

## **WELSH AMBULANCE SERVICES NHS TRUST**

### **CONFIRMED MINUTES OF THE OPEN MEETING OF THE AUDIT COMMITTEE OF THE WELSH AMBULANCE SERVICES NHS TRUST HELD ON THURSDAY 25 JULY 2023 VIA TEAMS**

**Meeting Commenced at 09:30**

#### **PRESENT:**

Martin Turner	Non-Executive Director and Committee Chair
Paul Hollard	Non-Executive Director
Ceri Jackson	Non-Executive Director

#### **IN ATTENDANCE:**

Julie Boalch	Head of Risk/Deputy Board Secretary
Judith Bryce	Assistant Director of Operations
Andrew Doughton	Performance Audit Manager Audit Wales
Jillian Gill	Head of Financial Accounting
Navin Kalia	Deputy Director of Finance and Corporate Resources
Angela Lewis	Director of People and Culture
Olaide Kazeem	Project Accountant Financial Services
Jason Killens	Chief Executive Officer (Left during Item 27/23)
Osian Lloyd	Head of Internal Audit
Gareth Lucey	Audit Wales
Rachel Marsh	Executive Director of Strategy, Planning and Performance
Trish Mills	Board Secretary
Steve Owen	Corporate Governance Officer
Alex Payne	Corporate Governance Manager
Erin Pollard	Audit Wales
Felicity Quance	Deputy Head of Internal Audit
Paul Seppman	Trade Union Partner
Marienela Stoicheri	Risk Officer
Andy Swinburn	Director of Paramedicine (Item 27/23 only)
Lisa Trounce	Business Manager, Corporate Services
Chris Turley	Executive Director of Finance and Corporate Resources
Damon Turner	Trade Union Partner

Liam Williams  
Carl Window

Executive Director of Quality and Nursing  
Counter Fraud Manager

**APOLOGIES:**

Lee Brooks  
Fflur Jones  
Joga Singh  
Leanne Smith

Executive Director of Operations  
Audit Wales  
Non-Executive Director  
Interim Director of Digital Services

**25/23 PROCEDURAL MATTERS**

The Chair welcomed all to the meeting and advised that it was being audio recorded.

Declarations of Interest, other than those listed in the Declarations of Interest register, there were no further declarations. The Committee noted that Kevin Davies was no longer a Trustee of St John, the register would be updated to reflect this. The apologies as described were noted.

Minutes: The Minutes of 2 March 2023 and 20 April 2023 were approved subject to reflecting that Paul Seppman had sent apologies for the meeting on 20 April 2023. He was unable to attend due to attending a meeting on industrial action with the Director of Paramedicine and the Executive Director of Quality and Nursing.

**RESOLVED: The apologies as described were noted and the Minutes of 2 March 2023 and 20 April 2023 were approved.**

**26/23 2022-23 ANNUAL ACCOUNTS AND ANNUAL REPORT AND RECOMMENDATION TO TRUST BOARD**

**The Chief Executive was in attendance for this item.**

The Committee gave detailed consideration to the Trust's accounts for the year ended 31 March 2023 which had been prepared by the Trust to comply with International Financial Reporting Standards adopted by the European Union, in accordance with HM Treasury's Financial Reporting Manual by the Welsh Ambulance Services NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

Navin Kalia presented to the Committee with an overview of the 2022/23 Annual Accounts. The main points for the Committee's attention included:

- (a) The draft accounts had been formally submitted to Audit Wales on 5 May 2023 with all statutory financial duties being met.

- (b) A retained surplus for the year of £0.062m had been achieved; effectively a break-even position with total income of £296.092m and Net expenditure of £296.030m.
- (c) The breakdown of income from patient care activities was £283.2m consisting of: Emergency Ambulance Services Committee, £230m, Local Health Boards, £17m, Welsh Government, £34m and income from other Trusts, £2m. The total increase from the previous year was £21.6m.
- (d) The main reasons for the increase from last year included the demand and capacity phase two and phase three funding, growth and inflation and the recurrent impact of the 2021/22 pay award.
- (e) In terms of expenditure, pay costs were £204m and Non pay and other costs came to £92m. The main differences for the previous year were an increase of £14.6m in pay and a net increase of £5.4m in Non-pay expenditure.
- (f) With respect to the Balance Sheet, the Net Book Value as at 31 March 2023 was £99m. Debtors had increased by £1.4m with borrowings increasing by £10m as a result of recognition of finance leases re implementation of IFRS16 during the year.
- (g) Presentational points on the draft Accounts had been raised by Audit Wales in which a comprehensive update was provided to the Committee.
- (h) The Accounts, following today's meeting were due to be formally approved at Trust Board on 27 July 2023 for onward submission to Welsh Government by 31 July 2023.

### **Wales Audit of Accounts Report**

Gareth Lucey presented the report and provided a summary on the following key details for the Committee's attention:

- (a) It was proposed that an unqualified audit opinion would be submitted with the audit work now complete.
- (b) Reference was made to some minor corrections but there were none of any significance. There were no corrections identified that impacted on the Trust's retained surplus position for the year.
- (c) There were no uncorrected misstatements arising from the audit work; anything that required presentational correction had been carried out.
- (d) The Committee were advised of the position concerning a Ministerial Direction regarding pension tax liabilities for certain senior clinical staff; it was no longer material and therefore did not affect the audit opinion.

- (e) There were two items of expenditure recorded in the 2022/23 accounts which technically should have been recorded in the following year's accounts; however, the amount was below the recognised threshold for materiality hence required no adjustment.

Comments:

In respect of property, plant and equipment, clarity was sought on the comments with regards to valuation. Gareth Lucey explained the comments related to the 2022/23 accounts, and as a legacy of the pandemic, a number of asset valuers issued guidance on the material value uncertainty with evaluation reports at the time. No such uncertainty had been reported by the valuer for 2022/23, therefore this narrative had been removed from the final accounts.

### **Annual Report 2022/23**

The report was presented by Trish Mills who indicated the report consisted of two parts, the Performance Report and the Accountability Report. The Performance Report contained details of how the Trust had performed during the last year. The Accountability Report detailed the key accountability requirements and Governance Statement. The Committee noted that the Board would receive one unified document when the report was presented for approval.

Trish Mills explained there were some minor non-material date changes to two of the graphs within the report; these have since been corrected for the version going to Trust Board.

In terms of translation to Welsh, the Committee were advised that the Annual Report will be translated in time for the Annual General Meeting (AGM) scheduled on 27 September 2023. Members noted that only the front page of the Accounts will be translated.

The Committee acknowledged the work by all involved in the production of these reports and recorded a note of thanks.

**RESOLVED: The Committee proposed and agreed that the Annual Accounts and Annual Report 2022/23 be recommended for approval by the Trust Board.**

## **27/23 INTERNAL AUDIT ITEMS**

The Head of Internal Audit (HoIA), Osian Lloyd presented the reports which consisted of his opinion for the 2022/23 financial year – which was of reasonable assurance - and several Internal Audit (IA) Reports as listed below.

The HoIA report set out details of the IA work performed throughout the last financial year. It also contained a summary of audit performance and an assessment of conformity against the public sector internal audit standards.

It was noted that during the year 2022/23 19 Audit Reviews were reported on; 15 were rated as reasonable assurance, three as limited and one was just an advisory review with no rating applied.

The Committee noted that the latest external quality assessment had been conducted by the Chartered Institute of Public Finance and Accountancy; this had confirmed that the IA work fully conformed to the requirements of the Public Sector Internal Audit Standards.

The following Internal Audit reports were received:

- (a) Risk Management & Assurance: – Opinion was reasonable. Felicity Quance explained that the purpose was to review the framework of organisational assurances in place for the reporting of risk management. Four medium priority recommendations had been raised. The review had clearly demonstrated improvement in risk reporting and strengthening of the Board Assurance Framework (BAF). It was noted that the timely review of risk mitigations had been impacted by the challenges faced as a result of winter pressures and industrial action. Furthermore, it was recognised the recent appointment of a Risk Officer will benefit the risk management arrangements going forward.

Trish Mills reminded the Committee that a transitional BAF had been introduced last year and continued to mature to a much more strategic one. She further noted that work was continuing to ensure that the mitigation actions achieved the intended impact.

The Committee were pleased to see the progress being made in particular acknowledging where management challenged the recommendations made to agree a more appropriate or realistic management action.

Members queried whether and how lessons were being learned in this area. Felicity Quance commented that the Trust were kept informed of any relevant information for improvement.

- (b) Savings and efficiencies: – Opinion was reasonable. Felicity Quance explained that the purpose to the report was to ensure that savings plans were specific, realistic, and measurable and that monitoring arrangements were effective. Four medium priority recommendations had been raised. It was noted in the report that achieving financial balance for the forthcoming year would be a challenge for the Trust. It was pointed out that a review of the Financial Sustainability Programme was not

undertaken as this will be part of the 2024/25 Internal Audit plan. Several areas which required management attention included; the requirement to develop guidance to assist staff in assessing and approving savings plans, provide financial training and to develop a template to ensure savings information was robustly recorded and reported. It was further noted that whilst some of the individual savings schemes had been achieved, management and processes of those that were underachieved required enhancement.

It was queried whether sufficient scrutiny had been applied in the report in terms of the impact on the Trust's ability to support patients as a result of the savings efficiencies. Felicity Quance assured the Committee that going forward this level of scrutiny would be applied to ensure that the wider impact for the delivery of savings was achieved. Liam Williams added that as part of the quality impact assessment process, the Trust would only action savings plans where they did not have detrimental impacts on patients. Trish Mills added that work was underway to identify when impact assessments required implementation.

Navin Kalia assured the Committee that the points raised in the review were being addressed as part of the Financial Sustainability Programme management going forward.

The Committee were keen to understand if the Trust could adopt areas of best practice around savings from other health boards. Osian Lloyd advised the Committee that a data base was held by Internal Audit to capture best practice across Wales and that the savings and efficiencies element would be added going forward. The database was shared with the Board Secretaries Network.

Members noted and as described by Martin Turner, that at a recent Finance and Performance Committee meeting concern had been expressed that the Trust was in part relying on non-recurring savings to balance throughout 2023/24.

- (c) Trade Union Release Time: – Opinion was limited. Felicity Quance explained that the purpose of the report was to provide assurance on the deployment of the refreshed Trade Union facilities agreement and to include a review of progress made to implement recommendations raised in the 2018/19 report which was of limited assurance. It was acknowledged that whilst some progress had been made, several of the significant matters raised replicated the recommendations picked up in the 2018/19 report. Of the recommendations made, three were high priority and one was medium. As part of the review, sample testing had revealed a lack of an audit trail to demonstrate appropriate and timely request when facility time was made. The recording of detail of the facility time was currently only available using the GRS system; access to this system was not available during the review. As there was no system in place to record the system release time, it had not been possible to evidence accurate management information.

Paul Seppman explained that a great deal of TU time was not within their control and was taken up in attending various meetings. He assured the Committee that when TU staff were on shift there was an auditable trail in terms of how release was applied. He added there were challenges in managing the time effectively; however, the impact on operational shifts was kept to a minimum. He stressed the importance of dedicating time to partnership working and the need for clinical skills to be maintained.

Carl Window assured the Committee that his team produce reports that echoed some the findings contained within the review.

Members recognised that the management response to the review had clearly demonstrated the continued good relationship with TU partners. The Committee further noted that progress on the recommendations would be monitored through the People and Culture Committee.

- (d) Pain Management: – Opinion was limited. Felicity Quance explained that the purpose of the review was to consider the application of pain relief methods and the effect on patient outcomes in terms of pain relief and patient satisfaction. It was noted that this was the first time a review of this kind had been conducted. Three recommendations had been raised, two high and one medium. It should be borne in mind that clinical outcomes of the drugs administered and the cost effectiveness of drugs currently in use at the Trust were not part of the assessment. Key points raised from the review which required management attention included; poor compliance rates in Patient Group Direction (PGD, legal mechanisms that permit Paramedics to administer drugs that were not currently included in schedule 17 of the Human Medicines regulations (2012)), completion for Advance Paramedic Practitioners (APC), PGD's were not reviewed on a regular basis, a lack of oversight into pain scores, and administration of analgesia and the administration of analgesia by appropriately qualified clinicians.
- (e) Information Management and Technology (IM&T) Infrastructure: - Opinion was reasonable. Osian Lloyd explained that the objective of the review was to provide assurance over the management and operation of the Trust's IM&T infrastructure. The review demonstrated that the Trust maintains a record of infrastructure assets and that the equipment is kept up to date. The key management actions included; ensuring accuracy of the asset register, formalising the alert management process, ensuring all switches which were used to connect devices on the network were recorded on the register and ensuring that the services to be provided within the back-up site were prioritised appropriately. Three medium priority findings and one high were raised.

**RESOLVED: The Internal Audit reports as presented were received.**

## **28/23     AUDIT WALES REPORTS**

The Committee received the Audit Wales update report from Andrew Doughton who presented it as read and highlighted the following:

- (a) The workforce review was in progress and should be available at the next Committee meeting.
- (b) In terms of good practice events, the Committee were advised of upcoming events which would focusing on digital, particularly around leadership and strategy. The events were due to take place in Cardiff and North Wales on 21 and 27 September, respectively. Further details can be obtained from the Audit Wales Team.

Comments:

It was queried whether the good practice events would include how the digital strategy work linked to the impact of the duty of quality. Andrew Doughton explained they will have a citizen focussed approach and was certain that the quality aspect would be taken into consideration.

Members queried the timeline for publication in respect of the Unscheduled Care Review. Andrew Doughton explained that part one was due out soon and once available will be published on the Audit Wales website.

### **Detailed Audit Plan 2023**

Gareth Lucey presented the plan which had recently been forwarded to Members for comment.

### **Work programme for 2023-2026**

Andrew Doughton presented the report for the Committee's information.

**RESOLVED: The Committee received and noted the Audit Wales detailed audit plan for 2023 and the work programme for 2023-2026.**

## **29/23     RISK MANAGEMENT AND BOARD ASSURANCE FRAMEWORK**

The update was provided by Julie Boalch and the Committee were asked to note the following:



- (a) All of the risks except for 100 (Failure to persuade EASC/Health Boards about WAST's ambitions and reach agreement on actions to deliver appropriate levels of patient safety and experience) and 283 (Failure to implement the EMS Operational Transformation Programme) had been reviewed during July. This was in line with the reviewing schedule.
- (b) Two risks had increased in score, risk 424 (Prioritisation or availability of resources to deliver the Trust's IMTP) from 12 to 16 and risk 163 (Maintaining effective and strong Trade Union Partnerships) from 12 to 16.
- (c) Two risks have been closed, risk 245 (Failure to have sufficient capacity at an alternative site for EMS Clinical Contact Centres which could cause a breach of Statutory Business Continuity regulations) and risk 557 (Potential impact on services as a result of Industrial Action).
- (d) Risk 594 (The Trust's inability to provide a civil contingency response in the event of a major incident and maintain business continuity causing patient harm and death) has been included on the register with a score of 15.
- (e) The Committee noted the update on the Risk Management Transformation Programme.

**RESOLVED: The Committee:**

- (1) Noted the review of each high rated principal risk including ratings and mitigating actions.**
- (2) Noted the inclusion of the Civil Contingencies Risk on the Corporate Risk Register at a score of 15 as presented to Trust Board in May 2023.**
- (3) Noted the increase in score of Risk 424 from 12 to 16.**
- (4) Noted the increase in score of Risk 163 from 12 to 16.**
- (5) Noted the closure of Risk 245 from the Corporate Risk Register.**
- (6) Noted the closure of Risk 557 from the Corporate Risk Register;**
- (7) Noted the update on the Risk Management Transformation Programme; and**
- (8) Received the Guidance on Interpreting the Board Assurance Framework.**

## **30/23     AUDIT TRACKER REPORT**

Julie Boalch presented the report advising the Committee there were 143 internal audit recommendations with 52 being overdue from their agreed completion dates.

The Committee were advised there were several historical recommendations overdue from the 2019/20 and 2022/21 financial years. Following advice from Internal Audit a number of these have since been closed. Members also noted that further consideration will be given to the longest overdue recommendations with a view to closing these in due course.

Work with the tracker was continuing, particularly looking at refreshing the overall process of mapping recommendations.

Comments:

A note of thanks was recorded for Internal Audit for their assistance in closing some of the more historical audits.

Trish Mills explained that at the next meeting the Committee would receive a revised Audit Tracker which will include a revised process for tracking recommendations and a new tracking format; it will also include a new guidance document.

Osian Lloyd added that several recommendations had been captured prior to the pandemic. He further added that the follow up review report, which tested a sample of recommendations that had been closed on the tracker, was near completion and would receive a reasonable assurance report at the next meeting.

**RESOLVED: The Committee noted the update and:**

- (1)     Considered the audit activity since the last Audit Committee; and**
- (2)     Considered the proposals to address each recommendation particularly arrangements for the closure of historic recommendations.**

## **31/23     POLICY REPORT**

Julie Boalch explained that the purpose of the report was to provide an update on the status of the Trust's policies.

Several policies within their review date fell below reasonable levels during the Covid-19 pandemic as the policy work plan was largely paused and efforts directed to support the response. This has resulted in most policies being past their review date; however, it is important to note that these remain extant policies, they are in use and have not expired. The majority of policies will only require minor changes during the review process as they have already been through robust governance.

The Committee were advised that of the Trust's 93 policies, only 13 were within their review date. A prioritisation exercise was underway to address this and also the governance process was underway which will include a review of the policy on policies. The work will also look at whether any non-critical policies could be considered as a Standing Operating Procedure as opposed to a policy.

Julie Boalch assured the Committee that the majority of policies had already been subject to a robust governance process; with experts within the Trust keeping a close eye on any legislative changes that could impact on the policies.

Comments:

Trish Mills assured the Committee that the Board was aware of the current situation in respect of the status of policies.

Following a query in respect of the number of NHS Wales policies, Julie Boalch explained there were 19 NHS Wales policies relevant to the Trust and the next iteration of the report would include timelines of these policies.

**RESOLVED: The Committee;**

- (1) Considered the contents of the report and the programme of work in development to mitigate risk and bring policies in line with appropriate review dates; and**
- (2) Provide a view on any of the policies within Committee's remit that should be included on the priority work plan.**

**32/23 STANDARDS OF BUSINESS CONDUCT POLICY**

Trish Mills presented the revised Standards of Business Conduct Policy to the Committee to endorse for onward submission to Trust Board, for approval.

The Committee were reminded that a limited assurance opinion was given on the Standards of Business Conduct review which was conducted last year; one of the recommendations was to develop a revised Policy.

The Policy has undergone a wholesale revision and details of the material changes were set out in the covering report. An All-Wales approach to standards of business conduct was being developed, however the policy has been drafted on best practice principles and has been reviewed and endorsed by the Policy Group and the Executive Management Team. A focused campaign of stakeholder consultation has assisted in the presentation of a well-rounded policy to the Committee.

**RESOLVED: The Committee;**

- (1) Noted the update on the Standards of Business Conduct Policy;**
- (2) Noted the next steps for the Corporate Governance Team; and**
- (3) Endorsed the revised Standards of Business Conduct Policy for approval by Trust Board.**

**33/23 LOSSES AND SPECIAL PAYMENTS FOR THE PERIOD 1 APRIL 2022 TO 31 MARCH 2023 AND 1 APRIL 2023 TO 31 MAY 2023**

Navin Kalia gave an update on the losses and special payments for the following periods: Total net losses and special payments during 1 April 2022 to 31 March 2023 amounted to £380k and for 1 April 2023 to 31 May 2023 amounted to net reimbursements of £41k.

**RESOLVED: The Committee received the report.**

**34/23 QUALITY, PATIENT EXPERIENCE AND SAFETY COMMITTEE REPORT – CLINICAL AUDIT PLAN 2022/23 APPROVAL**

Trish Mills explained that the Quality, Patient Experience and Safety Committee (Quest) were required, in line with its terms of reference, to assure the Audit Committee of its approval of the Clinical Audit Plan annually.

**RESOLVED: The Committee noted the approval of the clinical audit plan for 2022/23 by the Quest Committee.**

**35/23 AUDIT COMMITTEE CYCLE OF BUSINESS**

Trish Mills presented the report and drew the Committee's attention to the following points which were in the Committee's terms of reference but not clearly evident in the cycle of business:

- (a) Whistleblowing processes and arrangements; regular verbal updates in respect of the investigation progress will be provided by the Chair of the People and Culture Committee (PCC) as an interim measure until the speaking up safely framework was fully developed. Overall oversight will remain with PCC.
- (b) Near miss reports; the National Audit Office recommends that Audit Committees review information on near misses to assist in determining whether the systems in place were sufficiently robust to mitigate future risk events. It was proposed that reports of this nature be monitored at the Quest Committee.

## Comments:

Paul Hollard considered that it would be prudent for near misses to be captured at each Committee and should there be a consistent issue or trend then Audit Committee would be alerted to those by the Chair of that Committee.

The Committee were made aware by Trish Mills that near miss reports would not only cover patients but would have a much wider context, for example cyber security near misses and that would be overseen at the Finance and Performance Committee.

Trish Mills further explained that as the near miss report was being developed, that Committees deal with near misses under their remit, and the Chair of each Committee update the Audit Committee accordingly.

It was agreed that Trish Mills would provide further clarity on recommendation (b)(Approve the approach to the whistleblowing and near misses elements of the terms of reference such that the whistleblowing process and arrangements for special investigations will come to Audit Committee with regular verbal updates from the Chair of the People and Culture Committee on progress in the interim, and that QUEST will monitor near miss reporting), specifically to indicate the reporting process involved for each Committee and that the mechanism by which near misses – with respect to the criteria for escalation to Audit Committee where there are concerns regarding governance, internal controls, and management of risk - will be further considered and brought back to the Committee for endorsement.

Liam Williams provided the Committee with an overview of near misses were currently reported from a quality and patient safety point of view. Based on the level of severity the near miss incurs or not, it is recorded on Datix and reviewed either by the Health and Safety or quality Safety team; this would then determine whether an intervention was required as a result of the near miss. Thematic analysis would also be carried out, and if required would be escalated to the relevant assurance Committee. Of note he added that the volume of incidents was significant, and achieving the right response was a real challenge.

## **RESOLVED: The Committee**

- (1) Reviewed and approved the 2023-24 cycle of business at Annex 1; and**
- (2) Further clarity on recommendation be provided (b)(Approve the approach to the whistleblowing and near misses elements of the terms of reference such that the whistleblowing process and arrangements for special investigations will come to Audit Committee with regular verbal updates from the Chair of the People and Culture Committee on progress in the interim, and that QUEST will monitor near miss reporting), specifically to indicate the reporting process involved for each Committee and that the mechanism by which near misses – with respect to the criteria for escalation to Audit Committee where there are**

**concerns regarding governance, internal controls, and management of risk - will be further considered and brought back to the Committee for endorsement was agreed.**

**36/23 COMMITTEE PRIORITIES REPORT**

The report updated the Committee on progress against the priorities it set for 2023/24 and was noted.

**RESOLVED; The Committee noted the update.**

**37/23 20 APRIL 2023 AAA REPORT**

The report was presented for information.

**RESOLVED: The Committee noted the report.**

**38/23 REFLECTIONS & SUMMARY OF DECISIONS AND ACTIONS**

Trish Mills asked, and it was agreed that a verbal update be provided at the Board meeting.

**RESOLVED: The Board will receive a verbal update.**

**Meeting concluded at: 11:44**

**Date of Next Meeting: 14 September 2023**