

UNCONFIRMED

**ABERTAWE BRO MORGANNWG UNIVERSITY LHB
MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON THURSDAY, 21ST MARCH 2019
IN THE MILLENNIUM ROOM, HQ**

Present:	Martin Sollis Martyn Waygood	Independent Member (in the chair) Independent Member
In Attendance:	Lynne Hamilton Andrew Biston Neil Thomas Paula O'Connor Huw Richards Ann-Marie Harkin Jason Blewitt Len Cozens Gareth Howells Pam Wenger Sian Harrop-Griffiths Paul Griffiths Claire Mulcahy	Director of Finance Head of Accounting and Governance Internal Audit Internal Audit Internal Audit Wales Audit Office Wales Audit Office Head of Counter Fraud Director of Nursing and Patient Experience Director of Corporate Governance Director of Strategy (for minute 08/19) Independent Member, Cwm Taf Health Board (Observing the committee) Committee Services Officer
Minute		Action
35/19	WELCOME AND APOLOGIES FOR ABSENCE	
	Martin Sollis welcomed all to the meeting, in particular Paul Griffiths, Independent Member for Cwm Taf, who was observing the meeting in anticipation of the Bridgend Boundary Change. Apologies for absence were received from Mark Child, Non-Officer Member; Tom Crick, Non-Officer Member; Dave Thomas, Wales Audit Office and Carol Moseley, Wales Audit Office.	
36/19	DECLARATION OF INTERESTS	
	Paula O'Connor advised that she remained a lay member and chair of the City and County of Swansea Council's Audit Committee and declared an interest for this and subsequent meetings.	
37/19	MINUTES OF THE PREVIOUS MEETINGS	
	The minutes of the meeting held on 21 st March 2019 were received and confirmed as a true and accurate record.	
38/19	MATTERS ARISING	
	There were no matters arising.	
39/19	ACTION LOG	

	<p><u>Action point 1</u></p> <p>Pam Wenger informed member that assurance monitoring for primary care services would now be referred into to the Strategy, Planning and Commissioning group (SPC). This group would be developed into a formal sub-committee and would have focus on primary care, partnership working and wellbeing.</p> <p><u>Action point 2</u></p> <p>Martin Sollis undertook to have discussion with the Medical Director and request a high-level plan of the work required for PROMs.</p> <p><u>Action Point 3</u></p> <p>Martin Sollis undertook to discuss the public health resource allocation with the Director of Public Health.</p> <p>The action log was received and noted.</p>	
40/19	WORK PROGRAMME	
	The committee's work programme was received and noted .	
41/19	AUDIT REGISTERS AND ACTION PLANS	
	<p>A report providing an update in relation to audit registers and action plans was received.</p> <p>In introducing the report, Andrew Biston highlighted the following points:</p> <ul style="list-style-type: none"> - The number of outstanding recommendations had decreased during the period December 2018 to February 2019; - As at the 22nd February there were 25 final internal audit reports issued, of which 10 had a limited assurance. - Of the internal audit recommendations, the number had reduced from 116 to 90 for the period. Although there were now 24 high priority overdue recommendations. - Of the external audit reports issued, there were a total of 96 outstanding recommendations, ten of which were of a high priority. <p>In discussing the report, the following points were raised:</p> <p>Martyn Waygood raised his concern with regards to the Follow Up Outpatient audit. He informed that 2 serious incidents had been raised in the Q&S committee concerning ophthalmology patients whom had a delay in outpatient's appointments. He stated this was an example of the significant effects of recommendations not being followed up. Martin Sollis added that that the quality of patient care was priority and as an audit committee, overdue recommendations was unacceptable. There needed to be a push on actioning recommendations to ensure the health board was improving.</p>	

	<p>With regards to the Structured Assessment 2017, which had a total of 8 high priority recommendations overdue, Martin Sollis stated that although Pam Wenger was the lead, this was a collaborative piece of work with the other executives.</p> <p>Andrew Biston informed that there had been a lot activity in the last few weeks to improve the figures. Executives had been sent regular updates and reminders. Paula O' Connor added that she had received a lot of contact for advice on audit recommendations and this was positive progress.</p> <p>Martin Sollis commented that although it was positive to see an improvement in the number of outstanding recommendations, sustained pressure was needed so that the number reduces further. Attention was needed on the high priority recommendations to ensure they were completed in a timely manner.</p>	
Resolved:	- The report be noted	
	CHANGE IN AGENDA ORDER	
42/19	STRATEGIC RISK REPORT	
	<p>A report setting out the health board risk register was received. In introducing the report, Pam Wenger highlighted the following points:</p> <ul style="list-style-type: none"> - Significant work had been undertaken to refresh and improve the approach to risk management within the organisation. - The top five risks were identified on the report, it was recognised that future work was required and Executive Directors have agreed to hold a workshop on risk management ; - There was now reporting and executive oversight of critical issues but still some work to be undertaken in relation to ownership; - The board-wide risk register had been refreshed and aligned with that of the units and the 'ward to board' dashboard; - The units now provided exception reports to the risk management group which served as an escalation process to the executive team. - Violence and aggression and the Health and Safety Act would now be included as new risks on the register <p>In discussing the report, the following points were raised:</p> <p>Martin Sollis sought assurance on how the health board risk register linked with the service delivery units. Pam Wenger made reference to the Risk management group in which the senior leadership team, corporate representatives and unit representatives</p>	

	<p>were all in attendance. She also stated that a risk management workshop had been organised to strengthen the approach to risk and this would have focus on the escalation process within the units.</p> <p>Pam Wenger highlighted that there needed to be consistency in the scoring of risk across the board and that a '<i>Simple guide to Risk management</i>' was being developed and would be disseminated across the health board. The monthly Risk Management Group also provided scrutiny to the risks and provided a mechanism for training and education. She stated she could now give some assurance that there was a link 'from ward to board' in terms of risk. The Datix system would soon be live and users would be able to access ward-level risks with ease using this system.</p> <p>Martin Sollis made a request to receive more detail on the top five health board risks at each meeting, with information on executive ownership and what the reporting committee were doing to seek assurance on mitigations, Pam Wenger undertook to do this for the next committee.</p> <p>Martin Sollis gave his thanks to Pam Wenger and the Risk Team for their work in developing the new risk register. He commented it was very clear and easy to follow. He stated that as a committee, it was now possible to see the progress materialising and it was as positive to know that executives are now having discussions regarding risk and there is more focus on mitigations and actions. He commented that the committee could now start to gain assurance surrounding risk management.</p>	PW
Resolved:	<ul style="list-style-type: none"> - Committee to receive information on the top-five health board risk at each meeting. - The report be noted. 	PW
43/19	STATUS OF AUDIT RECOMMENDATIONS : DIRECTOR OF STRATEGY	
	<p>Sian Harrop-Griffiths was welcomed to the meeting.</p> <p>A report setting out progress against audit recommendations specific to the portfolio of the Strategy Directorate was received.</p> <p>In introducing the report, Sian Harrop-Griffiths highlighted the following points:</p> <ul style="list-style-type: none"> - The directorate had made good progress to improve against the recommendations made in previous audits; - Currently there were six overdue actions across two reports: Capital Equipment replacement and the Strategy and Planning Directorate; - Sian Harrop-Griffiths informed she would be confident that the capital equipment actions would be completed by end of March; - The directorate authorised signatory list had now been 	

	<p>completed with assistance from Andrew Biston;</p> <ul style="list-style-type: none"> - The capital planning and estates objectives recommendation had now transferred to Chris White as lead; <p>In discussing the report, the following points were raised:</p> <p>Martin Sollis praised the progress made on the completed the recommendations but queried the reason why these had not been completed more timely. Sian Harrop-Griffiths replied that the recommendations were taken seriously, but felt that the deadlines were over ambitious. She stated they were very dependent on the actions of other departments but understood the pressures other departments were also facing. She stated she would ensure there was not a build-up going forward.</p> <p>With regards to the maintenance backlog, which would now sit under Chris White, there was discussion as to where this would now be reported. Martyn Waygood informed that this would be the Health and Safety Committee because of the significance to patient safety and undertook to check the frequency of the report and to ensure this was on the agenda going forward.</p>	MW
Resolved:	<ul style="list-style-type: none"> - Martyn Waygood to ensure maintenance backlog would be on the health and safety committee agenda going forward. - The report be noted. 	MW
44/19	INTEGRATED GOVERNANCE WORK PROGRAMME	
	<p>A report providing an update in relation to the integrated governance work programme was received and noted.</p> <p>In discussing the report, Pam Wenger made the following points:</p> <ul style="list-style-type: none"> - The work programme had been updated to include the recommendations from the Structured Assessment and the recommendations for the financial governance review. - Since the last update, 3 recommendations had been completed; - Whilst the recommendations were not fully completed, many actions arising from the recommendations had been completed; - The Structured Assessment for 2018/19 made five recommendations and these would now be incorporated into the work programme for 2019/20. <p>Martyn Waygood raised a query with regards to the development of corporate standard (page 4), he asked whether the intention would be to improve the focus and size of board papers. Pam Wenger replied that it would also seek to ensure that board and independent members were getting the right information to discharge their duties effectively.</p> <p>The committee agreed that the deadline for completion of the Board Assurance Framework (BAF) for April 2019 was ambitious and</p>	

	<p>agreed for it to be changed to July 2019.</p> <p>Martin Sollis praised the progress made with regards the work programme. He commented that it was good to see a cautious approach on removing items until the actions were fully embedded.</p>	PW
Resolved	<ul style="list-style-type: none"> - Change deadline for the completion of Board Assurance Framework to July 2019. - Report be noted. 	PW
45/19	AUDIT COMMITTEE TERMS OF REFERENCE	
	<p>A report setting out the terms of reference of the audit committee was received.</p> <p>In discussing the report, the following points were raised ;</p> <p>Martin Sollis referenced the '<i>Whistle blowing</i>' on page 8 and stated that he felt this needed exploration. He stated that he did not feel sighted on the current arrangements that allow staff to raise concerns about possible improprieties. He stated that the committee should be updated at least annually, as currently the committee were not fulfilling their duties on this part. Pam Wenger undertook to follow this up with Workforce colleagues and request an overview of current arrangements and their effectiveness.</p> <p>Martin Sollis also referred to page 7, '<i>Other assurance functions</i>' which stated that the committee should review any findings by various external regulators, inspectors and professional bodies. He stated that he did not feel, as a committee, they had fulfilled this responsibility as they did not have a full overview of the various reviews that take place across the board. Pam Wenger concurred and stated that currently the various findings on reviews sat in separate places. She stated that this needed to be in place for next year and she would ensure this would form part of the board assurance framework.</p> <p>Gareth Howells queried whether all committee terms of reference would be reviewed as the new organisation. Pam Wenger informed that terms of reference were in a standard template and were within the health boards' standing orders and therefore this would not be the case. She informed that there would be an annual review of the committee structures going to the health board in May and terms of reference would be part of that.</p> <p>Martin Sollis commented that it was important for the committee to undertake an annual review of the terms of reference as it helped the committee to judge their effectiveness against them.</p> <p>Martin Sollis suggested that the terms of reference be approved subject to the above concerns being explored further.</p>	<p>PW</p> <p>PW</p>
Resolved:	<ul style="list-style-type: none"> - Pam Wenger to explore 'whistleblowing' arrangements with workforce colleagues and request an overview for the next committee. 	PW

	<ul style="list-style-type: none"> - Pam Wenger to include the reviews of various external regulators, inspectors and professional bodies within the board assurance framework. - The committee approve the terms of reference subject to the exploration of the items raised. 	PW
46/19	NHS WALES DELIVERY UNIT REPORT: LONG WAITERS	
	<p>A report providing an update on the key findings arising from the review of the longest waiting patients was received.</p> <p>On behalf of Darren Griffiths, Pam Wenger introduced the report and highlighted the following points;</p> <ul style="list-style-type: none"> - The report highlighted the key findings arising from the NHS Wales Delivery Unit (DU) review of the longest waiting patients; - The key messages were that patients were waiting too long in some specialties and this had resulted in poor experience, possible increased risk of harm and poor communication with patients. - 12 recommendations were identified in the report which the health board accepted and would be used to develop a detailed action plan; - The action plan would be considered and monitored by the Quality and Safety Committees for assurance. <p>Gareth Howells informed that a detailed piece of work was underway in which the process was being assessed and patients were being approached in order to gain qualitative feedback.</p> <p>Martin Sollis requested a verbal update at next committee</p>	PW/DG
Resolved	<ul style="list-style-type: none"> - A verbal update on the progress from the Long Waiters report be received at the next committee. - The report be noted. 	PW/DG
47/19	NHS WALES SHARED SERVICES PARTNERSHIP (NWSSP) INTERNAL AUDIT PROGRESS AND ASSIGNMENT SUMMARY	
	<p>A report setting out progress and assignment summaries of internal audits was received.</p> <p>In introducing the reports, Neil Thomas highlighted the following points:</p> <ul style="list-style-type: none"> - Nine final reports had been issued since the last meeting, four of which had a <i>limited assurance</i> rating; - Four drafts had been issued and five audits were in progress; - Including audits from Specialist Services Unit (SSU), there were four with <i>limited assurance</i>; The Annual Plan Delivery Framework, Board Assurance Framework, Nursing Quality 	

	<p>Assurance and the Control of substance Hazardous to Health;</p> <p>In discussing the report, the following points were raised:</p> <p>Neil Thomas stated that after discussions with the executive leads, it was proposed that the HR&OD directorate Follow-Up and the Discharge Planning Audit be carried forward into the 2019/20 plan. Paula O'Connor advised that there would be a renewed audit of HR and that discharge planning would be a slightly altered review to include 'safer flow'. There would also be a separate review on discharge summary letters with the aim of looking at an electronic solution. The Committee were happy to approve the request for the carried forwards audits.</p> <p>Huw Richards updated the committee on the Specialist Services Unit progress. He informed that since the last meeting, one report had been finalised, there were three reports in draft and fieldwork had progressed in three others.</p> <p>Concerning the Nursing Quality Assurance Audit, Martin Sollis raised his concern for the limited rating and stated the committee needed assurance that the issues were being addressed. Martyn Waygood highlighted the two key areas which were deemed ineffective; the use of the toolkits and also the lack of compliance with expected controls and record keeping. He stressed that processes had been put in place to improve quality of care and therefore they should be adhered to by all. Nevertheless, he stated he did feel assured that Gareth Howells was taking action. He also advised that this audit was also being taken through the quality and safety committee.</p> <p>Regarding the Board Assurance Framework (BAF), Martin Sollis commented that good progress was being made. He reminded the audit committee that they agreed that health board risk management system be a prioritised over BAF development initially.</p> <p>With regards to the Annual Plan Delivery Framework, Paula O'Connor commented that there was evidence that change was occurring and processes being put in place i.e. improvement boards, therefore they were able to limit the number of recommendations.</p> <p>Discussion ensued around the importance of board sub-committees Chairs having sight of all audit reports which relate to their particular committee. Paula O'Connor undertook to add the Chairs to the circulation lists.</p>	
Resolved:	- The reports be noted .	
48/19	INTERNAL AUDIT ANNUAL PLAN 2019	
	The Internal Audit Annual Plan 2019 was received and approved .	
49/19	PPV PLAN	

	<p>A report providing an update on the PPV plan was received and noted.</p> <p>It was agreed that the report would be brought back to a future committee with attendance from the Primary Care and Community Unit for discussion.</p>	
Resolved	<ul style="list-style-type: none"> - Report to be brought to future committee with attendance from the Primary Care and Community Unit. - The report be noted. 	
	CHANGE TO AGENDA ORDER	
50/19	FINANCE UPDATE	
	<p>A verbal finance update was received.</p> <p>In introducing the report, Lynne Hamilton highlighted the following points:</p> <p>(i) <u>Financial Position</u></p> <ul style="list-style-type: none"> - The health board was on target to deliver the £10m controlled deficit. - There was a £23m savings target and in the 2019/20 plan a high degree of confidence that the 70% target would be delivered. - Executives and Units were committed to delivering the core savings plans to achieve financial balance. - She assured that ABMU, Cwm Taf and Welsh Government were all working diligently to manage the Bridgend Boundary Change. - She took the opportunity to acknowledge the hard work of the finance teams and delivery units in the delivery of the controlled deficit. 	
Resolved:	<ul style="list-style-type: none"> - The report be noted 	
51/19	ANNUAL ACCOUNTS PROCESS	
	<p>A report setting out the process for the preparation of the annual accounts and major judgement and estimates for 2018-19 was received .</p> <p>In introducing the report Andrew Biston highlighted the following points;</p> <ul style="list-style-type: none"> - The accounts would be reviewed and adopted on the 29th May and accounts would be closed on the 31st May 2019. - The committee needed to be aware of two items of capital equipment that would need to be stored off-site on the 31st 	

	<p>March 2019.</p> <ul style="list-style-type: none"> - There was a new accrual formula proposed for the 2018/19 GMS QOF (Quality and Outcomes Framework) ; - With regards to retrospective continuing care claims, it was proposed to use local success rates and average weekly reimbursed rates as at 31st March 2019; - The health board would see a benefit of £0.121m due to a change in the discount factors applied with regards to early retirement pension provision and permanent injury; - There had been a slight increase of £0.024m in the provision for defence fees due to revised probability percentages of 10.01% for Clinical Negligence cases and 43.92% for Personal Injury cases. - Work would be completed in early April 2019 with regards to the accounting treatment of new leases. <p>In discussing the report the following points were made;</p> <p>With regards to the annual accounts closure timetable, Martin Sollis queried whether Lynne Hamilton felt confident that the deadlines would be met due to the current resource issues within the finance team. Lynne Hamilton assured the committee that the safe preparation of the statutory accounts was a priority. She added that although the finance team remains fragile, she was moving to deploy resources to ensure the smooth running of the annual accounts process.</p> <p>Martin Sollis praised Andrew Biston for this comprehensive report and took the opportunity to acknowledge the hard work that was being undertaken on the year-end process.</p>	
Resolved:	<ul style="list-style-type: none"> - The report be noted and approved. 	
52/19	SINGLE TENDER ACTION AND QUOTATIONS	
	<p>A report setting out single tender action (STA's) and quotations (SQA's) approved since the previous meeting was received.</p> <p>In discussing the report the following points were raised;</p> <p>Martin Sollis commented that due to the report being retrospective account of purchases made by the health board, there was very little the committee could do in terms of scrutiny and challenge of the purchases. Nevertheless, he was content for the paper to be received at each committee. He stated that the process for STA's and SQA's would need to be reviewed by internal audit as part of the procurement review.</p> <p>Martin Sollis informed the committee that he had raised queries with procurement colleagues outside of the meeting and had sought assurance on a number of items. In particular, he had been assured that the process had been put in place to ensure the segregation of duties in the sign-off of SQA/STA documentation.</p>	

	<p>Secondly, for the purchase of the 'Infopod' for Macmillan cancer charity, he had received assurance that the correct procedures and checklist were followed for this purchase and there would be reimbursement of the full cost to the health board.</p> <p>Thirdly, with regards to the high volume of IT related requests, he had sought more information on which were part of national All Wales developments and which ones were local in nature, as there was concern that the volume of requests may show lack of appropriate planning, control and value for money opportunities.</p> <p>Lynne Hamilton informed the committee that the Helen James, Head of Procurement would soon be retiring and her interim replacement would be Kier Warner. She requested that he was invited the next committee to get a flavour of the meeting. This was agreed.</p>	
Resolved:	<ul style="list-style-type: none"> - Keir Warner be invited to the next Committee - The report be noted. 	CM
53/19	WALES AUDIT OFFICE PROGRESS REPORT	
	<p>The progress report from Wales Audit Office was received.</p> <p>In introducing the report, Jason Blewitt highlighted the following points:</p> <ul style="list-style-type: none"> - Audit fieldwork for the annual accounts were underway with completion at due at end of May. - Work was currently in progress for the cross-sector : intermediate care fund and clinical coding follow-up audits; - Terms of reference had been issued for the Orthopaedic Services review with a plan for consideration at the audit committee in November 2019. <p>Pam Wenger informed that an extensive amount of work had been carried out with regards to Brexit preparedness and the board were fully sighted on it.</p> <p>Pam Wenger also informed that a workshop had been arranged for a Board Development session which would focus on the Future Generations Act. Martyn Waygood added that it was good to see work underway, although he had concerns in terms of collaboration. All bodies have a responsibility to push this forward and he was glad it was on the board's agenda.</p> <p>With regards of the financial audit of the charitable funds, Andrew Biston informed that due the Bridgend boundary change, deadlines had been pushed back to accommodate charity commission changes. The audit would therefore take place in September, the accounts would be presented to the charitable funds committee in November 2019.</p>	
Resolved:	The report be noted .	

54/19	WALES AUDIT OFFICE 2019 ANNUAL PLAN AND FEES	
	<p>The 2019 Wales Audit Office annual report was received.</p> <p>In introducing the report, Anne-Marie Harkin highlighted the following points:</p> <ul style="list-style-type: none"> - Included within the plan was the financial accounts work, the structured assessment, All-Wales thematic reviews and local projects; - The estimated fee for 2019 amounted to £411,807, which represented a 2% decrease compared to the fee set out in the 2018 annual audit plan. - Efficiency savings on the financial audit work carried out in 2018 has resulted in £10,000 refund for the health board. - Two members of staff employed by WAO had been seconded into the health board; a trainee accountant and project manager working within finance on the bridgend boundary change; - There had been no change to the local audit team members. 	
Resolved:	The report be noted .	
55/19	INFORMATION GOVERNANCE BOARD UPDATE	
	<p>A report setting out the key issues discussed at the information governance board was received.</p> <p>In discussing the report the following points were raised:</p> <p>Pam Wenger highlighted that the report itself was not in the usual format as it provided more operational details than the audit committee would need but this would be amended for next committee.</p> <p>Martin Waygood made reference to records management and the incidents of inappropriate unsecured storage of medical records. He stressed the reputational and financial risk this mis-handling of records would cause to the health board. Martin Sollis concurred and stated that assurance was needed that records management was handled appropriately. He requested an updated be brought back to the next committee for discussion.</p> <p>Reference was made to the health board risk register, and the high risk regarding Digitally Enabled Care. The committee felt that they did not have enough information on the mitigating actions for this risk. A detailed report on the plans to mitigate the risk was requested for the next committee. Pam Wenger undertook to relay this to Informatics colleagues.</p>	<p style="text-align: center;">PW</p> <p style="text-align: center;">PW</p>
Resolved:	<ul style="list-style-type: none"> - Risk information surrounding records management and digitally enabled care to be brought to next committee. - The report be noted. 	PW/MJ

56/19	ANY OTHER BUSINESS	
	There was no further business and the meeting was closed.	
57/19	NEXT MEETING: Thursday, 16th May 2019	