

**CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD**

**'CONFIRMED' MINUTES OF THE MEETING OF THE AUDIT  
COMMITTEE HELD ON 13 MAY 2019, AT YNYSMEURIG HOUSE,  
ABERCYNON**

**PRESENT**

Paul Griffiths	-	Independent Member (Chair)
Jayne Sadgrove	-	Independent Member
Maria K Thomas	-	Independent Member

**IN ATTENDANCE**

Allison Williams	-	Chief Executive Officer (In Part)
David Jenkins	-	Independent Advisor (In part)
David Jones	-	Local Counter Fraud Specialist (In Part)
Gareth Lucey	-	Wales Audit Office
Elisabeth Williams	-	Finance Manager (In part)
Paul Dalton	-	NHS Wales Shared Services Partnership (NWSSP) – Head of Internal Audit & Assurance
Simon Cookson	-	NWSSP – Internal Audit & Assurance
Steve Webster	-	Director of Finance
Robert Williams	-	Director of Corporate Services & Governance/Board Secretary
Emma Walters	-	Committee Secretariat
Kevin Smith	-	WHSSC Committee Secretary (In part)
Stuart Davies	-	WHSSC Director of Finance (In part)
Wendy Penrhyn-Jones	-	Head of Corporate Administration
Lucy Timlin	-	Directorate Manager (Observing In Part)
Stephen Harrhy	-	Chief Ambulance Services Commissioner (In part)
Ruth Treharne	-	Director of Planning & Performance (In part)
John Palmer	-	Chief Operating Officer (In part)

AC/19/069

**WELCOME AND INTRODUCTIONS**

Paul Griffiths, Chair, **welcomed** everyone to the meeting, particularly David Jenkins, who was currently (at the request of the Minister) supporting the Chair with governance arrangements.

## AGENDA ITEM 5.1 APPENDIX 7

The Chair **welcomed** Wendy Penrhyn-Jones who had joined the Corporate Services Team from the former ABMU Health Board and Lucy Timlin, Head of Business Support who was observing the meeting.

Members **NOTED** that John Palmer, Chief Operating Officer and Ruth Treharne, Director of Planning & Performance would be attending part of the meeting to present updates against some of the outstanding Internal Audit Recommendations.

The Chair also **welcomed** Stuart Davies and Kevin Smith from WHSSC who were attending to present an update on the WHSSC/EASC draft accounts and WHSSC Annual Governance Statement and Elisabeth Williams who would be presenting the Cwm Taf draft accounts.

The Chair advised members that Allison Williams would be in attendance at part of the meeting to answer any questions on the 'Draft' Accountability Report.

AC/19/070

### **APOLOGIES FOR ABSENCE**

Apologies for absence had been received from Dilys Jouvenat, David Thomas, Gwenan Roberts, Emma Samways and Sara Utlely.

AC/19/071

### **DECLARATIONS OF INTERESTS**

There were no additional declarations of interests, to those previously notified.

AC/19/072

### **'UNCONFIRMED' MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 1 APRIL 2019.**

The Chair apologised for the late circulation of the minutes and advised that the Team would continue to try to circulate the minutes within two weeks of each meeting.

The minutes of the meeting held on 1 April 2019, were **CONFIRMED** as a true and accurate record, subject to the following amendments:-

Page 2: 18/099 JAG Accreditation Closure Report – Robert Williams advised that there did not appear to be a closure report and that Members may wish to clarify this with John Palmer later in the meeting.

Page 7: First bullet point – final sentence to read 'of the Bridgend area of Cwm Taf *Morgannwg* UHB.

Page 9: 19/060 Internal Audit Progress Report – second sentence of the second paragraph to read 'the *draft* limited assurance reports on Cyber, Security and Water Safety'. Paul Dalton advised that 'Water Safety' had now moved to a reasonable assurance rated report.

AC/19/073

### **MATTERS ARISING**

There were no matters arising.

AC/19/074

### **AUDIT COMMITTEE ACTION LOG**

The Committee Action Log from the meeting held on 1 April 2019 was reviewed by Members and the following was **NOTED**:

**18/028** – Members **NOTED** that a meeting with the Auditors had been arranged to discuss the Audit Tracker process.

**19/039** - Members **NOTED** the intention to present and discuss common issues identified within the Internal Audit Directorate Reviews at Directorate Clinical Business Meetings. Members **NOTED** that consideration had been given to strengthening reporting templates into each Committee meeting which would need to be considered further following the issues experienced within Maternity. The Chair requested that any changes being made were shared with Committee Members to enable them to comment on the revised processes. Robert Williams **AGREED** to share with Members any revised processes and advised that governance processes within Directorates would need to be revised with good practice being shared across Directorates.

**19/044** – Members **NOTED** that further work was required to strengthen the Committee's Forward Work Plan.

**19/059** – Robert Williams **AGREED** to confirm whether a discussion had been held with the Health Board Chair as to whether the Committee had the authority to approve the actions proposed for registering the name change and revised objects with the Charity Commissioner. Jayne Sadgrove reminded Members that this was a time-sensitive action.

**19/007** – Post-Payment Verification - Jayne Sadgrove questioned whether this action had been completed. **AGREED** that the action would remain on the action log until a further update report had been received in 6 months.

**19/023** – Internal Audit Report Raising Concerns - Jayne Sadgrove made reference to the action being marked as “in progress” and advised of the importance for staff having access to a person for advice, who was independent from Management and the Executive Team. Jayne Sadgrove added that she would like this action to be addressed as a priority. Robert Williams advised of the intention for the Director of Nursing, Midwifery and Patient Care, to review concerns, but that the Director of Workforce & Organisational Development and Board Secretary also had roles to how concerns would be escalated. Members **NOTED** that the Raising Concerns policy would need to be strengthened and its profile raised. Members **NOTED** that Dilys Jouvenat had taken on the role of Whistleblowing Champion who was not part of the Executive Team and would act as the nominated person if staff felt they could not raise their concerns with Executive Directors.

Maria Thomas **NOTED** the concerns raised by Jayne Sadgrove and advised that the Committee would need to review how concerns were being received and addressed. Jayne Sadgrove advised that it would be helpful if further clarity could be provided on the process moving forward.

A discussion was held in relation to how the Committee would be sighted on the proposed new governance arrangements and the related programme of work. Robert Williams advised that a discussion would be held at the Integrated Governance Committee which was in the process of being rearranged to take place at the June Board Development Session. Members **NOTED** that some of the agenda may be driven by Welsh Government as a result of the Health Board’s recent further change in escalation status. Members **NOTED** that a discussion on risk appetite would need to be scheduled into the Board Development work programme thereafter.

## PART 2. INTERNAL CONTROL AND RISK MANAGEMENT

### AC/19/075 ‘DRAFT’ 2018/2019 ANNUAL ACCOUNTS

*Stuart Davies and Kevin Smith were in attendance for this item.*

Stuart Davies presented the Welsh Health Specialised Services Committee (WHSSC) draft and unaudited financial statements for the financial year ended 31 March 2019 which incorporated accounts for the Emergency Ambulance Services Committee (EASC).

Members **NOTED** that main areas of difference, which included the format of the report now incorporated a number of accounts on fixed assets and leases with the main body of the accounts focussed on the income and expenditure position.

## AGENDA ITEM 5.1 APPENDIX 7

Members **NOTED** that the WHSSC position included an increase in expenditure of £30m, the majority of which was planned movement. Members **NOTED** that the expenditure with NHS Welsh Health Boards increased significantly by 5.9%. Members **NOTED** the net movement of 3.4%, the newest component relating to NHS England who spent in the region of 7%.

Members **NOTED** that within the 5.9% increase, there had been an increase in expenditure into new services, additional activity had been undertaken to address backlog issues and there had been an introduction of new drugs. Members **NOTED** that NHS Trust's had grown by 5% and there had been an impact on the WAST and EASC investment plans.

Members **NOTED** that in relation to staff costs, WHSSC was a small commissioning organisation which employed 50 staff out of an establishment of 70. Members **NOTED** that the organisation was now fully established and that the Direct Running Costs (DRC) liability had increased as a result of this. Members **NOTED** that a similar pattern was being experienced within EASC who had also invested in staff.

In relation to performance against the Public Sector Payments Policy, 99% performance had been achieved in relation to value. Members **NOTED** that performance had not been achieved in relation to volume, with a performance of 94-95% being achieved.

Members **NOTED** that there would be a notable shift this year in relation to balance and movements in operating segments as result of services being transferred from WHSSC to EASC and new services taken on by EASC.

Members **NOTED** that as a result of movement of balances and the achievement of the dispute with NHS England, WHSSC had managed to achieve a surplus as opposed to a deficit. Members **NOTED** that WHSSC had also ended the year with fewer creditor balances for English providers.

Members **NOTED** that in relation to HRG 4+, advice had been sought from Welsh Government who confirmed that they would fully fund the position this year and that negotiations would continue into next year.

Maria Thomas advised that she was pleased to see progress made in this area, which was still a risk, and questioned what the plans were to address the position in 2019/2020. Stuart Davies advised that negotiations would continue and it was hoped that a resolution would be reached within the next 3 months.

Maria Thomas expressed concern in relation to the CAMHS position. Members **NOTED** that even though progress had been made in repatriating low secure patients to local areas, patients were now being placed out of area. Maria Thomas advised that this was a risk. Stuart Davies advised that this was a management risk which was being fully incorporated into the position and advised that there would always be difficult to manage patients who would need to be treated out of area. Members **NOTED** WHSSC'S intentions to review contracting mechanisms within the Cwm Taf Morgannwg area.

Jayne Sadgrove advised that the cover report provided a detailed narrative in relation to WHSSC and was not as strong in terms of EASC. Stuart Davies advised that detail in relation to EASC had been included in the main accounts and added that additional detail could be included in the cover report if Members would find it useful. Stuart Davies also **AGREED** to review the format of future reports.

The Chair raised a question in relation to the statement made within the report regarding the under-performance of WAST. Stuart Davies advised that this related to financial under-performance.

The Chair sought clarity in relation to the staff cost increases referenced on page 27. Stuart Davies advised that what was being presented was 4.1% for the previous year compared with 5.2%, which equated to an increase of £1.4m. Stuart Davies **AGREED** to further review the position. Stuart Davies stated that the Wales Audit Office were involved in accounting judgements.

Gareth Lucey, Wales Audit Office stated that following an initial review of the draft accounts, there was nothing major to report, other than a need to make some minor presentational changes.

### **WHSSC Governance Statement**

Kevin Smith presented an update in relation to the WHSSC Governance Statement. Members **NOTED** that this was a non-statutory document which supported the Governance Statement for Cwm Taf. Members **NOTED** that the statement was being reviewed by the Wales Audit Office and there had been no significant internal control or governance issues identified in the process.

The Chair referenced the 58 risks identified within the report, the majority of which appeared to require further mitigating action. Kevin Smith advised that the WHSSC Corporate Risk Assurance Framework continued to be refined and improved with a review of all risks being undertaken by the new Director of Planning.

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Members **NOTED** that the nature of risks related to services from providers and consideration was being given as to whether these were commissioner risks or provider risks.

Maria Thomas questioned how stakeholders were involved with the development of the Governance Statements for EASC and WHSSC and sought clarity as to the level of engagement undertaken. Kevin Smith advised that external stakeholder engagement had been undertaken electronically. Maria Thomas suggested that far greater engagement was required with stakeholders.

Jayne Sadgrove expressed concern in relation to attendance levels for some members at Committee meetings. Members **NOTED** that two new Independent Members had been appointed and that a deputy would have been in attendance on behalf of Chief Executive Members. Jayne Sadgrove suggested that an explanation was added into the statement explaining this. Members **NOTED** that Associate Member attendance was also low and **NOTED** that Associate Members did not have voting rights. Robert Williams suggested that a paragraph was included in the report explaining the consequences of not being quorate.

### **EASC Governance Statement**

Stephen Harrhy presented Members with the draft EASC Governance Statement, which had been submitted to the Wales Audit Office for comment and would be discussed at the Emergency Ambulance Services Committee the next day.

Members **NOTED** that issues had been experienced in the last year in relation to operational issues and functioning of the Committee. Issues had also been experienced in relation to attendance of certain members.

Members **NOTED** that a new Chair of EASC was now in post, following the post being vacant between April – November 2018.

Members **NOTED** that in relation to the Service, an Amber Review had been commissioned by the Minister in November which had been well received.

Members **NOTED** that the recommendations made were in the process of being implemented. Members **NOTED** the Minister's intention for the Non-Emergency Patient Transport Service (NEPTS) to be run by the Welsh Ambulance Services NHS Trust (WAST).

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Members **NOTED** that at the end of the year, there had been a change in the types of vehicles used by the Emergency Medical Retrieval and Transfer Service (EMRTS) which had enabled the conveyance of children as well as adults.

Members **NOTED** that moving forward, the service would be focussing on:

- Delivery of Red Call performance
- Implementation of the Amber Review
- Roll out of the NEPTS model across Wales
- Extending the hours of operation for EMRTS to a 24/7 service across the whole of Wales

Members **NOTED** that the risks would be similar to those identified in previous years, and included protecting the red call performance and pre-hospital Unscheduled Care.

Maria Thomas advised that the report clearly identified the areas where improvement was required and advised that this would continue to be monitored via the risk register reports to Quality, Safety & Risk Committee. Stephen Harrhy advised that clinical risk assurance was being undertaken and progress would be reported to the Quality, Safety & Risk Committee.

The Chair made reference to the fact that there were three significant risks. Stephen Harrhy advised that a decision had been made to limit the risk register to key risks. Members **NOTED** that a discussion on risk appetite and managing risk at Commissioner level would take place at the July 2019 EASC Development Session to which Welsh Government representatives had been invited.

The Chair advised that a slightly different approach to risk had been undertaken in all three Governance Statements and suggested there was a need for clear alignment of risks in future years.

A typographical error as referenced contained within page 25 with regard to the year which should have been 2019 rather than 2018.

*Stephen Harrhy left the meeting at 10:55 am.*

### **Draft 2018/2019 Cwm Taf Annual Accounts**

Elisabeth Williams presented Members with the draft 2018/2019 for the former Cwm Taf University Health Board Annual Accounts and advised that the draft accounts had been submitted to the Wales Audit Office on 26 April for review.



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Members **NOTED** that this was a consolidated set of accounts and the cover report mainly related to the Health Board's element of the accounts.

Members **NOTED** that Cwm Taf had met all of the financial targets, which had been met for the last three years. There had been an under-spend on the Capital Resource Limit in year, with the accumulative position over the last three years being £23k.

Members **NOTED** that the Health Board had achieved an approved Integrated Medium Term Plan over the last three years and achieved a 96.1% performance against the Public Sector Payment Policy target.

Members **NOTED** that there had been an increase in expenditure of £20.8m compared with previous years and **NOTED** that this largely related to Continuing Care. Members **NOTED** that fixed asset improvements had increased by £38m, which was funded by Welsh Government.

Members **NOTED** that there had been an increase in staff costs, part of which related to the three year pay agreement. Members **NOTED** that there had also been an increase in director's costs as a result of including the Board Secretary and Interim Board Secretary salaries. Members **NOTED** that Welsh Government had confirmed that the salary of the Board Secretary needed to be included in the Remuneration Report.

Members **NOTED** that the miscellaneous income increase related to the new Care Home pooled budget, Integrated Care Funding and the donated assets from Macmillan.

Gareth Lucey confirmed the accounts were in the process of being audited.

Steve Webster advised that there was one issue which he had been made aware of which related to the funding for the pooled budget arrangement. Members **NOTED** that discussions had been held in relation to how the accounts had been classified and that there was no guidance available as to how this should be presented. Members **NOTED** that this would have no impact on the final financial position.

Members agreed that the accounts reflected information that had been received by the Board throughout the year and there were no new issues within the report.

A discussion was held in relation to the narrative contained within the table on page 52 of the accounts which Members suggested be amended to offer further clarity. Members **NOTED** that the wording used had been prescribed by Welsh Government.

Steve Webster **AGREED** to clarify the points raised by the Chair in relation to the financial position of PFI contracts. Steve Webster also undertook to review the wording contained on page 66 of the report in relation to the direction given by the Minister, which made reference to March 2011 (since confirmed as being correct).

Members **RESOLVED** to:

- **NOTE** the draft accounts for 2018/19 WHSSC/EASC annual accounts;
- **NOTE** the draft WHSSC Annual Governance Statement;
- **NOTE** the draft EASC Annual Governance Statement;
- **NOTE** the draft Cwm Taf Consolidated Accounts for 2018/2019.

*Stuart Davies and Kevin Smith left the meeting at 11.15am*

AC/19/076

### **CHIEF EXECUTIVE 'DRAFT' ACCOUNTABILITY REPORT**

*Allison Williams was in attendance for this item.*

The Chair **welcomed** Allison Williams to the meeting and invited the Chief Executive to highlight any key issues.

Allison Williams presented the report. Members **NOTED** that information and data contained within the report had been gathered from Executive Directors and Committees of the Board and contained no issues which were new to the Committee.

Allison Williams advised that the key change in this year's Accountability Report related to the findings arising from the Royal College's Maternity Services Review and, as a consequence, the change in the Health Board's escalation status.

Members **NOTED** that page 24 of the report referred to weaknesses in the systems of internal control, including the specific issues with Maternity Services. Having reflected on these issues work was now being undertaken to join up the work of the sub Committees with the Board. Members **NOTED** that page 26 of the report made reference to the planned improvements to the Quality & Delivery Framework.

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Members also **NOTED** that the Board would need to consider the capacity available to manage risk, particularly in relation to the additional risks that would need to be managed following the transition of the Bridgend locality into the Health Board. Allison Williams advised that this would be a key piece of work that would become the foundation of the Board's business moving forward and added that the Board would need to satisfy themselves that the work to strengthen the risk based approach over the next 12 months provides the additional assurances required.

In relation to the Risk & Assurance Framework, consideration would also need to be given to the outcomes of the quality reviews being undertaken by Healthcare Inspectorate Wales and the Wales Audit Office. Members **NOTED** that there would be an opportunity to learn lessons to strengthen the Board's quality and governance arrangements across the organisation.

Members **NOTED** that the section in relation to the Integrated Medium Term Plan reflected the core business and business areas for the former Cwm Taf University Health Board which would now be reviewed following the issues relating to maternity services and the planned quality governance review.

Members **NOTED** the references made to Civil Contingencies and Disaster Recovery outlined on pages 48 and 49 of the report. Members **NOTED** that preparations for Brexit had been the key component of Civil Contingencies work over the past year and the learning arising from this had been important.

Allison Williams advised that the risks relating to the NHS Pension Scheme had not been included in the report. The impact of some of the changes made to Her Majesty's Revenue and Customs (HMRC) rules may have had unintended consequences for the delivery of the Health Board's core business activity, availability of adequate medical staffing resource, particularly in relation to delivery of Referral to Treatment Targets and Clinical Leadership. Such consequences would have implications for all Health Boards, not just Cwm Taf Morgannwg.

Members **NOTED** the challenges that remained in relation to compliance with All-Wales Welsh Health Circulars (relating to national issues) and the considerable amount of work undertaken to increase awareness of and requirements of the General Data Protection Regulations (GDPR) and Welsh Language Standards.

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In relation to the statement within the Accountability Report regarding 'service effectiveness', there was a recognition that this part of the report would need to take into consideration the response to the revised escalation status and the governance support to be provided to the Board over the coming months.

Allison Williams advised that the document referenced the response to the increase in the organisation's escalation status, the findings of WAO's Structured Assessment, including the resulting action plan as well as the required quality governance improvements. Internal Audit's 'Limited' assurance ratings were referred to in relation to Workforce Management, Retention of Staff and the Management of the Major Capital Scheme at Prince Charles Hospital (PCH). Allison Williams acknowledged that Workforce management was one of the organisation's biggest risks along with retention of staff. Members **NOTED** that significant progress had been made to implement the recommendations arising from the Management of Major Capital works at PCH.

Members **NOTED** and recognised the limited capacity and resource within the Counter Fraud Services team over the last year and the steps that had been taken to increase the resources as part of the Bridgend transition process to help complete the programme of planned work, particularly in relation to investigation, without further delay.

Allison Williams advised that whilst progress had been made, the change in the escalation status of the organisation highlighted the significant work that was now required to strengthen quality governance arrangements and it was her duty to ensure the Organisation took robust action in an open way to address the failings identified.

Allison Williams advised that the boundary changes brought opportunities to strengthen service delivery and to bring greater sustainability to the organisation's work.

Members **NOTED** that the learning from this work needed to be shared across the organisation to maximise the benefit.

Allison Williams advised that further detail and clarity would be required from Andrew Goodall in relation to the Health Board's escalation status although it was likely that significant changes would be required to internal and external scrutiny.

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Members **NOTED** that the interconnectivity between Committees would be key in moving forward and that it was important to recognise the areas of good practice as well as the failings identified internally and as a result of external reviews.

The Chair advised that he was supportive of the conclusions outlined within the report which he found to be reasonable and fair, although he suggested that further consideration be given to some of the statements made within the report to recognise the serious nature of the issues facing the Organisation by providing a more balanced and sensitive tone to the approach. The Chair also suggested some areas that could be strengthened, particularly in relation to Counter Fraud work and the findings of the audit of Major Capital works at PCH. The Chair agreed to send a more detailed note to the Board Secretary for action.

Maria Thomas also suggested that it was important that the Accountability Report set the appropriate tone given the organisation's current circumstances and where we are able to do so, how the Health Board intended to take the various matters forward.

Maria Thomas requested that the work being undertaken through the Regional Partnership Board should be included in the report.

Jayne Sadgrove concurred with the comments made by colleagues and stressed the importance of there being consistency within the report. Jayne Sadgrove also highlighted that she had not been included in the list of Board Members outlined within the report's appendices.

Allison Williams agreed to undertake a further review of the areas highlighted.

Following a full discussion of the Director's report and the following comments were **NOTED**:

- Minor typographical errors as contained within table 1 of the report, need to be corrected;
- Table 2 suggested that some Independent Members had not attended all meetings simply because they were new Independent Members. The wording of this table needed to explain the position more clearly.

Paul Dalton suggested that it might be helpful if consideration was given to including reference to the Maternity Services review early in the report.

Robert Williams advised that all comments would be considered and included in the final draft of the report, including comments received from the Wales Audit Office.

Following discussion it was **AGREED** that the revised document be shared with the Chair for agreement prior to the document being circulated to Members of the Committee for further comment.

Members **RESOLVED** to:

- **NOTE** the draft Chief Executive Accountability Report.

*Elisabeth Williams left the meeting at 12.15pm.*

AC/19/077

### **AUDIT RECOMMENDATIONS TRACKER**

Members **RECEIVED** an update against four key areas where Committee Members felt that insufficient progress had been made.

#### **Fire Management**

Robert Williams presented Members with an update against the following areas:

- Capturing of information – Members **NOTED** that the Health Board had limited control on the system being used to capture information and that an outline case was being developed for provision of a new system
- Reporting on Fire Management matters – Members **NOTED** that work was being undertaken with Lead Directors to strengthen reporting with a recognition that there was a need to move towards a proactive arrangement. Members **NOTED** the revised completion date of July 2019
- Update on Dangerous Substances and Explosive Atmospheres Regulations (DSEAR) Reviews – Members **NOTED** that a commitment had been made to secure an 'external' solution and was a high priority for this financial year. Members **NOTED** that there was no expertise within the Health Board to undertake these reviews and a further update would be presented to the July 2019 meeting
- Audit of Fire Folders – Members **NOTED** that a percentage of fire folders had been audited and the Director General had been alerted of issues relating to the Princess of Wales Hospital site.

### **JAG Accreditation**

John Palmer presented Members with an update and advised that it had been accepted that a number of the actions were quite historical. Members **NOTED** that the Prince Charles Hospital and Princess of Wales Hospital sites had received accreditation and focus had now changed to enabling accreditation to be gained at the Royal Glamorgan Hospital site.

John Palmer advised that all of the original recommendations had now been completed and advised that he would be happy to present an update in 3-6 months regarding progress made on gaining accreditation for the Royal Glamorgan Hospital site. Following discussion, Members **NOTED** that John Palmer and Paul Dalton would meet to discuss the original recommendations to determine whether they could be considered "closed".

Jayne Sadgrove advised that it would be helpful if Members could have access to the original Audit reports to enable Members to review the context of original recommendations. Robert Williams **AGREED** to provide access to previous reports to Members.

### **Facilities Management**

John Palmer advised that Facilities had presented two deep dive reports to the Finance, Performance & Workforce Committee. A meeting was being held on the 29 May 2019 where it was hoped that a final agreement could be reached in relation to rota issues.

*David Jenkins left the meeting at 12.36pm.*

### **Performance Management**

*Ruth Treharne was in attendance for this item.*

In response to a question raised by the Chair in relation to whether the recommendations were likely to be completed within the next few months, Ruth Treharne advised that this was an area which remained a challenge.

Members **NOTED** that Demand & Capacity planning was a joint responsibility of the Chief Operating Officer and the Director of Planning & Performance who both ensured that Directorates had robust Demand & Capacity plans in place.

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Members **NOTED** that the level of support and resource that could be offered to Directorates at present was limited due to finite expertise within the Health Board and work was being undertaken with the Delivery Unit regarding support that may be available on an interim basis. Ruth Treharne advised that adverts had been placed for key roles.

In relation to the second recommendation which related to an interactive phased approach to Demand & Capacity planning, Members **NOTED** that resource issues would need to be resolved before this could be addressed.

The Chair thanked Ruth Treharne for the update and advised that the Committee would continue to monitor the position.

Members **RESOLVED** to:

- **NOTE** the updates provided

*Ruth Treharne left the meeting at 12.58pm.*

### PART 3. INTERNAL AUDIT

AC/19/078

#### INTERNAL AUDIT PROGRESS REPORT

Paul Dalton, Head of Internal Audit & Assurance, presented the Internal Audit & Assurance progress report. Since the April 2019 meeting, Members **NOTED** that the following five reports had been finalised.

Commissioning	<b>Reasonable Assurance</b>
Mobile Phones	<b>Reasonable Assurance</b>
Emergency Ambulance Services	<b>Reasonable Assurance</b>
Committee (EASC) Governance	
Arrangements	
Annual Quality Statement (2019/2020 assignment)	<b>Reasonable Assurance</b>
Sustainability Reporting (2019/2020 assignment)	<b>Reasonable Assurance</b>

Paul Dalton advised that there was a slight update to the report, and advised that the Cyber Security report had been finalised and was being presented to the Committee today. Paul Dalton also advised that the Internal Audit Reviews into Surgery, Data Quality and Healthcare Standards were due to be finalised this week.

Members **NOTED** the report also identified progress being made against the plan for 2019/20 and it was **NOTED** that two of the reports were being presented to the Committee today.



Jayne Sadgrove sought clarity as to when the review of Water Safety would be presented to the Committee. Paul Dalton advised that the report had initially been given a limited assurance rating, and that following further discussions and information received from the Directorate, a reasonable assurance rating was now likely. Members **NOTED** that the report would be presented to the July meeting.

Members **RESOLVED** to:

- **NOTE** the report.

AC/19/079

### **INTERNAL AUDIT & ASSURANCE AUDIT REPORTS**

#### **Cyber Security – Limited Assurance**

*John Palmer was in attendance for this item.*

Paul Dalton presented the report and advised that the review focussed on the governance structure in place for the management of Cyber Security and that a limited assurance rating had been given.

Members **NOTED** that there were two high priority findings which related to the visibility of an external assessment and how it was being addressed and resourced. Members **NOTED** that the management response referred to the risks involved but made no mention of resource issues.

Members **NOTED** that a Digital Strategy Steering Group had been put into place during the last year. Members **NOTED** that confirmation was being sought from Welsh Government in relation to the appointment of an Independent Member for Information, Communication & Technology (ICT). It had been agreed that an ICT Committee would be established to include Information Governance.

John Palmer advised that in relation to resourcing, a review of Cyber Security had commenced two years ago as a result of the “Wannacry” incident and a significant amount of work had been undertaken in terms of patching of software as a result.

Members **NOTED** that three years ago investment had been sought for 3 Cyber Security staff which was not agreed. Members **NOTED** that one of these posts had been released which allowed some modest work to be undertaken.

John Palmer advised that as a result of funding received from Welsh Government, the Health Board would now be able to recruit to the remaining two Cyber Security posts.

Paul Dalton advised that a follow up review would be undertaken in 2019/20 and it was **NOTED** that the report would also be discussed at the Directorate's Governance meeting.

Jayne Sadgrove expressed concern at the report.

The Chair **AGREED** that this would be monitored closely by the Committee over the next few meetings.

Members **RESOLVED** to:

- **NOTE** the report.

### **Mobile Phones – Reasonable Assurance**

Paul Dalton presented the report which had been given a reasonable assurance rating, with two medium assurance recommendations made. John Palmer advised that he had been content with the findings within the report and added that a Mobile Phone policy was being developed.

Jayne Sadgrove advised that issues in relation to mobile phones had initially been identified following a counter fraud investigation. Members **NOTED** that processes had been changed in following the issues identified to safeguard against a recurrence.

Members **RESOLVED** to:

- **NOTE** the report.

### **Sustainability Reporting – Reasonable Assurance**

Paul Dalton presented the 2019/20 report which was a mandatory review undertaken on an annual basis. Members **NOTED** that the review had been allocated a reasonable assurance rating with two medium priority recommendations.

John Palmer welcomed the report and advised that the recommendations within the report had been accepted. Jayne Sadgrove advised that she was pleased to see the Health Board had secured ISO accreditation which was not easy to obtain and maintain.

Members **RESOLVED** to: **NOTE** the report.

- *John Palmer left the meeting at 13.05pm.*

### Commissioning – Reasonable Assurance

Paul Dalton presented the report which focussed on arrangements between the Health Board and Powys Health Board and had been given a reasonable assurance rating, with one high priority finding made in relation to the commissioning register.

A discussion was held in relation to resuscitation services. Members **NOTED** that the Service Level Agreement (SLA) had not been updated for several years. Steve Webster advised that further work around the Bridgend transition had been prioritised by the Commissioning Team.

Members **NOTED** that there was a register in place of SLAs and Long Term Agreements (LTAs) between Swansea Bay and Cwm Taf Morgannwg Health Boards. Members **AGREED** to refer the report to the Finance, Performance & Workforce Committee for information (**Added to Action Log**).

Members **RESOLVED** to:

- **NOTE** the report
- **REFER** the report to the Finance, Performance & Workforce Committee for information.

### EASC Government Arrangements – Reasonable Assurance

Members **RECEIVED** and **NOTED** the report and **AGREED** to refer the report to the EASC Committee for information.

### Annual Quality Statement – Reasonable Assurance

Paul Dalton presented the 2019/20 report which had been given a reasonable assurance rating with one medium and one low priority recommendation made. This related to the lack of evidence available in relation to engagement with external stakeholders and the change made by the Health Board by its move to a more narrative based approach.

Robert Williams suggested that the report was referred to the Quality, Safety & Risk Committee and advised that this was a different version of the report which was originally received in March (Added to the Action Log).

Members **RESOLVED** to:

- **NOTE** the report
- **REFER** the report to the Quality, Safety & Risk Committee for information.

### Draft Internal Audit Annual Report 2018/19

Paul Dalton presented the draft report which outlined the work that had been undertaken by Internal Audit during 2019/20.

Members **NOTED** that the final version of the report would be presented to the Audit Committee at the end of May and the report included the Head of Internal Audit Annual Opinion. Members **NOTED** that the overall opinion was reasonable assurance of which there were 8 domains, seven of which were reasonable and one limited domain. Members **NOTED** that the limited domain related to capital works at Prince Charles Hospital.

The Chair made reference to the report on NHS Wales Informatics Service (NWIS) and questioned whether the Committee could be able to have sight of this report. Simon Cookson advised that reports would not be shared until they had been presented to Velindre NHS Trust and added that the Audit Committee would not normally receive these type of reports.

#### PART 4. EXTERNAL AUDIT

##### AC/19/080 **WAO UPDATE ON PROGRESS WITH 2018/19 ACCOUNTS AUDIT**

Members **NOTED** that an update was provided earlier in the meeting.

#### PART 5. ANY OTHER URGENT BUSINESS

There was no other business to report.

##### AC/19/081 **ITEMS FOR REFERRAL TO OTHER COMMITTEES**

Members referred the following items:

- Internal Audit Report – Commissioning to the Finance, Performance & Workforce Committee for information;
- Internal Audit Report – Annual Quality Statement to the Quality, Safety & Risk Committee for information.

##### AC/19/082 **CLOSE OF PART 1 OF THE MEETING – DATE AND TIME OF NEXT MEETING:**

In closing part 1 of the meeting, Members **RESOLVED** that in accordance with the provision of Section 1(2) of the Public Bodies (Admissions to Meetings) Act 1960, that representatives of the press and other members of the public are excluded from the second part of the meeting on the grounds that it would be prejudicial to the public interest due to the confidential nature of the business transacted. This section of the meeting is to be held in private session.

## **AGENDA ITEM 5.1 APPENDIX 7**

**The next meeting of the Committee would be held at 11:30hrs on Thursday 30 May 2019.**

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**Paul Griffiths, Chair**

**Date .....**