

ANEURIN BEVAN UNIVERSITY HEALTH BOARD

Minutes of the Finance, Audit & Risk Committee held on Tuesday, 8th June 2021 at Midday via Teams

Present:

Shelley Bosson	Independent Member (Chair)
Katija Dew	Independent Member
Chris Koehli	Special Advisor (Finance)

In attendance:

Stephen Chaney	Internal Audit
Paul Deneen	Independent Member (Observer)
Martyn Edwards	Head of Counter Fraud (Finance)
Estelle Evans	Head of Financial Services and Accounting
Richard Harries	Audit Wales
Neal Hollis	Audit Wales
Richard Howells	Interim Board Secretary
Glyn Jones	Director of Finance and Performance
Ann Lloyd	Chair
Judith Paget	Chief Executive
James Quance	Head of Internal Audit
Mark Ross	Assistant Finance Director (Financial Systems & Services)
Gabrielle Smith	Audit Wales
Louise Wright	Independent Member (Observer)
Suzanne Webb	Committee Secretariat

Apologies:

James Calvert	Medical Director
Cllr Richard Clark	Independent Member (Vice-Chair)
Emrys Elias	Vice Chair
Rhiannon Jones	Director of Nursing
Danielle O'Leary	Head of Corporate Services, Risk and Assurance
Helen Sweetland	Independent Member (Observer)
Tracy Veale	Audit Wales

AC 0806/01 Preliminary Matters

1.1 Apologies for Absence

The Chair welcomed everyone to the meeting.

Apologies for absence were noted.

The Interim Board Secretary confirmed the meeting was quorate.

1.2 Declarations of Interest

There were no Declarations of Interest to record.

AC 0806/02 Final Annual Accounts

2.1 Review of Final Accounts Report 2020/21

The Director of Finance & Performance provided an overview of the final Accounts for the full year to 31 March 2021. It was reported there had been no changes from the draft accounts that would affect performance against any of the Health Board's key financial duties or targets reported to the Committee on the 18th May 2021. Audit Wales intended to give an unqualified opinion on the accounts.

It was reported the sub analysis statements and financial returns that form part of the whole accounts review process included:

- Audited 2020/21 Annual Accounts
- Associated LFR & LMS returns
- Pooled Budget Memorandum Account hosted with Monmouthshire County Council

The Director of Finance & Performance highlighted the following key points:

- Page 38 of 507 – achievement against the rolling statutory financial duties - operating within the revenue and capital budget over a three year period – reporting a small surplus against both.
- Page 39 of 507 – The Health Board was required to submit an approved Integrated Medium Term. The process had been suspended due to the pandemic. However, as the Health Board was in Year 2 of its existing approved three year plan, it still had approved status.
- Page 39 of 507 – the financial target, of at least 95% compliance in the timely payment of non-NHS creditors, had been achieved.
- Cash balance held at the end of the financial year was within the 5% guide on holding minimal year-end cash balances.
- Pensions tax annual allowance – Scheme Pays arrangements 2019/20.

In accordance with a Ministerial Direction issued on 18 December 2019, Welsh Government had taken

action to financially support clinicians where pension tax rules were impacting upon them working additional hours.

It was reported clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, faced a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement.

The lack of data and information for the uptake of the scheme and how it would affect the Health Board resulted in a disclosure note being added to the accounts.

- Page 78 of 507 – Events after the reporting period. A note had been added to the Accounts to acknowledge the Covid-19 pandemic and that the Health Board was in a process of restarting some services and recovery of waiting time backlogs.

- Pages 84 and 85 of 507 – included:
 - A breakdown of the Welsh Government Covid-19 funding received.
 - The one-off non-consolidated non-pensionable staff bonus payment of £500.00 (net) paid in May 2021 for NHS and Social Care staff.
 - Implementation of IFRS 16 standard on Leases – in recognition of the attention focused on responding to the pandemic the implementation of the accounting standard had been delayed until April 2022.

- The paper provided a summary of the responses to the questions raised by the Committee at the meeting on 18th May 2021.

In response for additional clarification to Question 14 the Committee received additional information explaining the reasons for a negative amount (£5.2m) for the non-cash limited Pharmaceutical services item and assurance that the requirements had been actioned appropriately.

To provide assurance and clarity the Committee requested further information outlining the arrangements of the Retinue contract.

Action: Director of Workforce & OD

To provide assurance and clarity the Committee to be presented with a paper outlining the losses and special payments schedule for overseas visitors and the arrangements for collecting income.

The paper to include a refresh of the process to recover salary overpayments and losses.

Action: Assistant Finance Director (Financial Systems & Services)

To provide assurance and clarity the Committee to be presented with a paper outlining how funds are administered and distributed on behalf of the Regional Partnership Board through the integrated and transformation funding allocations. The paper will include how the Health Board, as the administrator or banker, distributes funding following NHS legislation Sections 28a or Section 33 of the NHS Wales Acts.

Action: Assistant Finance Director (Out Of Hospitals & Partnerships)

The Director of Finance & Performance acknowledged the work undertaken by Internal Audit colleagues during the year and the work of Audit Wales colleagues, particularly in relation to the year-end accounts audit, to ensure that Accounts could be completed and submitted within the deadline.

The Committee noted the accounts had been satisfactorily completed, taking account of the ISA 260 report from Audit Wales. The Head of Internal Audit Opinion was also noted. The Committee was asked to recommend approval of the Accounts by the Board at its meeting on 9th June 2021.

Decision: The Committee recommended the approval of the Accounts by the Board at its meeting on 9th June 2021.

The Chair acknowledged the work undertaken by the Finance Team.

AC 0806/03 Annual Report

3.1

Performance Report and Accountability Report (including Annual Governance Statement and Remuneration & Staff Report)

The Interim Board Secretary provided an overview of the Performance Report and Accountability Report.

The Annual Report for the period 1st April 2020 to 31st March 2021 included three sections:

1. The Performance Report – the report outlined the Health Board’s targets and action plans that were dominated by Covid-19.
2. The Accountability Report – the report outlined the management of resources and risks, and included the Annual Governance Statement.
3. Financial Statements and Annual Accounts – the report outlined the Health Board’s expenditure.

The Committee noted the report incorporated the suggestions and comments received from Audit Wales, Internal Audit and Committee members following the draft presented to the previous Committee meeting on 18th May 2021.

Since the publication of the draft Annual Report the Interim Board Secretary highlighted the following changes that included:

- Area of responsibility – page 3 - the figure of £1.3 billion should read £1.6 billion.
- Annual Governance Statements – Q4 information had been added.
- Remuneration reports – the information in terms of staff ranges had been revised and in line with a request from Audit Wales, the ministerial directions will be amended.
- The signature line will be added to a formal separate page to endorse the Chief Executive’s signature as the Accountable Officer.

The Committee suggested the following points of detail:

- Page 36 – deleting the title ‘Delivering in Partnership’ will highlight the support provided by partnership working.
- Page 55 – add two asterisks to the Mental Health & Monitoring Committee on the schematic to verify the Committee had been stood down during adjusted governance arrangements.

The Committee noted the Litigation Group reports to the Board. For clarification the Committee suggested it would be helpful to have confirmation of the formal reporting arrangements for all groups.

Action: Interim Board Secretary

James Quance, Internal Audit requested a copy of the redrafted Annual Report circulated prior to the meeting.

Action: Interim Board Secretary

The Committee was asked to endorse the Annual Report before being presented to the Board on 9th June 2021.

Decision: The Committee endorsed the Annual Report including the suite of documents

The Chair acknowledged the work undertaken to produce the Annual Report.

**AC 0806/04 Audit Wales External Audit
4.1 Audit of Financial Statements Report (ISA 260)**

Richard Harries, Audit Wales provided an overview of the findings of the external audit of the 2020-21 Financial Statements.

The Committee noted the key findings:

- Audit Wales to issue an unqualified audit opinion on the 2020-21 accounts following receipt of the final version of the Annual Governance Statement; the Accounting Officer's Statement of Responsibilities; the Statement of Director's Responsibilities with a Letter of Representation.
- The audit report included an emphasis of matter. Note 21.1 of the accounts described the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government. The Audit Wales opinion is not modified in respect of the matter and will be supported by a substantive report regarding the implication of the Ministerial Direction on senior clinicians' pensions.
- There were no misstatements identified in the accounts, which remain uncorrected.

The Committee noted the headline messages of the report included:

- Level of 'materiality' – set at £16.6 million
- Audit Wales had substantially completed the audit and is in the final stages of review.
- The significant impact of Covid-19 was outlined.
- Learning from the Audit undertaken during 2019/20.
- Contingent liability and emphasis of matter paragraph in audit report – this issue identified in

the Audit undertaken 2019/20 remained for 2020-21.

- The delays experienced in obtaining information required to audit the remuneration report during the Audit of 2019/20 were received in a timely manner for the Audit 2020/21

Audit Wales acknowledged the work undertaken and wanted to thank the Director of Finance & Performance and the Finance Team for the support provided.

The Committee was asked to recommend approval of the Audit Wales Financial Statements Report (ISA 260) report by the Board at its meeting on 9th June 2021.

Decision: The Committee recommended the approval of the Audit Wales Financial Statements Report (ISA 260) by the Board at its meeting on 9th June 2021.

AC 0806/05 Internal Audit

5.1

Head of Internal Audit Opinion

James Quance, Internal Audit provided an overview of the Internal Audit Opinion and Annual Report.

The Committee noted additional reports had been finalised since the draft report presented at the meeting on 18th May 2021.

A mix of substantial and reasonable assurance with one limited assurance has provided a strong reasonable opinion overall, aligned with the focussed work undertaken to address the major risks on the risk register.

Internal Audit acknowledged the flexibility and support of colleagues in the Health Board and Audit Wales.

The Chair suggested it would be helpful to receive the reports in a timely manner during the next year to enable the Committee to have sufficient time to review.

At the next meeting the Committee suggested it would be helpful to reset and review in one report:

- How the medium and low recommendations are treated;
- How advisory reports are treated;

- The outstanding high level recommendations.
Action: Head of Internal Wales/Interim Board Secretary

The Chair acknowledged the work undertaken by Internal Audit colleagues.

The Committee was asked to receive Internal Audit Opinion that will inform the Annual Governance Statement.

5.2 Summary of Internal Audit Reports Issued Since Last Meeting

The Special Board Adviser asked if there were consistent themes implementing Clinical Futures in the internal audit reviews. The Head of Internal Audit confirmed reports had considered Clinical Futures as a programme but focus will be needed on how the plans are implemented.

The Head of Internal Audit confirmed a report around Clinical Futures workforce was being finalised and this could help provide assurance to the Committee at the next meeting.

Action: Head of Internal Audit

Governance Arrangements during Covid-19 Pandemic – Quarter 4 Advisory Review Final Report

The Committee received the report.

Mental Health and Learning Disabilities Divisional Review

The Committee received the report.

Health and Care Standards

The Committee received the report.

IT Risk Assessment

The Committee received the report.

Clinical Futures – Transport

The Committee received the report.

Mass Vaccination Programme

The Committee received the report.

Partnership Financial Governance - Test, Trace and Protect

The Committee received the report.

BREXIT Preparations

The Committee received the report.

Reducing Nosocomial Transmission (formerly Q3/4 Delivery Framework)

The Committee received the report.

Staff Experience

The Committee received the report.

AC 0806/06 Date of Next Meeting
6.1 Thursday 12th August at 9:30am

The date of the next business meeting was noted.

AC 0806/07 Any Other Business
7.1

The Chair highlighted the lateness in the distribution of the papers and asked the internal process was reviewed to ensure the papers were sent in a timely manner.

Action: Interim Board Secretary

7.2

On behalf of the Audit, Finance & Risk Committee the Chair acknowledged the support that Gabrielle Smith of Audit Wales who was retiring had provided to members.