

ANEURIN BEVAN UNIVERSITY HEALTH BOARD

Minutes of the Finance, Audit & Risk Committee held on Thursday 8th April at 1.00pm via Teams

Present:

Shelley Bosson	Independent Member (Chair)
Cllr Richard Clark	Independent Member (Local Authority)
Emrys Elias	Vice Chair
Chris Koehli	Special Advisor (Finance)

In attendance:

Pippa Britton	Independent Member (Observer)
James Calvert	Medical Director
Peter Carr	Director of Therapies & Health Sciences (Item 2.1)
Stephen Chaney	Internal Audit
Neill Collis	Audit Wales
Chris Commins	Assistant Director of Finance (Item 2.2)
Beverley Davies	Senior Programme Manager (Item 2.2)
Katija Dew	Independent Member (Observer)
Martyn Edwards	Head of Counter Fraud (Finance) (Item 4.1, 4.2)
Samantha Haworth Booth	Physiotherapy Senior Manager (Item 2.1)
Robert Holcombe	Deputy Director of Finance (Item 2.1)
Richard Howells	Interim Board Secretary (Item 6.1, 6.2, 6.3)
Ian Jenkins	Assistant General Manager Scheduled Care (Item 2.1)
Glyn Jones	Director of Finance and Performance (Item 5.1, 5.2))
Rhiannon Jones	Director of Nursing (Item 7.3)
Melanie Laidler	Interim General Manager, Primary & Community Care (Item 2.2)
Ann Lloyd	Chair (Observer)
Mike Ogonovsky	Chief Digital Officer (Item 2.3)
Danielle O'Leary	Head of Corporate Services, Risk and Assurance
Judith Paget	Chief Executive
James Quance	Head of Internal Audit (Item 7.1, 7.2, 7.3)
Mark Ross	Assistant Finance Director (Financial Systems & Services) (Item 3.1, 3.2, 3.3)
Gabrielle Smith	Audit Wales (Item 8.1, 8.2)
Helen Sweetland	Independent Member (Observer)
Louise Wright	Independent Member (Observer)
Suzanne Webb	Committee Secretariat

Apologies:

Richard Harries	Audit Wales
Tracy Veale	Audit Wales

AC 0804/01 Preliminary Matters

1.1 Apologies for Absence

The Chair welcomed everyone to the meeting.

Apologies for absence were noted.

1.2 Declarations of Interest

There were no Declarations of Interest to record.

1.3 Draft Minutes of the Meeting held on 4th February 2021

The minutes of the meeting held on 4th February 2021 were agreed as an accurate record.

There were no matters arising.

1.4 Action Sheet

The actions listed were agreed as an accurate record.

AC 0402/05: Audit Wales to contact NFI colleagues and request an update when NHS bodies will receive written correspondence from NHS Wales Shared Services Partnership in relation to the trade creditor data matches.

Action: Audit Wales (Gabrielle Smith)

1.5 Terms of Reference

It was explained the Terms of Reference were in draft form.

Following discussion it was agreed the Interim Board Secretary will work with the Financial Advisor and Committee members to:

- Streamline the Terms of Reference avoiding any duplications – it was highlighted that there was a potential overlap with the Strategy, Planning, Partnerships and Well Being Committee.
- Ensure alignment with the revised Governance arrangements.
- Include a representative of the Quality, Patient Safety & Performance Committee instead of the designation being 'the Chair'.
- Produce a work plan outlining Committee actions.

The Committee accepted the draft form of the Terms of Reference and a revised copy to be presented at the May meeting.

Action: Interim Board Secretary

AC 0804/02 Best Use of Resources

2.1 Muskulo Skeletal Pathway Redesign Programme 2021/22

The Committee received an overview of the MSK Pathway Redesign Programme.

The programme was a strategic opportunity and priority for the Health Board to improve patient care outcomes, equity of access and efficiency, thus improving 'Value'. It uses a multi-disciplinary team model to provide care whilst a value based care methodology is used to map resources and care pathways. A baseline of MSK services has been defined and a project plan developed.

The Committee noted the case for change would be presented to the Pre-Investment Panel and Executive Team for approval during Q1 2021/22.

Implementation of the Programme is planned to commence in Q2 2021/22.

For Board Assurance the Committee requested the outcome dataset performance metrics should indicate the following efficiency measures:

- Patient experience
- Reducing harm
- Achieving better value
- Referral numbers
- Waiting times
- Conversion rates
- Workforce demand and capacity planning linked to multi-disciplinary team working
- Patient health conditions numbers
- Occupational Health referrals
- Release of clinical care time
- Risks affecting implementation

The Committee agreed the Programme was critical to improving patient care and noted the work undertaken. The Chair requested an update to the Committee in the New Year to focus on those aspects of the programme relevant to this committees remit in particular evidence that the Health Board were making the best use of resources. To be added to the forward work plan for 3 February 2022.

Action: Secretariat

2.2 Update on the Integration of Eye Care Pathway

As a follow-on to the overview received on 3 December 2020 the Committee received a progress update of the Integration of Eye Care Pathways for patients in Gwent.

A Review of Ophthalmic Diagnostic Treatment Centres (ODTC) contracts including Glaucoma and Wet AMD aligned with the Optometry reform work is expected to provide the following outcomes and efficiency

opportunities during the next twelve months:

- Appropriate clinical governance of optometrists will result in a reduction of Consultant time.
- Reduction of outpatient referrals and appointments.
- Map and review of current eye care pathways.
- Whole system provision outside of secondary care with patients seen closer to home.
- Educational development opportunity for optometrists with an expected increase from 8 to 15 independent prescribers and doubling from 4 to 8 optometrists who hold the diploma in glaucoma and wet AMDs.
- Reduction in treatment times for service users and patients.
- Broaden the scope to improve the socioeconomic impact of poor eye care in communities.
- Additional funding from Welsh Government expected to support the Emergency Eye Service by increasing from 1 to 4 days.
- Reduction in referrals and earlier patient diagnosis will result in efficiencies for outsourcing and locum premiums.

For Board Assurance the Committee requested the performance outcomes should indicate the following efficiency measures:

- Patient experience
- Reducing harm
- Achieving better value
- Workforce demand and capacity planning linked to multi-disciplinary team working
- Risks affecting implementation
- Demand for emergency eye care
- Release of clinical care time

The Committee noted the update and the need to move forward at pace. The Chair requested an update to the Committee in the New Year to focus on those aspects of the programme relevant to this committees remit in particular evidence that the Health Board were making the best use of resources. To be added to the forward work plan for 3 February 2022.

Action: Secretariat

The Committee to consider receiving regular highlight reports for information.

Action: Chair/Interim Board Secretary

2.3 Digital Strategy Update

The Committee received an update on the implementation of the Health Board's Digital Strategy, in particular the progress made over the last 12 months against the four strategy areas:

- Digital Community
- Digital Organisation
- Digital Data, Information and Intelligence
- Digital Foundations

The Committee noted:

- The Informatics Team had redeployed and reprioritised programmes of work in response to the COVID-19 pandemic.
- The use of Virtual Consultations (Attend Anywhere – a National Programme hosted by the Health Board) had increased from zero to 90,000 in nine months.
- Welsh Community Care Information System (WCCIS) – aiming to implement across Mental Health & Learning Disabilities services following the completion of a national upgrade to the software in October 2021.
- Robotic Process Automation (RPA) – the manual transcription of hospital admissions, transfers and discharges had resulted in the release of 4.0 wte staff with a potential to increase to 27 - 38 wte.
- Careflow – a clinical observations communication tool implemented and the Health Board has been asked to be a national demonstrator.
- Early Opening of the Grange University Hospital – delivered all ICT infrastructure and software systems.

It was explained that the Health Board's voice communication system Vocera and mobile telephony system problems affecting staff and patients were being resolved.

The next phase of the transformation model was to revisit the Governance of Digital and the Committee received assurance on the key mechanisms:

- Stronger Executive oversight and broader scrutiny
- Stakeholder engagement with staff and Divisions
- Implement new ways of working to reflect the priorities of the Health Board based on clinical need and quality
- Digital Services more accountable, transparent and sensitive to clinical priorities
- Strategy & Planning design - investment in business analysis and design to improve performance that will result in a more efficient process
- Business Partner approach to achieve benefits realisation

The Committee received assurance that through improved clinical leadership and the implementation of evidence based best practice models the balance of maintaining existing and improving capacity to support the digital transformation to realise efficiencies can be achieved.

The Committee noted the progress of the Digital strategy.

The Committee requested clarification on the appropriate Committee (s) for reporting Informatics requirements.

Action: Interim Board Secretary

AC 0804/03 Governance and Assurance

3.1 Update on Governance, Financial Control Procedures and Technical Accounting Issues

The Committee received an update in relation to a number of standing items which are reviewed in line with the committee's terms of reference and work plan.

The Committee received updates on two points outlined in the report:

1. Scheme Pays – Pension Tax impact on Clinicians:
Audit Wales raised a possible qualification in the accounts at the last meeting. Audit Wales has confirmed this type of transaction will no longer lead to a qualification in the accounts.
2. Revised treatment for 'free of charge' Personal Protective Equipment (PPE):
NHS Wales Shared Services Partnership had confirmed there would not be a cost impact on the accounts for the supply of PPE equipment.

Following a change in position the Health Board will be charged expenditure matched by resource. The additional costs will be reflected in the draft accounts equating to c £6m per annum. It was noted that some costs will be higher.

The Committee received assurance that the overall position outlined in the report remained unchanged.

The Committee requested an update for the next meeting in relation to the Health Board's repair and replacement policy. An update to be provided from Procurement.

Action: Assistant Finance Director (Financial Systems & Services)

The Committee noted the report.

3.2 Losses and Special Payments Report

The Committee received an overview of the financial losses and special payments made by the Health Board between 1st April 2020 and 28th February 2021.

The Committee noted the revised reporting format and received assurance on the allocation of savings and losses.

Key highlights are:

- Total loss for 9 months is £10.9m with £9m refunded from Welsh fiscal which resulted in a cost to the Health Board of £1.9m.
- Majority of £10.9m relates to clinical negligence and £600,000 for personal injury. The report outlined that the majority of losses are considered by the Litigation or Redress Committee and reported to the Quality, Patient Safety & Performance Committee.
- Losses unlike provisions are completed cases.
- Bad debts were not included – will be included in the March end of year report.
- Provisions - included information based on probabilities of success and £164m will be covered by the Welsh Risk Pool.

To support the Committee in providing assurance to the Board the Financial Advisor would discuss the appropriateness of receiving a report to inform committee members in respect of its remit to consider losses and special payments which are considered in detail at the Litigation Group, at a future meeting with the Chair of the Board.

Action: Assistant Finance Director (Financial Systems & Services) & Special Advisor (Chris Koehli)

The Committee noted the report.

3.3 Response to Audit Wales (AW) for matters in relation to fraud, laws & regulations and related parties

As part of the accounts sign off process each year, Audit Wales needs to ensure compliance with International Standards for Auditing and has requested documented consideration from management and those charged with governance on a range of questions relating to COVID-19, Fraud; Laws and regulations and; Related Parties.

The Committee was asked to approve the Health Board's responses which were approved by the Executive Team in March 2021 prior to submission.

Decision Approved

The Committee noted the report.

AC 0804/04 Counter Fraud Update

4.1 Annual Counter Fraud Report for 2020/21

The Committee received an overview of the Counter Fraud work conducted by the Local Counter Fraud Specialist (LCFS) for 2020/21.

The Committee noted the following key areas of change:

- All Wales Case investigation management system changed.
- Counter Fraud Directions for NHS Bodies Wales superseded by Government Functional Standards.

- Risk assessments and a review of Charitable Funds, Procurement Services undertaken in relation to pre-contract, invoice and banking mandate fraud.
- Local Proactive Exercises (LPE's) undertaken include a review of safeguards in the Clinical Divisions areas that allocate productivity for Consultants. A report with recommendations was shared with Internal Audit and sent to the Health Board's Medical Director for consideration.

The Committee thanked the Head of Counter Fraud for the comprehensive report noted the report.

4.2 Annual Counter Fraud Work plan for 2021/22

The Committee received an overview of the Counter Fraud work to be undertaken by the Local Counter Fraud Specialist (LCFS) for 2021/22. The work plan encompassed all the components of Government Functional Standard GovS 013: Counter Fraud, implemented 1 April 2021 and covered the four principles:

- Strategic Governance
- Inform and Involve
- Prevent and Deter
- Hold to Account

The Committee noted the controls put in place to address emerging threats:

- Heightened attack of banking mandate fraud.
- Hits recorded on National Fraud Initiative (NFI) indicate 75% are likely to be fraudulent– working with Procurement Services to data match identifying inconsistencies that require further investigation.

The Committee noted the report.

AC 0804/05 Finance Update

5.1 Month 11 Finance Update 2020/21

The Committee received an overview of the Health Board's financial performance for the current month (February 2021) and annual forecast.

The Committee noted:

- A small surplus reported forecasting a breakeven position against the revenue budget.
- Capital – initial forecast indicated a potential deficit. Subsequent capital funding allocations with Welsh Government has resulted in a balanced position on capital resource limit.
- Year End Position –month 12 accounts being drafted.

The Committee noted the risk of lost savings and potential increased expenditure in relation to Variable Pay. It was

explained that not all locums are secured with Retinue, the agency employed by the Health Board to engage staff on a direct engagement contract, but are secured on an individual basis.

The Committee received assurance that the work to redesign pathways and achieve a sustainable workforce model will provide the opportunities to drive down the use of bank and agency staff.

For assurance the Committee requested a more substantive discussion with Workforce colleagues to explore the workforce models.

Action: Secretariat

The work undertaken to address the nursing workforce deficits to be shared with the Committee.

Action: Director of Finance and Performance

The Committee noted the report.

5.2 Savings Programme Update 2021/22

The Committee received an overview of the savings programme for 2021/22 financial year that identified:

1. Deliverable savings during the financial year
2. Further savings opportunities
3. Delivery framework for implementing the Annual Plan and associated savings and efficiency programmes

It was reported that, in order to deliver savings of 2 to 3% required to implement the 2021/22 Annual Plan priorities a combined approach to savings and efficiency was necessary, that includes:

- Transactional – reducing costs of existing services/products
- Variation – eliminating (unwarranted) variation in services
- Improved productivity
- Service change/transformation – improving outcomes, redesigning care pathways and the re-allocating of resources to generate increased savings and reinvestment opportunities

The Committee noted:

- Funding Assumptions - uncertainty in 2021/22.
- Spend and Recovery plans – in development post COVID-19.
- Funding of £100m announced for the recovery of COVID-19 and the Health Board had started to submit preliminary recovery plans to Welsh Government.
- Mental Health services – it is anticipated that funding will become available to support the potential demand expected in the delivery of Mental Health and broader well-being services. A review of the Mental Health funding formula may generate saving opportunities.

It was reported the financial plan for 2021/22 was focussed realistically around cost avoidance and cash releasing with opportunities to improve productivity with limited savings during Q1/Q2.

The Committee noted the assessment of deliverable savings would be reviewed during Q1 with an update presented to the Board in July 2021 that will include an update on budgetary forecasts.

The Committee requested an update on the savings plan at the next meeting in May.

Action: Director of Finance and Performance

The Committee noted the report.

AC0804/06 Risk and Assurance

6.1 Audit Tracker Recommendation Report

The Committee agreed Number 100 (Structured Assessment) had been completed and could be removed from the tracker. Any reports showing limited assurance with high level risks would be included.

Action: Secretariat

For assurance the Committee requested an outline of the tracking system including the sign-off processes for low, medium and high recommendations at the August meeting. The Committee noted low and medium recommendations are not included on the tracker.

Action: Interim Board Secretary/Head of Internal Audit

For Assurance the Committee requested where a target completion date had expired the report should include a revised completion date proposed by the Executive Team be added to the tracker.

Action: Interim Board Secretary

The Committee acknowledged the work of the Executive Team and Internal Audit to produce the tracker during the COVID-19 pandemic.

The Committee accepted the Audit tracker report.

6.2 Revised Risk Management Approach and Delivery Framework

The Committee was asked to endorse and adopt the revised approach and delivery framework for the management of risk acknowledging that further refinement and development will take place to complement and enhance assurances within the Board Assurance Framework.

It was explained how risks would be identified, tracked, monitored and embedded throughout the Health Board.

The Committee noted implementation of the new framework would provide:

- a positive strategic impact of the revised risk management approach as it seeks to further strengthen alignment of key strategies and plans.
- a greater level of assurance and clarity to the Board and Welsh Government that the high level, strategic priorities of the Health Board are being risk stratified and directly informed by the themes emerging from risks to delivery against objectives within Divisions and Directorates.

It was reported next steps would be:

- Board Development Session to receive the revised approach 28 April 2021.
- Revised BAF presented to the Board 26 May 2021.
- Revised Risk Management Strategy which incorporates the revised approach, definitions and risk appetite in summer 2021.

The Committee endorsed the report and agreed that formal sign-off is required at the Board Development session where the process for implementation can be finalised.

6.3 Freedom of Information Act Compliance

The Committee received an overview of the Freedom of Information requests received and acted upon by the Health Board.

It was reported the Health Board received a total of 468 requests for the period 1 April 2020 – 29 February 2021 of these 98 were in relation to COVID-19. There were no concerns from the Information Commissioners Office (ICO).

The Committee noted that, in accordance with statutory compliance future reports will include detail in relation to themes of requests, compliance rates and any concerns or complaints reported to the Information Commissioners Office.

The Committee agreed to receive the report on a six monthly basis (interim and annual).

The Committee noted the report.

AC0804/07 7.1 Internal Audit Plan Progress

The Committee received an update on the progress of the Health Board's Internal Audits.

It was reported there were 10 internal audits left to deliver.

The Committee noted the two Audits in relation to the Grange University Hospital equipment and Hospital Sterilisation and Disinfection Unit (HSDU) that had identified areas of improvement had received reasonable assurance.

The Committee requested an Executive Team review of the high level recommendations identified in the Internal Audit progress report that had not been completed but had exceeded their completion date and if appropriate added to the tracker.

Action: Interim Board Secretary

The Committee noted the report.

7.2 Internal Audit Plan 2021/22

The Committee received an overview of the Internal Audit Plan for 2021/22.

It was reported the Executive Team had agreed the Plan. The best estimate timescales will be reviewed.

The Committee were asked to consider, note and approve:

- approve the Internal Audit Plan for 2021/22
- approve the Internal Audit Charter
- note the associated internal audit resource requirements and key performance indicators

Decision: Approved

7.3 Infection Prevention Control Final Internal Audit Report 2020/21

The Committee received an overview of the Infection Prevention and Control Audit that was completed in line with the 2020/21 Internal Audit Plan.

It was reported the level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with Infection Prevention and Control is Limited Assurance.

The audit objectives were:

1. COVID-19 Guidance
2. COVID-19 related matters – screening of patients
3. COVID-19 related matters – Discharge to care home testing
4. Management of Health Acquired Infections

The Committee received an overview of the Management's observations:

- Staff operating in a rapidly changing environment

- Challenging Audit

The Director of Nursing provided the Management response to the non-compliant areas:

1. Failure to update the Health Board's publication log – the log was developed to record the guidance received into the Health Board and a lead assigned to take forward any actions. The update of 19 Standard Operating Procedures reflected action was undertaken.
2. Screening of patients in a hospital setting – failure to record the results onto a Clinical Workstation System. It was explained results should have been handwritten, scanned and uploaded. Evidence not recorded but the Committee received reassurance that all patients had been screened.
3. Negative COVID-19 swabs on discharge patients to Care Homes. The Committee received reassurance that Care Homes would not have accepted patients without a negative swab. It was reported that superseded guidance had resulted in a different approach to discharging patients.
4. Management of Healthcare Acquired Infections – use of Datix to record root cause analysis. It was reported one patient's Clostridium difficile information had not been uploaded. The Committee received further context and reassurance that the patient's information had been recorded.

The Committee received a Management response to the three recommendations:

- Recommendation 1 - no further action required – patients now have discharge passports.
- Recommendation 2 – not agreed but believe no further action required
- Recommendation 3 – no further action – patient's information completed and uploaded onto Datix

It was reported that the Limited Assurance report had been shared with the Executive Team who agreed the rating was harsh in the circumstances but recognised learning was needed in relation to the follow-up of standard operating procedures to provide assurance.

The Committee understood the Management position but recognised evidence was not available. The Committee received further context why the failures had occurred and the circumstances and challenges were highlighted.

For assurance the Committee recommended a review is undertaken across the Health Board to address the need to ensure appropriate recording processes are implemented. A request to the Executive Team to undertake a review.

**Action: Director of Finance and Performance/
Director of Nursing**

The Committee received the reports subject to the actions recorded in the meeting.

The support provided by Internal Audit during the process was acknowledged.

AC0804/08 External Audit

8.1 Audit Wales Audit Committee Update

The Committee received an update on the current and planned work of Audit Wales.

The Committee noted:

- Review of arrangements for securing efficiencies – report delayed – anticipate being able to bring the report to the May or June meetings.
- Welsh Health Specialised Services Committee – anticipate being able to bring the report to the May meeting. The follow-up review of radiology services is a separate audit to the WHSSC review.
- Test, Trace and Protect – high level report published 18 March 2021. The Committee recommended the report is presented to the Health Board’s Strategy, Planning, Partnerships and Well-Being Committee for consideration.
- National Procurement of PPE report – currently being finalised with Welsh Government and NHS Wales Shared Services Partnership – expect to bring to the report to the May meeting.
- National report – initial commentary on the roll-out of the vaccination programme – to be published in next few months.

It was reported that interim work was progressing well and there were no matters requiring the Committee’s attention.

The Committee noted potential risks were:

- COVID-19 – shared learning ongoing
- Audit of Accounts report – completion end May
- Increased funding streams
- Stock Balance – potential risk – current materiality levels had indicated an opinion is not required

The Committee noted the update.

8.2 Audit Wales 2021 Audit Plan

The Committee received an overview of the Audit Wales 2021 Audit Plan as part of the discussion of the previous agenda item 8.1.

The Committee noted the report.

AC0804/09 Date of Next Meetings

18 May 2021 – Draft Accounts
8 June 2021 – Final Accounts
12 August 2021 – Business Meetings

The dates were noted.

- AC0804/10**
- 10.1 GUH: Equipment Procurement Assurance**
Supplementary paper was noted.
 - 10.2 Follow-up of High Priority Recommendations**
Supplementary paper was noted.
 - 10.3 High Voltage Infrastructure**
Supplementary paper was noted.
 - 10.4 Major Capital Project: Hospital Sterilisation and Disinfection Unit (HSDU)**
Supplementary paper was noted.
- AC0804/11**
- 11.1 Any Other Business**

The Chair thanked everyone for their time and will review the number of agenda items to ensure future meetings finish on time.

Action: Chair/Interim Board Secretary