



**GIG**  
CYMRU  
**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



		<b>Agenda Item</b>	<b>4.1</b>
<b>Freedom of Information Status</b>		Open	
<b>Reporting Committee</b>	Audit Committee		
<b>Author</b>	Claire Mulcahy, Corporate Governance Manager		
<b>Chaired by</b>	Martin Sollis, Independent Member		
<b>Lead Executive Director (s)</b>	Pam Wenger, Director of Corporate Governance		
<b>Date of last meeting</b>	09 July 2020		

**Summary of key matters considered by the committee and any related decisions made.**

• **ANNUAL GOVERNANCE STATEMENT**

The committee received the Annual Governance Statement and Remuneration Report for 2019-20. The report had been updated since the last meeting to incorporate comments from Audit Committee members, internal and external audit and also the Welsh Government. Members agreed that the report was an open and transparent account of 2019-20 and were happy to recommend the report for approval to the Board.

• **ANNUAL ACCOUNTS 2019-20**

Members received the audited annual accounts for 2019/20. They were advised that Welsh Government had issued a resource allocation of £0.891m to cover the increase in prescribing costs due to changes made as result of the pandemic. The committee was advised of minor amendments made and technical updates issued by Welsh Government, in particular in relation to the NHS Pensions Scheme and the tax implications for clinicians taking on extra shifts. Members were advised that Welsh Government would cover the tax liabilities but the health board would need to cover off costs initially until reimbursement was made. All necessary additional disclosure notes and amendments had been correctly made within the annual accounts and the committee were happy to recommend approval of the Accounts to the Board.

• **ISA 260 AUDIT OF FINANCIAL STATEMENTS**

The committee received the ISA 260 audit of financial statements report including the letter of representation and audit enquiries. Members were advised that the Auditor General was to issue a qualified opinion on the basis of regularity and the failure to meet the first and second statutory financial duties. The report also covered the main impacts of the pandemic on this year's audit process. The auditors thanked the finance team for their quality of their reporting and their co-operation during the process.

• **AUDIT WALES PROGRAMME OF PERFORMANCE WORK**

The committee received the letter from Auditor General which set out the programme of audit performance work and the re-shaping of the work programme.

**Key risks and issues/matters of concern of which the board needs to be made aware:**

None identified.	
<b>Delegated action by the committee:</b>	
None identified.	
<b>Main sources of information received:</b>	
As above.	
<b>Highlights from sub-groups reporting into this committee:</b>	
None identified.	
<b>Matters referred to other committees</b>	
<ul style="list-style-type: none"> <li>- The issue in relation to the NHS Pensions Scheme tax liability developments were referred to Workforce and OD Committee for further consideration.</li> </ul>	
<b>Date of next meeting</b>	09 July 2020



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<b>Date of last meeting</b>	09 July 2020	
<b>Summary of key matters considered by the committee and any related decisions made.</b>		
<ul style="list-style-type: none"> <li> <b>Cyber Security Update Report</b>            The committee received a report which outlined the significant progress made to improve cyber security including the establishment of a cyber security team; adoption of cyber security tools; the preparation for compliance with European regulations and the work to update legacy systems. Members raised their concern with the fact that two-thirds of cyber security incidents were a direct result of employee behaviour and fully supported the proposal for the Cyber Security training becoming a mandatory training requirement.         </li> <li> <b>Internal Audit 2019/20 Closure Report</b>            Members were advised of the progress to finalise the audit assignments previously reported in draft in May 2020. From the ten reports, four had been finalised and six remained outstanding for agreement of action. Of the four reports, one was a <i>substantial assurance</i> rating and three had a <i>reasonable assurance</i> rating.         </li> <li> <b>Revised Internal Audit Plan 2020-21</b>            The committee received the Audit Plan for 2020-21 which had been revised in light of the impact of the pandemic on organisational risk and priorities. Members were advised that the plan would remain flexible and would continue to be reviewed throughout the remainder of the year.         </li> </ul>		
<b>Key risks and issues/matters of concern of which the board needs to be made aware:</b>		
<ul style="list-style-type: none"> <li> <b>Risk Management – Management of Operational and Health Board Strategic Risks during COVID-19 Pandemic.</b>            Members were advised of the separate COVID-19 risk register and its links back to the health board risk register. During the pandemic, the risk and appetite and tolerance levels had been considered by the Board and the high level risk tolerance level had been increased from 16-20. A number of strategic risk scores had been increased in the following areas; <i>Planned Care, Access to Cancer Services, Compliance with Nurse Staffing Act, Access to Ophthalmology Services</i> and <i>COVID-19 pandemic</i>. Two new risks were to be added to the register in relation to unmet health needs and financial risks.             Members discussed the need for sub-committees to ensure risks assigned to them are back on formal committee agendas and a that there continued to be a focus on the risk mitigation and action being taken.         </li> </ul>		

- **Revenue Impact of COVID-19 in 2020-21, our financial management arrangements and decision log.**

Members were advised of the forecast net cost of COVID-19 of £116.1m and to date the health board had received £26.8m in funding from Welsh Government to cover staff costs and the first phase of the field hospital establishment. The committee was asked to note the impact on costs and that improvement and savings plans had seen a reduction from £23m to £5m. They were also ask to note the risk posed by the all-wales agreement regarding the management of LTA's and SLA's in which funding flows would be halted.

Regarding testing costs, the committee was informed that all funding from Welsh Government would be distributed to local authorities via the health board. Members sought assurance about the internal controls in place and the requirement for full transparency all parties.

Members concurred that although the health board were operating within a range of significant risks, the Board needed to demonstrate that we were remaining committed to delivering the original baseline plan and the savings plans submitted.

- **Losses and Special Payments**

The losses and special payments recorded during the period 1<sup>st</sup> April 2020 and 31<sup>st</sup> May 2020 totalled £1.308m of which £1.018m was recoverable from Welsh Risk Pool. The actual loss to the health board stood at £283k of which £253k related to clinical negligence, personal injury and redress pre 31<sup>st</sup> March 2019 for locations which transferred to Cwm Taf Morgannwg Health Board. The committee were advised that NHS Wales Risk Sharing agreement had been invoked which resulted in the health board needing to forecast an additional cost of £0.639m. Members raised their concern and requested a further analysis on the risk sharing agreement taking into consideration the COVID-19 repercussions and the GP Indemnity Scheme.

**Delegated action by the committee:**

None identified.

**Main sources of information received:**

The following reports were received with no significant issues raised:

- Transitional Care Unit – Singleton Hospital
- Organisational Annual Report
- Audit Wales Progress Report
- Audit Wales Audit Report : Effectiveness of Counter Fraud Arrangements
- The Counter Fraud 2020/21 Work Plan
- The Counter Fraud 2019/20 Annual Report

**Highlights from sub-groups reporting into this committee:**

None identified.

**Matters referred to other committees**

None identified.

**Date of next meeting**

10 September 2020