risk Report update in July. - The actions agreed by the relevant Executive Director will be included for the next quarter which will enable the Audit Committee to monitor progress against the system of risk and also to scrutinise the risks allocated to the Audit Committee. This was noted. - The BAF to be brought to July's Audit Committee meeting. 	PW
65/21	GUARDIAN SERVICE ANNUAL REPORT	
	<p>The Guardian Service Annual Report was received.</p> <p>In discussing the report, the following points were raised:</p> <p>Martin Sollis noted that as per the terms of reference, it is the committee's responsibility to ensure an effective raising concerns process is in place. Currently the Guardian Service is under an annual contract which is due to be reviewed in October 2021. He noted that the report demonstrated that there was evidence of an effective process and system. He advised that Workforce and OD Committee would be leading the review on this in June, and suggested that the tender and of contract should be longer than 12 months and unless a better service is identified then SBUHB should not change its provider.</p> <p>Emma Woollett appreciated committee member's support on the service and noted that Tom Crick now attends the Guardian Service meetings and she would not be stepping down the system without good reason. Tom Crick noted that attendance at the meetings is useful from a Workforce and OD perspective.</p>	
Resolved:	The Guardian Service Annual Report was noted .	
66/21	STANDING ORDERS	

	<p>An update on standing orders was received.</p> <p>In discussion, the following points were raised:</p> <p>Martin Sollis noted that WG set out the requirements contained within model standing orders and they had requested a large number of changes to the current model. Any substantial changes need to be highlighted to Board. Pam Wenger and Martin Sollis agreed to discuss the significance of any changes and need for Board reporting outside of committee and Darren Griffiths confirmed he would participate in discussions</p>	
Resolved:	The report was noted .	
67/21	BREACHES IN STANDING ORDERS	
Resolved:	The breaches in standing orders which will be included in the annual report 2020-21 were received and noted .	
68/21	AUDIT WALES PERFORMANCE AND PROGRESS REPORT	
	<p>The Audit Wales performance report was received.</p> <p>In introducing the report, Dave Thomas highlighted the following points:</p> <ul style="list-style-type: none"> - The first phase of the structured assessment is being completed with the second phase due to begin in May 2021; - The joint review of Cwm Taf Morganwg University Health Board is underway and the learning will be shared when the final report is complete; - A report is due to be published in May 2021 which details the review of Welsh Health Specialised Services Committee (WHSSC) which includes their governance arrangements. <p>In discussion, the following points were raised:</p> <p>Pam Wenger thanked Audit Wales for their timescales in managing responses via Board Secretaries. Dave Thomas advised that there is no current timescale for the governance arrangements update from WHSSC, however he would ensure Pam Wenger is updated when this is confirmed. He noted that currently there are no concerns surrounding the Bridgend boundary change, but noted that he would provide an update if and when this changed.</p>	
Resolved:	The Audit Wales performance and progress report was noted .	

69/21	NWSSP PROCUREMENT: SINGLE TENDER ACTIONS AND QUOTATIONS	
	<p>The NWSSP Procurement: single tender actions (STA'S) and quotations (SQA'S) report was received.</p> <p>In introducing the report, Darren Griffiths highlighted that education work is ongoing surrounding value and utility. The flow of documentation into the Interim Director of Finance's office has changed to mirror a business partner approach.</p>	
Resolved:	<ul style="list-style-type: none"> - The activity presented and approved by the Health Board, in accordance with the Scheme of Delegation, for the period reported and as presented in Appendix 1 of this report was noted. - The actions taken to benchmark activity, to ensure value for money had been achieved were noted. - The action taken/planned by Procurement Services, in partnership with Health Board colleagues to provide advice and training where the need has been identified, leading to operational colleagues and budget holders achieving a wider understanding of the need for compliance and overall ability for Procurement Services to provide an enhanced level of assurance were noted. - The Procurement statement that has been submitted as part of the annual governance statement was noted. 	
70/21	INFORMATION GOVERNANCE BOARD UPDATES	
	<p>Information governance board updates was received.</p> <p>In discussion, the following points were raised:</p> <p>Tom Crick queried if the information governance breach was a concern. Pam Wenger advised that this was a complex case and a review was undertaken with regular updates going to Quality and Safety Committee. The Chair and the Chief Executive are aware of the position. Martyn Waygood supported Pam Wenger's comments from a Quality and Safety Committee perspective.</p> <p>Tom Crick highlighted the need to review culture and behaviour around statutory and mandatory training. He advised that he would have a discussion with Pam Wenger outside of the committee.</p>	
Resolved:	The Information governance board update was received and noted	

71/21	EMERGENCY MEDICAL RETRIEVAL AND TRANSFER SERVICE ANNUAL REPORT	
Resolved:	The Emergency Medical Retrieval and Transfer Service Annual Report was received and noted .	
72/21	ANY OTHER BUSINESS	
Resolved:	<p>(i) Chair of the Audit Committee</p> <p>Emma Woollett noted that this was Martin Sollis' final full Audit Committee as he would be stepping down as an independent member following the special meeting on 7th June 2021. She offered thanks to Martin Sollis for guiding the Audit Committee to a very good place, adding that it was a pleasure to sit on today's committee.</p>	
73/21	DATE OF NEXT AUDIT COMMITTEE MEETING	
	The date of the next meeting was confirmed as 7 th June 2021 for the Audit Committee Accounts.	