

ANEURIN BEVAN UNIVERSITY HEALTH BOARD

**Minutes of the Finance, Audit & Risk Committee held on
Thursday, 2nd December 2021 at 9.30 am via Teams**

Present:

Shelley Bosson	Independent Member (Chair)
Richard Clarke	Independent Member (Vice-Chair)
Paul Dineen	Independent Member
Katija Dew	Independent Member

In attendance:

Rani Mallison	Board Secretary
Rob Holcombe	Interim Director of Finance
Gwen Kohler	Assistant Finance Director (Financial Systems & Services)
Danielle O’Leary	Head of Corporate Services, Risk and Assurance
James Quance	Head of Internal Audit
Stephen Chaney	Deputy Head of Internal Audit
Darren Griffiths	Audit Manager (Performance), Audit Wales
Nathan Couch	Audit Wales
Tracy Veale	Audit Manager (Finance), Audit Wales
Felicity Quance	Audit and Assurance Services
Garvin Jones	Head of Legal
Lucy Windsor	Committee Secretariat

Apologies:

Glyn Jones	Interim Chief Executive
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Preliminary Matters	
AC 0212/02	<p>Apologies for Absence The Chair welcomed everyone to the meeting.</p> <p>Apologies for absence were noted.</p>
AC 0212/03	<p>Declarations of Interest There were no Declarations of Interest to record.</p>
AC 0212/04	<p>Draft Minutes of the Meeting held on 7th October 2021</p> <p>The Committee approved the minutes of 7th October 2021.</p> <p>Item 8.1 - Governance arrangements of the Welsh Health Specialised Services Committee (WHSSC). The Chair requested the Committee receive oversight of progress against the recommendations arising from Audit Wales’ review. The Board Secretary was intending to review the reporting routes</p>

	<p>into the Health Board from WHSSC to ensure that the Health Board was adequately assured on the governance arrangements of the Joint Committee.</p> <p>It was noted that a Board Briefing session with WHSSC had been scheduled for February 2022.</p>
<p>AC 0212/05</p>	<p>Action Sheet The Committee received a copy of the action sheet, and the following updates were recorded:</p> <p>AC 1208/05- Update on Governance, Financial Control Procedures and Technical Accounting Katija Dew, Independent Member, requested a more detailed list of deductions from pay to ensure employees weren't being paid less than the minimum wage as a result of deductions. Rob Holcombe, Interim Finance Director, agreed to review and report the findings back to the Committee. Action: Rob Holcombe</p> <p>AC 0710/01 – The update was noted and a more detailed discussion was held in agenda item 1.5 (committee workplan).</p> <p>AC 0710/02 2.3 – Secretariat to amend the target date to February/April.</p> <p>AC 0710/06 6.1 - Evidence of monitoring external reports and to what Committee they are reported. The Chair provided further detail for the action, noting that the Committee would like oversight of which Committees External Audit and Inspection Reports were being monitored. The Board Secretary agreed to provide an overview of arrangements once reports were received into the organisation.</p> <p>AC 0710/06 6.2 – Discussed as part of agenda item 1.5 (Committee work plan)</p>
<p>AC 0212/06</p>	<p>Committee Work Plan The Committee received a copy of the work plan as provided and agreed work was required to develop a more structured approach and a revised format to improve fluency of business.</p> <p>KD-IM suggested that the workplan sit with the Committees' Terms of Reference (ToRs) to demonstrate alignment of the frameworks. This would provide assurance that the annual cycle of business is influenced by the Committee's purpose and remit.</p> <p>Rani Mallison, Board Secretary (RM-BS), commented that the revised workplan would be developed linked to the Committee's TOR, Risk Profiles, and Board Assurance Framework (BAF). This work would be shared at the next meeting.</p> <p>The Forward Work Programme to be added as a standard item on the agenda. Action: Secretariat</p>
	<p>Best Use of Resources</p>

AC 0212/07

Estates Efficiency Framework

Rob Holcombe (RH), Interim Director of Finance, provided an update on the Estates Efficiency Framework, noting that the Framework was developed at the request of the Strategic Capital Group. The Framework would enable the organisation to determine the best use of capital resources to improve the efficiency of how the Health Board operates. In addition, it would enable consideration of which decisions should be part of the decision-making process when looking at premises, aligned to the current capital portfolio and future strategic service plans.

The Framework would provide a structured approach to decision making, support the delivery and desired outcome of the long-term strategy by replacing the various competing strategies. The Framework would also transfer the work of various local capital decision-making and premises groups into one group; this would ensure goals are congruent with the wider Estates strategy. Furthermore, the framework would support the Health Board's direction of travel and would be a conduit to improving the Health Board's financial position. RH explained that depreciation and interest costs are funded by Welsh Government and the cost of capital on revenue running costs does not impact the Health Boards affordability portfolio, however leases do.

RH informed the Committee that the Framework had been signed off by the Strategic Estates Capital Group and it was currently progressing through the process of dissemination and training. Consideration was also being given to the establishment of a pre-investment panel or group to evaluate the decisions made and to ensure all decisions are consistent with the wider strategy.

The Committee endorsed the paper noting a simplified system, would allow more structured decision making based on criteria.

Paul Deneen, Independent Member, requested that the Wellbeing of Future Generations Act (WBoFGA) be evidenced, and the Equality and Diversity Impact assessment be amended from N/A in the report as the Framework would have an impact on local communities. RH agreed to review and amend the report to reflect the comments.

KD-IM requested that the Socio-economic Duty for Wales be referenced and also that detail regarding partnership working and how 'collective thinking' was fed up to the Gwent Public Service Board to inform a Gwent wide approach to strategic planning and future-proofing of services.

The Chair requested a progress report on implementation of the Framework, together with the governance arrangements to be received in February/April 2022 along with a progress report on implementation of the Agile Working Framework.

Action: Rob Holcombe / Secretariat

The Committee endorsed the report and thanked RH and respective teams for the work in developing the Framework and its implementation.

Governance and Assurance	
AC 0212/08	<p>Update on Governance, Financial Control Procedures and Technical Accounting</p> <p>Gwen Kohler (GK), Assistant Finance Director (Financial Systems & Services) provided an update noting the intended key focus of the report was private patients, but due to changes within the finance team and subsequent review of the information, a report on private patients would come to the February meeting.</p> <p>Action: Rob Holcombe / Secretariat</p> <p>GK informed the Committee that Single Tenders Actions (STAs) are subject to a stringent process in terms of how they are approved. However, it was noted that there were older STAs within the report, which had not been previously reported. This was explained as an issue in terms of process but had since been amended. Going forward all STAs would be presented to the Committee in a timely way to support effective scrutiny.</p> <p>The Committee queried the wording of two STAs and asked if the narrative could be strengthened to demonstrate why they were indeed STAs and to clearly demonstrate why the contract should be awarded to a particular organisation. GK agreed to take this forward.</p> <p>Action: Gwen Kohler</p> <p>KD raised a further point in relation to third sector commissioning and asked whether there was a specific approach or framework used when awarding STAs. Rob Holcombe agreed to take this action forward and review the current process in place.</p> <p>Action: Rob Holcombe</p> <p>The Committee noted the report.</p>
AC 0212/09	<p>Losses and Special Payments</p> <p>Gwen Kohler, Assistant Finance Director (Financial Systems & Services), presented a report on Losses and Special Payments noting the majority of payments are recoverable from the Welsh Risk Pool.</p> <p>The Committee noted the position as set out within the report.</p>
AC 0212/10	<p>Overview of Legal Services processes related to Losses and Special Payments</p> <p>Garvin Jones (GJ) Head of Legal Services provided an overview of the Legal Services role in clinical negligence processes and its links to the Health Board's overall governance.</p> <p>The Committee was informed that the role of ABUHB's Legal Services Team was to oversee and investigate the management of all clinical negligence and personal injury claims, whilst operating via an agreed process of briefing reports, authorised signatories, and within delegated financial limits. The Legal Services Team has delegated authority to settle the aforementioned claims up to £1m. Claims exceeding £1m would be taken through the Health Board's Litigation Group, and then approval sought from Welsh Government. The Committee was advised of the process for financial outlay and reimbursement and noted that the Health Board would initially pay out</p>

damages, and seek reimbursement from the Welsh Risk Pool, which is the indemnity provider for clinical negligence and personal injury in Wales. It was however noted that there is no automatic entitlement to reimbursement; each claim would undergo significant scrutiny before approval may be granted. As part of the scrutiny process, the Health Board would need to evidence learning improvements.

The Committee noted that the Health Board had not been declined reimbursement of any claims submitted to-date.

GJ explained that there had been an increase in clinical negligence provisions because of external factors, notably the increase in solicitors' hourly rates. Secondly, a change to a reduction in the discount rate, which prevented courts from applying a discount to the amount the Health Board was required to pay out. Furthermore, this prevented claimants earning the interest that they may have done previously. It was also noted that the 'type' of case would be a factor in terms of level of provision required.

The Committee was informed that over the past 3 years, the Health Board had settled 5 claims that exceeded £1m.

The Committee was pleased to note that clinicians actively engaged with the legal team and that there were strong working relationships embedded, with clear and effective escalation processes in place.

PD-IM asked a number of questions as follows;

1. Had there been a raise in the number of COVID related claims?
2. Is the Board sighted on the issues, outcomes and lessons learned of cases and how the feedback is received back into the organisation?
3. Had there been a rise in the number of complaints in relation to record keeping?

GJ responded and provided assurance to the Committee that whilst there had been some complaints/ concerns relating to COVID-19 received, which had been managed through the Putting Things Right Team, no legal claims had been received.

GJ confirmed that in terms of lessons learned, the Chair and Chief Executive receive a briefing report for all case results and a bi-annual litigation report is shared with the Board and Litigation Group.

GJ advised that record keeping features in all cases but had never been the key focus of a claim. As the Health Board moves towards electronic record keeping, it is anticipated this would improve record keeping standards and reduce related issues as a factor in claims.

KD-IM questioned whether there was a formalised link to the upholding of professional standards process. GJ assured KD that Legal Services work closely with the Medical and Nurse Director's office to ensure learning is key to driving personal and organisational improvement, and where necessary the relevant Professional Director would consider referral to Professional Bodies.

	<p>The Committee noted the partnership and governance arrangements in place with the Welsh Risk Pool, which provided assurance that a robust scrutiny process was in place.</p> <p>The Committee was encouraged to hear that the inception of the RL-Datix system would enable the Health Board to benchmark itself against other Health Boards across Wales. Furthermore, the opportunities to extrapolate learning that could be shared with Health Boards to prevent the reoccurrence of events.</p> <p>The Committee thanked GJ for the comprehensive report and the extensive work of the Legal Services Team.</p>
Finance Update	
AC 0212/11	<p>Rob Holcombe, Interim Director of Finance, provided an update on the Health Board's financial position at end October 2021, (month 7).</p> <p>The following was reported:</p> <ul style="list-style-type: none"> • Reporting a forecast break-even position for the year to date and for the end of the financial year. • Welsh Government (WG) additional £74m non-recurrent funding, £64m for sustainability and £10m for recovery had provided a significant degree of confidence and reduced risk in forecasting the financial balance this financial year. • Pay spend remains static and level with previous years. • Savings remain in line with expectations - £16 million for the year. • A small risk remains with receiving funding from WG for the national COVID schemes but noted that WG is holding monies in central reserves and would fund on need and on a quarterly basis. • Variable pay remains high, reflecting the exceptional pressures that services are experiencing currently, running at circa £5m a month. Future planning and management of variable pay would be significantly affected by the implications of the pandemic in the coming months. <p>RH highlighted that to ensure long-term sustainability and to reduce the Health Board's underlying deficit, improvements to the recurrent levels of savings and efficiency programs would be needed. However, that would be predicated on significant COVID non-recurring funding from the Welsh Government. This would be a key factor when producing financial and service plans for next financial year.</p> <p>The Chair noted the current assessment of the revised underlying position and requested a briefing on digital investments to come to the next meeting, this would include the net recurrent impact of decisions linked to the digital solutions as an enabler for financial improvement.</p> <p>Action: Rob Holcombe</p> <p>The Committee was appraised of the £32m recurrent funding for Planned and Unscheduled Care Sustainability for 2022/23 onwards but noted there was criteria to access the funding.</p>

	<p>The four key strategic priorities were noted as</p> <ul style="list-style-type: none"> • MSK Pathway • Eye Care • Outpatient Transformation • Digital Transformation <p>KD-IM queried in respect of elective procedures if there was a process in place to capture the financial and resource implications of procedures cancelled at short notice. RH responded to advise that avoided costs were not being tracked as the costs were reconfigured to what was considered the service plan for the year but noted there were mechanisms to obtaining this information.</p> <p>The Chair requested assurance in relation to cost over and above what the Health Board would normally be spending for the commissioning of step-down capacity. The chair agreed to follow this up with RH outside of the meeting. RH would provide clarity on the governance and financial accountabilities of the Health Board and partner organisations to Committee Members via email.</p> <p>Action: Rob Holcombe</p> <p>The Committee noted the update and thanked the Interim Finance Director and wider team for the comprehensive report and their work in achieving the potential forecast position.</p>
Risk and Assurance	
AC 0212/12	<p>Audit Tracker</p> <p>Rani Mallison (RM), Board Secretary gave an update on the status of the Audit Tracker as follows;</p> <ul style="list-style-type: none"> • The Executive Team had reviewed all low, medium, high, advisory and observation recommendations and agreed to review all legacy recommendations. • The Executive Team agreed for the Tracker to be reported to it bi-annually, with recommendations escalated to it if they are not on course for completion, or there is a significant change. • All high-level recommendations had been updated and 3 closed. 15 high level recommendations remain on the Tracker with varying deadlines ranging from 2019- to 2022, some of those overdue had revised deadlines. <p>RM-BS made a request to defer discussions regarding the full Tracker to the next meeting, in order for a comprehensive assessment of audit recommendations and an outline of the management process for tracking those through, to be prepared.</p> <p>Action: Rani Mallison</p> <p>Richard Clark (RC), Independent Member, had concerns relating to the WbFGA report recommendation not progressing and not embedded in the organisation and noted compliance with the legislation remains a high risk. This was a shared concern of the Committee along with compliance with the Socio-economic Duty and Equality Act. Members requested that the Equality Impact Assessments supporting reports be reviewed.</p>

	<p>The Chair sought assurance that the recommendations from the last meeting in respect of adopting the practice note and the inclusion of Audit colleagues in discussions prior to sign off or audit recommendations as closed by the Committee had been enacted. The Head of Internal Audit advised that this had not happened. The Chair also requested that Committee be asked to approve any revisions to deadlines.</p> <p>RM-BS offered advice to the Committee, notably, that the focus of each meeting should be on overdue actions and where necessary seek assurance from responsible leads on the measures being taken to address the action. In addition, RM-BS advised that early discussions regarding the use of information received from audit to inform the risk management process had been held with the Head of Risk & Assurance.</p> <p>The Committee noted the update and was encouraged to see action being taken to improve the status of the Tracker.</p>
<p>AC 0212/13</p>	<p>Strategic Risk Report</p> <p>Danielle O’Leary (DO’L), Head of Risk & Assurance, presented the previously circulated paper which asked the Committee: to note the further developments in relation to the Health Board’s continuing commitment to embed the revised Enterprise Risk Management Approach; Note the reframed risk descriptors for three (3) risk profiles; and endorse the additional risk profile related to civil contingencies as a risk rating of 20.</p> <p>DO’L explained that additional organisational risk profiles had been attributed to the Audit, Finance, and Risk Committee due to the Strategy, Planning, Partnership & Wellbeing Group no longer being an Assurance Committee of the Board. The Committee endorsed ownership of these risks but noted responsibility may be given to other Committees to discuss specific risks in greater detail.</p> <p>Members noted the increase in the risk score for Health Board Estate but noted it had reached its target score. Linked to Health Board Estates the Chair requested CR008 to be reviewed to include back log maintenance. DO’L would discuss this with the Director of Operations.</p> <p>Action: Dani O’Leary</p> <p>The Committee was encouraged to hear that a Risk Management Community of Practice had been established and was supportive of its purpose.</p> <p>A discussion was had on the establishment of a reporting mechanism to provide greater assurance to this Committee and the Board that current and emerging risks are being considered. It was agreed a summary of discussions that had happened in the reporting period would be presented to the Board routinely.</p> <p>Action: Dani O’Leary</p> <p>It was agreed that the Committee would receive an overview of all strategic risks with clear representation of where detailed assurances are being sought through the Board and Committee infrastructure. In addition, an overview with specific detail for risks owned by the Audit, Finance, and Risk Committee. This approach would link in with the annual cycle of business and</p>

	<p>would see Risk Management as a key driver for informing the Committees agenda.</p> <p>Action: Rani Mallison / Dani O’Leary</p>
	<p>NWSSP Audit and Assurance - Internal Audit and Specialist Service Unit</p>
<p>AC 0212/14 & AC 0212/15</p>	<p>Internal Audit Plan Progress & Internal Audit Reviews (supplementary papers)</p> <p>James Quance, Head of Internal Audit, provided an update on the Internal Audit Assurance Progress report.</p> <p>In respect of the annual programme, several audits were being deferred to the end of the year, potentially into the new financial year to ensure the audits deemed more critical could be progressed. JQ explained that this was a common position across Wales but noted plans were still on track to produce a full Head of Internal Audit Opinion at the end of the year. The Chair requested that the Continuing Health Care Audit be received at the February meeting.</p> <p>The Committee asked for the following additions to be made to the front page of the cover report: -</p> <ol style="list-style-type: none"> 1. A table outlining what the 4 levels of assurance 2. Additional columns indicating the receiving date of draft reports to the lead Executive and the response date for any audits received as supplementary papers <p>The Committee had particular concerns in relation to the Mental capacity Act Audit and was clear that they would like to see more action in relation to ensure accurate record keeping as a key focus. In addition, requested that there was a link to the Patient Quality, Safety & Outcomes Committee (PQSO) and the Mental Health Act Committee. The Chair requested KD-IM, discuss this with the Chair of the Committees and the Board Secretary.</p> <p>Action: Katija Dew / Board Secretary</p> <p>The Chair requested assurance that all audits were going to other committees of the Board. DO’L on behalf of the Board Secretary advised that the report would be taken to the PQSO Committee and would discuss ‘Record Keeping’ as a part of the agenda setting.</p> <p>The Committee requested clarification in relation to overspend of £330k for the Tredegar Health and Wellbeing Centre. Assurance was provided that overspend was as a result of groundwork costs to stabilise the ground. Discussions were being held with WG with the intention of securing funding for the additional cost.</p> <p>The Committee received the update and thanked the Head of Internal Audit and the team for the work to date.</p> <p>The Committee endorsed the recommendations and noted management responses included.</p>

	External Audit
AC 0212/16	<p>Audit Wales Update Darren Griffiths, Audit Wales Manager (Performance), provided an update on the current and planned work.</p> <p>The Radiology Services follow up Audit had been completed in full with 1 recommendation in relation to patient experience to remain on the tracker until complete.</p> <p>It was highlighted that the following reports were expected to be reported to the Committee in February 2022:</p> <ul style="list-style-type: none"> • Taking Care of the Carers Report • Review of Arrangements for Securing Efficiencies. • Structured Assessment Report 2021. • Orthopaedic Review <p>The Auditor General has requested all public bodies provide information to support the decarbonisation baseline review by 3rd January 2022.</p> <p>The Chair had concerns in the delay to the efficiencies review given the report would be a factor in influencing the IMTP process. Darren Griffiths advised that it was intended for the draft report would be shared before Christmas.</p> <p>The Committee received and noted the update provided.</p>
AC 0212/17	<p>Feedback from the Annual Audit of Accounts 2020-2021 Tracey Veale, Audit Wales Manager (Finance), noted that the draft Charitable Funds Audit Report would be circulated around 21st December 2021.</p> <p>Since circulation of the Annual Audit of Accounts implementation dates had been confirmed and some management responses have been received.</p> <p>A discussion around Matters arising C took place and in particular the concern surrounding 23 servers still operating on the Windows 2008 system. The Committee had specific questions which required more detailed responses. The Board Secretary requested the discussion be rescheduled for the next meeting in order for the appropriate representation from Audit Wales and Health Board Management to attend to support the discussion.</p> <p>It was agreed that the Audit of Accounts Addendum would be updated to reflect the updates noted above and reissued.</p> <p>Action: Tracey Veale</p>
AC 0212/18	Date of Next Meeting
	The date of the next business meeting was noted as:- 3 rd February 2021 via Microsoft Teams.