

UNCONFIRMED

SWANSEA BAY UNIVERSITY HEALTH BOARD MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY, 9TH JULY 2020 AT 9.30AM IN THE MILLENNIUM ROOM, SBU HQ/SKYPE

Present:	Martin Sollis Tom Crick Nuria Zolle	Independent Member (in the chair) Independent Member Independent Member
In Attendance:	Andrew Biston Darren Griffiths Helen Higgs Neil Thomas Carol Moseley Christine Williams Pam Wenger Len Cozens Matthew Evans Claire Mulcahy Hazel Lloyd Matt John Carl Mustad Liz Stauber	Head of Accounting and Governance Interim Director of Finance and Performance Head of Internal Audit Deputy Head of Internal Audit Audit Wales Interim Director of Nursing and Patient Experience Director of Corporate Governance Head of Compliance Head of Counter Fraud Services Corporate Governance Manager Head of Patient Experience, Risk & Legal Services, (Minute 78/20) Associate Director of Digital Services - Chief Digital Officer (Minute 79/20) Head of ICT Operations (Minute 79/20) Head of Corporate Governance (Minute 82/20)
Minute		Action
72/20	WELCOME AND APOLOGIES FOR ABSENCE	
	There were no apologies for absence. Martin Sollis welcomed Christine Williams to the meeting as Interim Director of Nursing and Patient Experience and Matthew Evans in his new role as Head of Counter Fraud Services.	
73/20	DECLARATIONS OF INTEREST	
	Darren Griffiths declared an interest in relation to Item 6.1, COVID-19 Decision Log. The report includes reference to a payment to the British Red Cross of which his spouse is the Director for Wales. Further details were covered within the report.	
74/20	MINUTES OF THE MEETING ON 15TH MAY 2020 AND 27TH MAY 2020	
	The minutes of the meeting held on the 15 th May 2020 and 27 th May 2020 were received and confirmed as an accurate record.	

75/20	MATTERS ARISING	
	There were no matters arising not otherwise on the agenda.	
76/20	ACTION LOG	
	The action log was received and noted .	
77/20	WORK PROGRAMME 2020/21	
	The work programme for 2020/21 was received and noted .	
78/20	HEALTH BOARD RISK REGISTER (HBRR)	
	<p>Hazel Lloyd was welcomed to the meeting.</p> <p>A report providing an update on risk management and an overview of the risks assigned to the Audit Committee was received.</p> <p>In introducing the report, Hazel Lloyd highlighted the following points;</p> <ul style="list-style-type: none"> - The COVID-19 pandemic had a separate risk register (appendix 2) and all COVID-19 risks would be linked back to the health board risk register; - The board had considered the risk appetite and tolerance levels in April 2020 in relation to the pandemic and increased the high level risk from 16 to 20 for the next 3 months. This would be reviewed by the Board in September; - The Executive Team had reviewed the health Board risk register and the following risks had increased scores; <i>Access to Planned Care; Access to Cancer Services, Compliance with Nurse Staffing Levels, Access to Ophthalmology Services and Covid-19 Pandemic</i>. The <i>Access to USC</i> had a reduced score; - Two new risks would be added to the HBRR in relation to; Increased unmet health needs and Financial Risk; - There were 6 risks which had been assigned to Audit Committee – Cyber Security, National Data Centre Outages, Information Led Decisions, Controlled Drugs, Sustained Clinical Services, Storage of Paper records. <p>In discussing the report, the following points were raised;</p> <p>Martin Sollis advised that he felt comfortable that the Board had been fully updated on risks and that the risk management process had been fully covered.</p> <p>Tom Crick made reference to the wider financial risk of COVID-19 and how the quantification of funding remained uncertain. He also made reference to page 3 of the report, in which the Board needs to further discuss the ramifications of the key decisions made in terms of the operational framework i.e. suspension of outpatients appointments, and how it was important for the Board to further consider this as these had potential to turn into more serious issues.</p>	

Martin Sollis sought clarification regarding the process surrounding the two new risks. Pam Wenger assured that they had been reviewed and scrutinised by the accountable lead Executive. These particular risks were in the process of being included within the dashboard and the scoring and narrative would shortly be assigned. Hazel Lloyd further assured that the risk register had been reviewed by Executive Team.

Darren Griffiths advised of the three new risks across Finance, which would be going into the system shortly; the in-year COVID run rate, the recurrent run-rate, and the in -year Capital resource limit in relation to recent government decisions.

Martin Sollis added that it was imperative for sub-committees to ensure that high risks assigned to them are back on the agendas to ensure scrutiny and challenge. The need to ensure the health board was dealing with high risk and mitigating against them was paramount Pam Wenger added that a further iteration of the report would ensure that this is indicated within the narrative. She stated that committees had been reviewing risks but the pandemic had taken precedent, focus on risk would now be taken forward. Martin Sollis added that risks and the environment has changed significantly and this needs to be taken forward in a significant way.

Resolved:	- The report be noted .	
79/20	CYBER SECURITY UPDATE REPORT	
	<p>Matt John and Carl Mustad were welcomed to the meeting.</p> <p>A report providing an update on the ongoing Cyber Security Risk faced by the Health Board was received.</p> <p>In introducing the report, the following points were highlighted.</p> <ul style="list-style-type: none"> - Significant progress had been made to improve Cyber Security through the following; the establishment of a cyber-security Team, the adoption of new national and local cyber security tools, the preparation for compliance with the European regulations and the ongoing work to update legacy systems; - Regarding the establishment of the team, the Band 6 employees had been employed via Welsh Government funding and the health board was waiting on confirmation of further funding on this; - Two-thirds of Cyber Security incidents are direct result of employee behaviour. It had been agreed in principle at Senior Leadership Team to make cyber security training mandatory. <p>In discussion of the report, the following points were raised;</p> <p>Tom Crick reaffirmed the wider work in cyber security, stating that he was very pleased with the Health Board approach and the constant vigilance. He raised his concern in terms of how the health board's approach fits with a national approach and was it best practice from our perspective.</p> <p>Matt John replied that in terms of the national picture, there was an intention by NHS Wales Information Services (NWIS) for the creation of a Chief Digital Officer and interim measures were in place. He advised that he sat on a Leadership group as representative for the health board.</p> <p>In reference to the mandatory training, Tom Crick stated that this needs to be a priority for the organisation. Matt John concurred and advised that there was currently a cross over with Information Governance training and the aim was to bring the both together. A further exercise was being undertaken via Phishing tool to identify if users needed further training. There were also opportunities for the development of the Cyber Security team in terms of national funded degrees.</p> <p>Nuria Zolle commented that it would be good to have a sense of scale in terms of the number serious incidents. Carl Mustad advised that there are national indicators for cyber; he advised that the national threat had increased to 250-300k a month.</p> <p>Tom Crick made reference to asset management and queried the health boards use of the Privileged Access Management (PAM) software. Carl Mustad replied that the software was used but could be utilised more fully. In terms of asset management, Tom Crick commented that it could be difficult in terms of the size of health board estate and infrastructure and queried where there were further concerns. Carl Mustad advised that the health board use SNOW Asset Software, which tracked all devices including IPADs and mobiles. There was a need for a dedicated Asset Manager as there was a large volume of work involved. Matt John</p>	

	<p>commented that this was a constant challenge, asset management was improving but the health board estate was constantly growing. Those devices attached to the network were easier to track but the issue was equipment not attached to the network i.e. scanners.</p> <p>Martin Sollis raised a query in relation to the funding arrangements of posts and whether these had been embedded within plans.</p> <p>Concerning the risk scoring for Cyber Security, Martin Sollis queried whether there was a move towards lowering this from its current score of 20. Carl Mustad advised that he would not suggest lowering the score at this point as the biggest risk was still employee behaviour.</p> <p>Martin Sollis requested that the Board paper due at the end of July, includes the statistics of the number of incidents and the level of risk. It should also include an update on national governance surrounding cyber security, and that it summarises the long-term implications. It should also request the Board to support mandatory training.</p>	
Resolved:	- The report be noted .	
80/20	TRANSITIONAL CARE UNIT AT SINGLETON HOSPITAL	
	<p>A report providing an update on the Transitional Care Unit Singleton was received.</p> <p>Martin Sollis introduced the report and the following points were highlighted;</p> <ul style="list-style-type: none"> - The Audit and Assurance (Specialist Services Unit (SSu)) had undertaken an audit report in 2019 on Neo-Natal and Post Natal Capacity (appendix a) in which the health board was given a reasonable assurance rating; - This report had been presented at the committee for transparency purposes as the above audit report indicated that the health board did not adopt the D4L (Design for Life) Framework; - It relates to previous items discussed at committee and the need for capital colleagues and procurement to work more closely in these instances; - The report does not answer whether value for money had been obtained during the process and this would be picked up outside of the meeting with Assistant Director of Strategy. A meeting would be arranged alongside the Director of Finance and Head of Procurement to discuss this in further detail. 	DG/SD
Resolved;	<ul style="list-style-type: none"> - A meeting would be arranged to include the Assistant Director of Strategy, Director of Finance and the Head of Procurement to discuss the value for money element in further detail; - The report be noted. 	DG/SD
82/20	ORGANISATIONAL ANNUAL REPORT 2019-20	

	<p>A report setting out the organisational report 2019-20 was received.</p> <p>In introducing the report, Pam Wenger highlighted the following points;</p> <ul style="list-style-type: none"> - This was a matter of governance, and the annual report formed part of the manual accounts requirements. - The Welsh Government timescales for submission had changed to the end of August. The health board was ahead of schedule on this; - The document had been taken through Executive Board and had been circulated to members for comment; - Some minor comments had been received and will be incorporated; - The Annual General Meeting was required to take place before November 2020; - An executive summary would be created for the public in readiness for the Annual General Meeting; - Personal thanks were given to Liz Stauber for the pulling this together in this difficult time; <p>In discussion of the report, the following points were made;</p> <p>Neil Thomas advised that he was currently working through the figures within the sustainability report section and this would be with the team via email next week.</p> <p>Martin Sollis commented that this document provided good coverage of 2019-20 and members concurred that they were happy to recommend it for approval by the Board.</p>	
Resolved	<ul style="list-style-type: none"> - The report was recommended for approval by the Board. 	
83/20	<p>NHS WALES SHARED SERVICES PARTNERSHIP (NWSSP) INTERNAL AUDIT PROGRESS CLOSURE REPORT FOR 2019-20</p>	
	<p>A report setting out internal audit progress and completed assignment summaries was received.</p> <p>In introducing the report, the following points were made;</p> <ul style="list-style-type: none"> - The report advises the Audit Committee of the progress in finalising audit assignments previously reported in draft form in May 2020, and to confirm the final outcomes. - Of the ten reports previously reported in draft form, four had been finalised and six remained outstanding for agreement of action; - Of the four final reports, one was a <i>substantial assurance</i> and three had a <i>reasonable assurance</i> rating; <p>In discussion, the following points were made;</p> <p>Martin Sollis queried whether there had been any problems with finalisation of reports. Helen Higgs informed that there had been slow progress with some, which was understandable in the current pressures, but they would like to finalise the remaining six reports.</p> <p>Concerning the <i>Discharge Planning</i> audit, Helen Higgs informed that it</p>	

	<p>was due to be received at the Unscheduled Care Board for engagement on the management response. Martin Sollis added that he had ongoing concerns surrounding this and this was an important area for improvement for the health board. He felt assured that there was a follow up audit in the plan. He queried the process that this would follow and Neil Thomas advised this would go through the unscheduled care Board for management response and action plan, it would then come through to the Audit Committee and Quality and Safety Committee and then a follow-up review would be programmed.</p> <p>Martins Sollis queried if there were system issues with discharge elements and Neil Thomas advised that record keeping was the main issue but changes may have been put in place during the pandemic to resolve this.</p>	
Resolved	- The report be noted .	
84/20	NWSSP REVISED INTERNAL AUDIT ANNUAL PLAN FOR 2020/21	
	<p>A paper seeking approval revised internal audit annual plan for 2020/21 was received.</p> <p>In introducing the report the following points were made;</p> <ul style="list-style-type: none"> - The audit plan had been revised in light of the impact of the pandemic on organisational risks and priorities; - The plan would remain flexible and would continue to be reviewed and revised during the year as required; <p>In discussion the following points were raised;</p> <p>Regarding the <i>COVID-19 Governance Review</i>, Nuria Zolle queried whether this was a request by Welsh Government and how management would be informed of weaknesses. Helen Higgs replied that the review had changed from a financial governance review to a general governance review and the output would be via a local report which sets out overarching lessons to be learned.</p> <p>With regards to the review of <i>Planned Care (essential services)</i> Helen Higgs advised that the approach had been circulated through executive team to discuss areas of focus and the intention was now to review the arrangements to manage the re-setting of essential services.</p> <p>Darren Griffiths added that there was a lot of emphasis on the essential services element but it was important not to lose sight of the longer waiting patients in areas for example Spinal. Martin Sollis concurred and stated that the definition of what are essential services was fundamental for the public.</p> <p>Concerning clinical audit, Nuria Zolle sought assurance that it had not 'dropped off the radar'. Helen Higgs advised that this was not the case and the review had been appropriately moved into next year's plan. Pam Wenger added that due to the pandemic, clinical audit activity had been minimised. Assurance on clinical audit would be gained via the quality and Safety Committee. Martin Sollis advised he would liaise with Chair of Quality and Safety to ensure this was picked up as part of that agenda.</p> <p>Tom Crick made reference to the <i>Digital Transformation Programme</i> which</p>	

	<p>had been carried forward to 2021/22, stating he recognised the need for it to be carried forward due to the scale of challenge and priorities of the next 6 -12 months.</p> <p>Pam Wenger added that due to the pandemic internal audit had been paused and the revised plan had been considered and was proportionate and appropriate in terms of the highest risks. The approach was consistent with other organisations. Concerning the review of planned care/essential services, she advised there would be other ways in which the Board will gain assurance outside of internal audit reviews.</p> <p>Martin Sollis advised that it was important to keep revisiting the plan and to work dynamically. Helen Higgs agreed, stating this plan was a start in which Internal Audit worked closely with the executive team to ensure the highest risks for the organisation were covered. The plan would be flexible and open to change. Martin Sollis requested that any changes to the plan were reflected within the regular update report to audit committee.</p>	
Resolved	- The updated Internal Audit Plan for 2020/21 was approved .	
85/20	AUDIT WALES UPDATE	
	<p>A verbal update from Audit Wales was received.</p> <p>Carol Moseley highlighted the following points;</p> <ul style="list-style-type: none"> - Information on Audit Wales' programme of work had been discussed at last Audit Committee; - The Terms of Reference for the Structured Assessment had been issued and the fieldwork was in progress. It would be ensured that work was not duplicated in terms of the governance review being undertaken by Internal Audit; - There would be a review of performance and efficiency following the KPMG review. The timings of this would be discussed with the Director of Corporate Governance; - The review of unscheduled care began as the pandemic hit. Phase 1 was currently underway and the data exercise was continuing. There would be a formal output from this in which areas would be highlighted for health boards to consider; - The Counter Fraud Report (<i>agenda item 4.3</i>) included local findings and was a positive report for the health board. An update to the report would take place in September; 	
Resolved	- The report be noted .	
86/20	AUDIT WALES REPORT ON EFFECTIVENESS OF COUNTER FRAUD ARRANGEMENTS	
	The Audit Wales report on the effectiveness of Counter Fraud arrangement was received .	
87/20	COUNTER FRAUD 2020/21 WORK PLAN	

	<p>The Counter Fraud 2020/21 work plan was received.</p> <p>In introducing the work plan, Len Cozen highlighted the following;</p> <ul style="list-style-type: none"> - This was a draft document, the new Head of Counter Fraud Services would take this forward; - The staff resource issue within the team was not quite set and an update on this would be provided at the next committee; - The areas included within were relevant to the delivery of the Standard and it was robust across all four areas; - The total days in <i>Inform and Involve</i> had been reduced due to COVID and the reduction of face-to-face sessions had also been reduced. 	
Resolved	<ul style="list-style-type: none"> - The Counter Fraud work plan for 2020-21 was noted. 	
88/20	COUNTER FRAUD 2019-20 ANNUAL REPORT	
	<p>The Counter Fraud Annual Report for 2019/20 was received.</p> <p>In introduction, Len Cozens highlighted the following points;</p> <ul style="list-style-type: none"> - <i>Strategic Governance</i> – The self-review for 2020 was completed by Head of Counter Fraud and reviewed by Director of Finance and Audit Committee Chair. The health board had been rated ‘green’ in each of the four key principles; - Further pro-active work had been agreed in relation to economic crime risk, locally led purchasing and pre-employment checks alongside any COVID-19 related issues; - <i>Inform and Involve</i> – The team had delivered 71 face to face awareness sessions across the health board which had been attended by 2,200 staff members; - <i>Prevent and Deter</i> – The health board participated in the NHS Counter Fraud Authority exercise on prevention of procurement fraud alongside NWSSP Procurement colleagues. Phase 1 and 2 are now complete, Phase 3 has been postponed due to the pandemic; - <i>Hold to Account</i> – At the end of 2019/20 the team were dealing with 50 live investigations. There had also been 28 requests for assistance and three criminal sanctions; - The work of the LCFS team has resulted in total recoveries of the £38,873 during the year. <p>In discussion, the following points were raised;</p> <p>With regards to the self- assessment, Martin Sollis queried the risk management element in terms of the national approach to fraud. Len Cozens replied that Counter Fraud Authority Standards had been changed to assure that the counter fraud risk is treated as any other risk. Work was ongoing to integrate counter fraud risks into the risk management process of the health board. Martin Sollis requested an update on this in September.</p>	
Resolved	<ul style="list-style-type: none"> - The Counter Fraud 2019-20 Annual Report was approved. 	

	<ul style="list-style-type: none"> - An update on the integration of counter fraud risk into the health board's risk management process be received in September. 	ME
89/20	COVID-19 DECISION LOG	
	<p>A report providing an update on the revenue impact of COVID-19 and the decisions the health board made to respond to COVID-19 was received.</p> <p>Darren Griffiths declared his interest in relation to this item and advised of the mitigating action he had taken.</p> <p>In introducing the report, Darren Griffiths highlighted the following points;</p> <ul style="list-style-type: none"> - At month 2 , the anticipated net additional cost of COVID-19 is £116.1m on top of the acknowledged £24m baseline plan for 2020/21; - Table 1 sets out the detail of expenditure areas which includes Pay, Non-Pay and the non-delivery of planned savings. The health board has made savings in both planned activity and planned investments; - To date the health board has received £26.8m in funding from Welsh Government to cover the first phase of the field hospital establishment and staff costs incurred in quarter 1 on COVID-19 response; - The procedures in place to deal with SQA and STA's during the pandemic remains the same and there are two COVID-19 related items to date; - The committee are asked to note the impact on Cost Improvements Plans for 2020/21, following a review there has been a reduction from £23m to £5m ; - A framework for the management of Long Term Agreements and Service Line Agreements has been considered on an All Wales basis and it has been agreed that most funding flows will continue on a block basis. The health board continues to monitor the financial risk this poses. It will be reviewed at the end of quarter 3; <p>In discussion of the report, the following points were raised;</p> <p>Nuria Zolle referred to testing costs and asked for assurances that the health board would continue to spend in this area. Darren Griffiths replied that the cost assessment would be based on the testing plan and there was no budgetary component to this. The health board would receive the funding for testing from Welsh Government and would reimburse local authority colleagues.</p> <p>Martin Sollis sought assurance on the internal controls in place here, stating that the health board could not be accountable for local authority controls, and it required full transparency from local authority colleagues. Darren Griffiths advised that Specialist Estate Services were carrying out a diligence exercise in this area. Martin Sollis stated he could take assurance from that; it is the health board's responsibility to check there are internal controls in place. Pam Wenger further informed in terms of the governance for the field hospitals, that a collaboration agreement with local authorities</p>	

	<p>was being processed via Legal Services and this would provide an additional level of assurance in terms of clear levels of responsibility.</p> <p>Nuria Zolle referred to COVID-19 staffing costs in which Darren Griffiths informed that there was a transparent mechanism in place to deal with COVID-19 staffing costs. A process of cross-charging and separate cost centres were managed via the Finance Business Partners.</p> <p>Nuria Zolle made reference to the obsolete drugs losses of £3.7m, Darren Griffiths advised that there had been a material increase in prescribing and two main cost areas were GP prescribing of and also the increase in national demand.</p> <p>Tom Crick raised his concerns with regard to the bigger financial picture in terms of the health board's historic debt and the recognition that we haven't been able to fulfil our savings targets. Darren Griffiths stated that in term of future risks and sustainability, this would be real challenge and the health board were operating in a range of risks. The health board needed to ensure that we demonstrate that we are remaining diligent in both the £24m baseline plan and the £18m savings risk. The estimated COVID-19 forecast would remain fluid and our cost estimates would reduce as we progress and work more collaboratively in terms of PPE and field hospitals.</p> <p>Tom Crick stated that in terms of the national picture, was there a concern within Welsh Government that the Treasury would not cover off the commitment to spend what is necessary during the pandemic. Darren Griffiths replied that as a Board, the requirement was to make a strong response but there is a challenge politically in terms of the other sectors and the need to justify our spend. Martin Sollis concurred adding that there needs to be a sound justification and governance around our spending during the pandemic.</p> <p>Martin Sollis advised that he felt the paper has taken a different shape to his expectation in that, it only describes the revenue impact; he would like to see decisions related to capital schemes.</p> <p>Martin Sollis referred to the two STA's and SQAs' relating to COVID-19. He commented that he was surprised to see just two in which a business case approach had been taken. He stated that he needed to gain assurance that the correct processes were in place and decisions made in an appropriate way. Darren Griffiths advised that units were challenged and decision logs were scrutinised ensuring the correct processes have been followed. Martin Sollis requested that the report on STAs and SQAs due in September includes all those made in relation to the pandemic.</p>	
Resolved	<ul style="list-style-type: none"> - The report on STAs and SQAs due in September, includes STA's and SQA's made in relation to COVID-19. - An update on capital decisions during the pandemic be given at the next committee - The report be noted. 	DG
90/20	LOSSES AND SPECIAL PAYMENTS	
	<p>A report providing an update on the losses and special payments for the period 1st April 2020 and 31st May 2020 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 totalled £1,301,788 of which £1,018,293 is recoverable from Welsh Risk Pool; - Taking this into account , the actual loss to the Health Board totalled £283,495; - A total of £253,650 related to clinical negligence, personal injury and redress pre 31st March 2019 for locations which transferred to Cwm Taf Morgannwg Health Board; - In 2019/20, the NHS Wales Risk Sharing agreement was invoked due to the value of settlements exceeding the amount of the top sliced funding. The health board's share of the additional costs amounted to £0.639m which was actioned through a reduction in the health board's resource allocation. - The ex-gratia payment for previous Director of Finance was included in table 1 and this would be recorded as a cash loss in 2020/21; <p>In discussion the following points were raised;</p> <p>Martin Sollis requested an update at the next committee, which provides a deeper analysis on the risk sharing agreement taking into consideration the COVID- 19 repercussions and the GP Indemnity Scheme. Pam Wenger added that during recent discussions at All-Wales Board Secretaries, there was an anticipation that the costs of claims in relation to COVID-19 will be significant This is a high risk for health boards.</p>	
Resolved	<ul style="list-style-type: none"> - An update be provided at next committee, which provides a deeper analysis on the risk sharing agreement taking into consideration the COVID- 19 repercussions and the GP Indemnity Scheme. - The report be noted. 	DG/AB
91/20	ANY OTHER BUSINESS	
	There was no further business and the meeting was closed.	
92/20	NEXT MEETING: Thursday, 10th September 2020	

