

Bundle Audit & Risk Assurance Committee 20 October 2020

3.2

Internal Audit Advisory Review: Governance Arrangements during the COVID-19 Pandemic

Presenters: James Johns/Joanne Wilson/Huw Thomas

SBAR COVID-19 Governance Report ARAC October 2020

Governance Arrangements during the COVID-19 Pandemic - Advisory Review Final Report

**PWYLLGOR ARCHWILIO A SICRWYDD RISG
AUDIT AND RISK ASSURANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	20 October 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Audit & Assurance Services - Governance Arrangements during Covid-19 Pandemic Advisory Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Head of Internal Audit
SWYDDOG ADRODD: REPORTING OFFICER:	Head of Internal Audit

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

The Audit & Assurance Services advisory review of Governance Arrangements during the Covid-19 Pandemic provides a view on the adequacy and effectiveness of internal controls in operation during the outbreak, with particular regard to the principles set out by the Welsh Government regarding maintaining governance.

The attached report sets out the findings and conclusions from the review, along with suggestions for future consideration where further enhancements to the arrangements could be made.

Cefndir / Background

The advisory review originated following discussions at the All Wales Finance Directors Group to assess the adjusted financial and overall governance arrangements, including risk management, at each NHS Wales organisation.

The review assessed the effectiveness of those arrangements with respect to compliance with Welsh Government guidance. The key objective of the review was to provide independent, timely feedback to enable changes to be made to temporary governance arrangements if they are to be used in the future.

This rapid review was completed during July and August and involved interviewing key members of the Health Board and reviewing associated documentation supplied, where available. We have undertaken further detailed discussions, a walkthrough of arrangements in place and assessed actions undertaken to manage the pandemic within the Health Board.

We worked closely with Audit Wales to minimise unnecessary duplication with their work, sharing information where relevant and undertaking interviews together.

Asesiad / Assessment

A summary of the key messages in the advisory report are as follow:

The Health Board's governance arrangements operated effectively during the peak of the pandemic and complied with the guidance and the principles issued by Welsh Government.

Feedback from interviews on the Health Board's Covid-19 response approach was positive overall.

It was considered overall that the Board and the key Committees continued to operate effectively and adapt to new working arrangements whilst still performing their assurance, oversight and scrutiny roles.

A Command and Control structure was implemented and operated effectively and this enabled the organisation to make decisions in an agile way.

The Board received papers, at each meeting, setting out governance arrangements during the pandemic, including the arrangements for the command structure and changes in ways of working for Board and committees. Risk management arrangements during the pandemic were also set out in papers to the Board.

Additional processes were developed to capture, record and ratify decisions that were made at pace during the period that may have been outside of the established processes.

Financial Governance was maintained during the period of the pandemic with the development of a value for money framework, the development of a process to record and regularise expenditure and regular reporting to the Finance Committee. Financial performance has been monitored by the Finance Committee on a monthly basis. Year-end financial accounts and reporting requirements were managed effectively, with the deadlines achieved.

The outcome from our review of the arrangements and documentation in relation to the governance arrangements was consistent with those views given in the interviews.

A small number of priority considerations for the future have been made within the report.

Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to consider the assurance available from the advisory report.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference
Cyfeirnod Cylch Gorchwyl y Pwyllgor

5.16 The Committee shall ensure that there is an effective internal audit and capital/PFI function established by management that meets mandatory Internal Audit Standards for NHS Wales and provides appropriate independent assurance to the Committee, Chief Executive and Board.

5.17 This will be achieved by:

5.17.1 review and approval of the Internal Audit Strategy, Charter, operational plan and more detailed

	programme of work, ensuring that this is consistent with the audit needs of the organisation; 5.17.2 consideration of the major findings of internal audit work (and management's response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources;
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	All Health & Care Standards Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Not Applicable

Gwybodaeth Ychwanegol: Further Information:

Ar sail tystiolaeth: Evidence Base:	Internal Audit plan. Evidence gathered as part of the delivery of the advisory review.
Rhestr Termau: Glossary of Terms:	Contained within the body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	Executive Directors of Finance and Board Secretary.

Effaith: (rhaid cwblhau) Impact: (must be completed)

Ariannol / Gwerth am Arian: Financial / Service:	Not applicable
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable
Gweithlu: Workforce:	Not applicable
Risg: Risk:	Not applicable
Cyfreithiol: Legal:	Not applicable
Enw Da: Reputational:	Not applicable

Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Not applicable



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Cydwasanaethau
Gwasanaethau Archwilio a Sicrwydd
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Hywel Dda
University Health Board

Governance Arrangements during the Covid-19 Pandemic

Advisory Review Final Report

2020/21

Hywel Dda University Health Board

Audit and Assurance Services

Private and Confidential

Contents

1. INTRODUCTION AND BACKGROUND.....	3
Background and context	3
2. EXECUTIVE SUMMARY	4
Main Observations	4
Priority Considerations for the Future	5
3. DETAILED REPORT	7
Context	7
Command and Control Structure.....	7
Overview of Temporary Governance Arrangements.....	8
4. DETAILED FINDINGS	11
Strategic Governance.....	12
4.1 Board and Committee Meetings	12
4.2 Scheme of Reservation and Delegation (SoRD) and Decision Making Arrangements	15
4.3 Risk Management	17
Financial Governance.....	19
4.4 Annual Accounts and Reporting.....	19
4.5 Financial Systems and Processes.....	19
4.6 Covid-19 Expenditure (Revenue and Capital)	21
4.7 Workforce	23
4.8 Budget and Savings	25
Other Governance.....	26
4.9 Partnership Arrangements	26
4.10 Charitable Funds.....	26
4.11 Information Governance	27
Appendix One – Guidance, Principles and Scope	29
Guidance and Principles	29
Scope of this Advisory Review	29
Appendix Two – What we did	31

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Draft report issued:	27 August 2020
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Auditors:	James Johns, Head of Internal Audit Gareth Heaven Internal Audit Manager
Executive sign off:	Huw Thomas, Executive Director of Finance and Joanne Wilson, Board Secretary
Distribution:	
Committee:	Audit Committee

ACKNOWLEDGEMENTS

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Please note:

This advisory review report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee. Advisory review reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Hywel Dda University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. INTRODUCTION AND BACKGROUND

Background and context

The NHS in Wales continues to face unprecedented pressure in planning and providing services to meet the needs of those who are affected by Covid-19 and other essential services. At the time of this report, the number of cases of Covid-19 in Wales is in decline and there is an opportunity for NHS Wales organisations ('organisations') to take stock following the initial peak of cases experienced between March and May 2020.

This rapid advisory review originated following discussions at the All Wales Finance Directors Group to assess the adjusted financial and overall governance arrangements at each NHS Wales organisation. This would enable Hywel Dda University Health Board (the 'Health Board') to maintain appropriate governance whilst enabling its senior leadership team to respond to the rapidly developing emergency.

We have assessed the effectiveness of those arrangements with respect to compliance with Welsh Government guidance. The key objective of the review is to provide independent, timely feedback to enable changes to be made to temporary governance arrangements if they are to be used in the future.

This rapid review was completed during July and August and involved interviewing key members of the Health Board and reviewing associated documentation supplied, where available. We have undertaken further detailed discussions, a walkthrough of arrangements in place and assessed actions undertaken to manage the pandemic within the Health Board. However, whilst we have assessed this information against Welsh Government and other guidance, we have not undertaken detailed operational testing of the arrangements in place. We worked closely with Audit Wales to avoid unnecessary duplication with their work, sharing information where relevant and undertaking a number of interviews together.

Further detail regarding the scope of the review, the guidance used as the basis of the assessment and the review work undertaken are included in the appendices to this report. We are aware of other reviews being undertaken within the Health Board including, for example, the external review of the delivery of the field hospitals. Whilst the scope and remit of these other reviews differ from this governance review, the Health Board will need to fully consider and apply any associated recommendations and lessons identified from those reviews. The Health Board had commissioned Internal Audit to review the establishment of the field hospitals noting a scope had

been agreed between the Health Board and internal audit. It was agreed to defer this audit due to the commencement of an external review, which had been commissioned by Welsh Government.

2. EXECUTIVE SUMMARY

Main Observations

The Health Board's governance arrangements operated effectively during the peak of the pandemic and complied with the guidance and the principles issued by Welsh Government.

Feedback from interviews on the Health Board's Covid-19 response approach was positive overall. It was felt in particular, that the Health Board's emergency response was implemented promptly and revised governance arrangements were introduced. It was considered overall that the Board and the key Committees continued to operate effectively and adapt to new working arrangements whilst still performing their assurance, oversight and scrutiny roles. The outcome from our review of the arrangements and documentation in relation to the governance arrangements was consistent with those views given in the interviews.

The Board received papers, at each meeting, setting out governance arrangements during the pandemic, including the arrangements for the command structure and changes in ways of working for Board and committees. Risk management arrangements during the pandemic were set out in papers to the Board.

The Board, Audit & Risk Assurance Committee, Quality, Safety and Experience Assurance Committee (QSEAC) and Finance Committee meetings continued during the period. The Board moved to monthly focused meetings. QSEAC added a COVID specific meeting, alternating agendas on a monthly basis. During the period the Health Board established a new Health Safety Assurance Committee and People, Planning and Performance Assurance Committee noting the Board had agreed to establish both of these committees in January 2020 prior to the pandemic commencing.

Virtual meetings using Skype and latterly Microsoft Teams have developed over time, after initial teething troubles and connectivity problems nationally throughout the NHS. Board meetings have been recorded with these then available on the Health Board's website. Board meetings have also been also live streamed to allow for as wide access as possible to these meetings during the period of the pandemic. The Health Board had been live streaming Board meetings for two years prior to the pandemic and returned to that position as soon as it was possible.

A Command and Control structure was implemented and operated effectively and this enabled the organisation to make decisions in an agile way.

No changes were made to the Scheme of Delegation, however additional processes were developed to capture, record and ratify decisions that were made at pace during the period that may have been outside of the established processes.

Financial Governance was maintained during the period of the pandemic with the development of a value for money framework, the development of a process to record and regularise expenditure and regular reporting to the Finance Committee. Financial performance has been monitored by the Finance Committee on a monthly basis. Year-end financial accounts and reporting requirements were managed effectively, with the deadlines achieved.

The Health Board continues to assess and update the arrangements used and is looking ahead to securing some of the benefits from working in an agile way.

Priority Considerations for the Future

We have not assigned priority ratings to considerations, but we consider the following to be key priorities:

- Developing a protocol pack for future events that require similar arrangements, to swiftly implement the required measures. For example, building on approved procedures currently in place within the Health Board review and reapprove meeting etiquette, membership and meeting arrangements.
- Papers and minutes for all committees to be brought up to date on the website and maintained in that way.
- Assess aspects of the arrangements established during the pandemic that have worked well and consider whether they will form part of arrangements for the longer term, such as virtual committee meetings.
- Building on the current established process develop guidance for the level of information required to be documented in the Decision Logs, particularly where a large number of items or expenditure is being approved in one decision. This can be used for future mobilisation of the process, in the event of potential future peaks.
- Consider whether any updated working practices, as a result of the pandemic, need to be reflected in future updates of standard operating process or financial control procedures.

- Consider whether the process of documenting and recording items of expenditure that required retrospective ratification, along with the reporting of value for money considerations be regularised into an agreed procedure to be used in the event of a future wave of they pandemic.

3. DETAILED REPORT

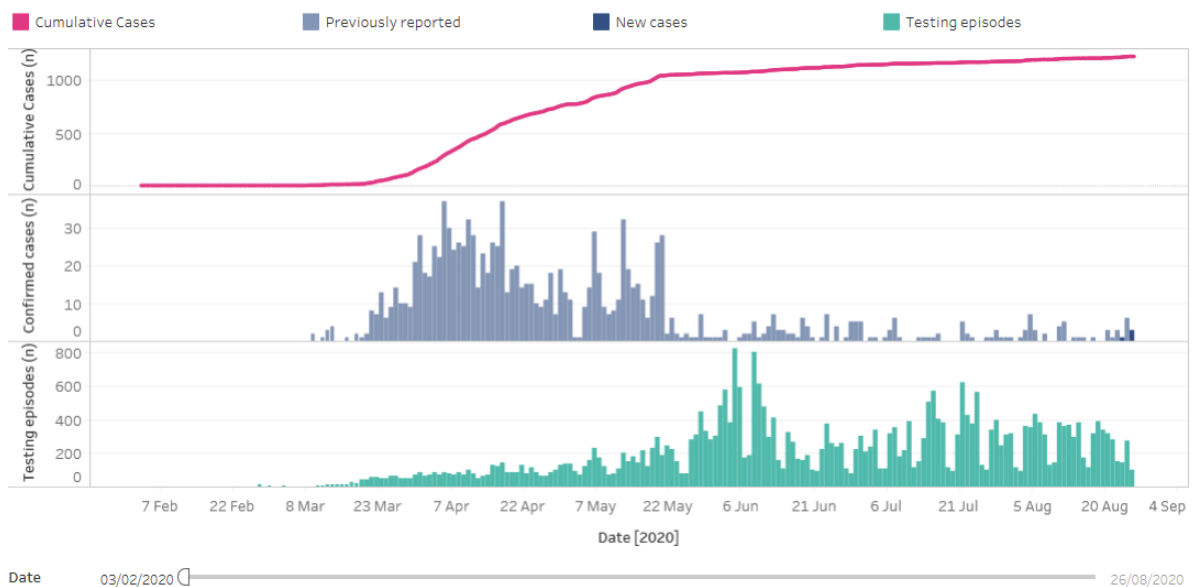
Context

In the period of a few weeks, during March and April, a rapid escalation of the pandemic impacted the Health Board. The graphs below illustrate the acceleration of the cases of Covid-19 within the Health Board's region.

The Health Board's response was driven during March by the modelling data provided by Welsh Government, with the data suggesting a hospital demand peak of over nineteen hundred patients at week thirteen of the predicted figures which was estimated to be mid-May.

As part of the Health Board's response it established nine field hospitals across the three counties, which would provide in excess of one thousand additional beds.

Daily charts



<https://public.tableau.com/profile/public.health.wales.health.protection#!/vizhome/RapidCOVID-19virology-Public/Headlinesummary>

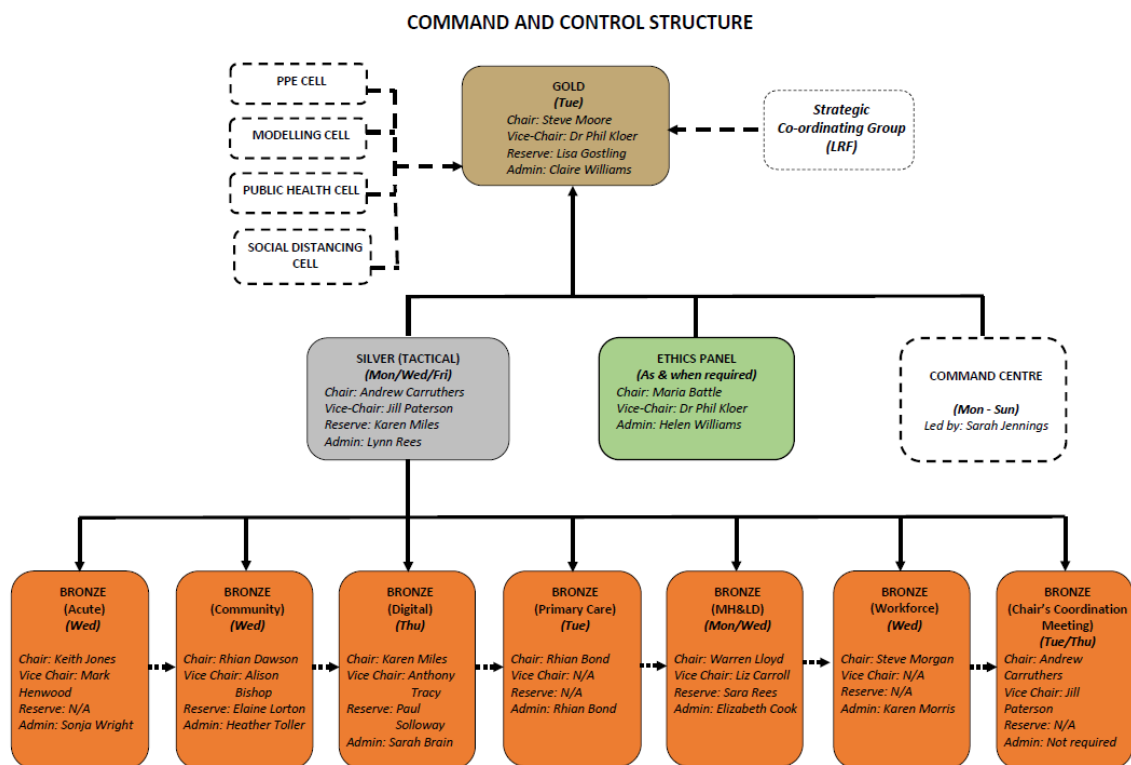
Command and Control Structure

The Health Board established a temporary hierarchy of command and control during March 2020 to progress actions and decisions during the outbreak. The structure had been kept under ongoing review, with updates made to ensure it continued to meet the needs of the Health Board in responding to the pandemic.

Overview of Temporary Governance Arrangements

Initial Command Structure arrangements were put in place during March, with Gold/Strategic, Silver/Tactical, and Bronze/operational groups established. The Chief Executive made changes to the initial arrangements, strengthening and clarifying the functions of the groups.

Further updates have been made during the period with Cells established for specific key issues such as PPE, and also groups have been established and stood down, along with changes to the frequency of meeting as things have developed. The Governance team supported Gold, Silver and acute bronze with minutes of meetings and action logs being maintained. The latest version of the command structure is shown below.



The levels of the Command and Control Structure were described in the papers to the Board as:

Strategic/Gold

The purpose of the Strategic/Gold Group is to take overall responsibility for managing and resolving an event or situation. Establishing a framework of policy within which tactical managers will work by determining and reviewing a clear strategic aim and objectives.

The Strategic/Gold Group has overall control of the resources of the Health Board and should ensure sufficient resources are made available to achieve the strategic objectives set, also considering the longer term resourcing implications and any specialist skills that may be required.

This level of management also formulates media handling and public communications strategies, in consultation with any partner organisations involved. The Strategic/Gold Group will also ensure the Health Board's image and reputation is safeguarded.

The Strategic/Gold Group will then delegate actions to the Tactical/Silver Group for them to implement a Tactical Plan to achieve the Strategic aims. All Strategic actions should be documented to provide a clear audit trail.

Tactical/Silver

Responsible for developing and implementing a Tactical plan to achieve the Strategic direction set by the Strategic/Gold Group and will be required to work within the framework of policy outlined at the Strategic level. This is essential to ensure a consistent and co-ordinated response within an ethical framework.

They provide the pivotal link between Strategic/Gold and Operational/Bronze levels. Tactical/Silver should oversee, but not be directly involved in, providing any operational response at the Operational/Bronze level.

Operational/Bronze

This level responds to events at the operational level as they unfold. The term Bronze refers to Operational teams who will manage the physical response to achieve the tactical plan defined by Silver.

Controlling the management of resources within their given area of responsibility. There may be several Bronze groups based on either a functional or geographic area of responsibility.

Ethics Panel

The purpose of the Ethics Panel (EP) is to provide ethics input into Health Board policy and guidelines, support health professionals with ethical issues arising within patient care and facilitate ethics education for health professionals and other Health Board staff. The EP will not provide legal advice; advise on research ethics or advise on specific issues of resource allocation.

The aim of the advice provided by the EP is to be consultative rather than prescriptive. Where advice is required before the next scheduled meeting of the EP, a sub panel can be convened by the Chair or Vice Chair to represent the EP. This sub panel must report to the full EP at the next scheduled meeting.

4. DETAILED FINDINGS

This section sets out the detailed findings of the review, under the headings of Strategic Governance, Financial Governance and Other Areas of Governance.

Strategic Governance

1. Board and committee meetings
2. Scheme of Delegation and decision-making arrangements
3. Risk management

Financial Governance

4. Annual accounts and reporting
5. Financial systems and processes
6. Covid-19 expenditure (revenue and capital)
7. Workforce
8. Budget and savings

Other Governance Areas

9. Partnership arrangements
10. Charitable funds
11. Information governance

Each section provides commentary on the adjusted governance arrangements put in place and considerations for the Health Board to take into account as it plans for potential further Covid-19 peaks in the future.

Where we consider it appropriate we have suggested areas which should be given greater priority.

Further considerations from our work across NHS Wales will be reported upon conclusion of these reviews.

Strategic Governance

4.1 Board and Committee Meetings

What we found

Our review identified the following:

- The Health Board quickly introduced revised working arrangements in order to ensure that the Board and meetings of key committees could continue to operate during the period of the pandemic. A command and control structure was also established at an early stage.
- A paper on maintaining Good Governance during Covid was first presented to the Board in April, with subsequent papers presented in May and July updating the Board.
- This first of these papers set out arrangements for how the Board and key committees would operate. It also outlined that certain committees, including the newly established People, Planning and Performance Committee Assurance Committee (PPPAC) would not initially meet, that the Mental Health Legislation Assurance Committee would be stood down temporarily and that Remuneration and Terms of Service Committee would only meet if required. The paper also provided details as to how assurance would be gained in these areas and the meetings between committee chairs and lead Executives. Briefings were provided to Independent Members following these meetings.
- The Good Governance papers presented to the Board have also set out the principles and ways of working for the Board, including a streamlined and focused agenda, monthly meetings and arrangements for the publication of papers and minutes. The paper included a small number of recommended amendments to Standing Orders for arrangements during the period e.g. changes to committee arrangements.
- The Board, Audit & Risk Assurance Committee and Quality, Safety and Experience Assurance Committee (QSEAC) and the Finance Committee continued to operate during the period of the pandemic.
- The Board and committee meetings were soon adapted to take in to account social distancing requirements. The meetings became virtual/ semi-virtual with a combination of members and attendees at headquarters and others joining the meeting though virtual means

through skype or the roll out of Teams software. Board members, committee chairs and attendees adapted to the virtual way of working, after initial challenges experienced, with additional technology and support provided. Some challenges with the technology have been experienced over the period.

- The health board decided that in order to continue to make meetings accessible to the public, meetings would be recorded and made available through the website. More recently, they have been live streamed with the public gaining access through a link on the website. This was actively promoted via the website and social media. The health board had been live streaming Board meetings for some time prior to the pandemic and wished to continue with a process that facilitated the continuation of this.
- Regular briefings from both the Chief Executive and Chair with Independent Members took place to ensure an understanding of key issues. There was also an opportunity for IMs to discuss these issues without any Executives present.
- The Audit and Risk Assurance Committee continued to meet during the period and considered required items including all year end reports as well as COVID expenditure and orders.
- Quality, Safety and Experience Assurance Committee (QSEAC) moved to meet monthly alternating the agenda around normal business and COVID specific business each month.
- The Finance Committee met on a monthly basis during the period to maintain oversight of the financial position and financial governance.
- The Board received a paper on the response to COVID-19 at the April Board and at subsequent meetings. The papers have set out details on the operational response to key aspects and challenges in dealing with the pandemic.
- The Board has received papers in order to approve and ratify decisions made in response to the pandemic, as well as papers on financial governance and value for money considerations.
- The June Board considered papers relating to the annual reporting cycle including the financial statements and annual governance statement.

- The Health Board has established an Ethics Panel - to provide specific input into policy and guidelines, support health professionals with ethical Issues arising within patient care, and facilitate ethics education for health professionals and other Health Board staff.
- The Board at its April Meeting received a paper on managing recommendations from auditors, regulators and inspectors. The Board received an update on this at its July meeting.
- Board papers are available on the website in advance of the meetings and also minutes have been added to the papers for the April and May meetings within seven days of the meetings.
- The newly established People, Planning and Performance Assurance Committee (PPPAC) met for the first time at the end of June. In the interim the committee chair met with the lead Executive Directors on a fortnightly basis to look at key issues and ongoing actions, with the Board also looking at performance related matters during this time.
- The new Health and Safety Assurance Committee met for the first time in May and met again in June.
- Discussion took place at the July Board meeting regarding the re-establishment of the Mental Health Legislation Committee from September.
- At an early stage in its pandemic response plan, the Health Board established a Central Command Centre to act as a central coordinating point for a number a key aspects including all enquiries regarding COVID-19 and to receive and disseminate all policy and guidance received.
- A Transformation Steering Group has been established to learn from the pandemic and help transform services for the future.
- At the time of our review a small number of committee papers could not be located on the UHB website, in order to be accessible for the public. These included papers for the Finance Committee, QSEAC and the new PPPAC. We were informed that this was due to difficulties with the new website.
- From the series of interviews undertaken as part of the review, the overall balance of views was that the governance process established during the pandemic had worked well, during what were challenging

circumstances and that aspects could be maintained in the longer term such as virtual meetings.

- Similarly from the interviews, it was felt overall that arrangements for virtual meetings, recording and streaming of Board meetings had been effective. It was also felt that, once the virtual meetings process had settled in and members and attendees became accustomed to it, the meetings became an effective way of working and an efficient use of time.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Developing a protocol pack for future events that require similar arrangements, to swiftly implement the required measures. For example, building on approved procedures currently in place within the Health Board formally review and re approve establish meeting etiquette, membership, platform to use, meeting arrangements.
- Papers and minutes for all committees to be brought up to date on the website and maintained in that way.
- Assess aspects of the arrangements established during the pandemic that have worked well and consider whether they will form part of the arrangements for the longer term, such as virtual committee meetings.

4.2 Scheme of Reservation and Delegation (SoRD) and Decision Making Arrangements

What we found

Our review identified the following:

- It was reported to the Board that the overall Scheme of delegation was not being amended, this included the matters the Board reserves for its own decision.
- Arrangements were put in place for Chair's actions if this was required. These arrangements were described in the maintaining good governance paper to the Board.

- The Director of Finance and Board Secretary wrote to budget holders in April reiterating that whilst some flexibility had existed in the early weeks of the pandemic, there was still the requirements to operate within their delegated limits.
- In respect of COVID 19, the decision making process was undertaken through the Command Structure. The Command Structure was required to operate within the existing Standing Orders, Standing Financial Instructions and limits, with decisions referred to the Board to be ratified or approved.
- We identified that papers were presented to the Board highlighting a range of actions taken during the period and asking for these to be reviewed and ratified. In addition, papers on VFM considerations and any expenditure outside of SFIs were reported to the Finance Committee, ARAC and the Board.
- The Command and Control structure roles are identified as Gold the "What", Silver the "How", and Bronze the "Do it".
- Agendas and minutes were available for the Gold and Silver functions through the IBABs system. Decision and action logs are maintained for each level of the command structure.
- We reviewed a sample of decisions from the Gold and Silver logs and found that these were supported by papers setting out the information and evidence and required recommendations, and were recorded within the minutes.
- From a review of the decisions and actions logs within the Command Structure, it was seen that the level of detail in some cases was limited and may have benefited from a more detailed explanation, it recognised that the Gold Group discussed and agreed the content of the decision log. However, it is noted that detail is available with the minutes and supporting papers.
- The minutes and logs were also made available for Independent Members to view, through a resource centre within the electronic board paper system.

What could be done differently in the future

We advise that priority should be given to considering the following:

- Building on the current established process develop guidance for the level of information required to be documented in the Decision Log may be helpful, particularly where a large number of items or expenditure is being approved in one decision. This can be used for future mobilisation of the process, in the event of potential future peaks of the pandemic.

4.3 Risk Management

What we found

Our review identified the following:

- The Health Board's approach for managing corporate and operational risks during the pandemic was set out in a paper to the Board at its April meeting.
- An update on the arrangements was given in a paper reported to the Board in July on managing corporate risks. This paper highlighted to the Board new risks added to the corporate risk register, risks that have been closed or de-escalated, changes in the risk score and the reasons for these changes to the risk levels. The paper included an updated version of the corporate risk register.
- From our review was evident that the Health Board continued with a process of risks being regularly reviewed and updated through discussion and liaison with Executive Directors and service areas. A review of existing corporate risks has been undertaken by the Health Board to assess the implications the pandemic has had on responding to them.
- Initially, only a small number of broad COVID-19 risks were included on the corporate risk register. Subsequently, a broader range of risks were identified, assessed and added to the corporate risk register in relation to different aspects of the impact of COVID.
- The Quality Safety and Experience Assurance Committee regularly received papers in relation to COVID-19 and non COVID-19 risks. A discussion at one meeting did highlight the need for the consideration of a broader range of risks.
- The Finance Committee has considered specific papers on corporate and operational financial risks, as well as papers on risk issues and those identified within the financial performance reports.

- Risks assigned to PPPAC were reviewed at its inaugural meeting in June.
- From a review of papers from meetings of the groups within the command structure it was evident that papers on individual risks were considered.
- It was noted that the Health Board had not implemented a specific COVID risk register, as had been seen at a number of other organisations. The Health Board continued to manage the risks through the existing corporate and operational risk registers. From discussion with the Health Board it was highlighted that they had considered the approach taken by other organisations and felt that the existing approach represented an effective approach to managing the risks.
- It was identified that a risk register had not been adopted through the levels within the Command Structure, although discussion and papers on individual risks were evident.

What could be done differently in the future

There are no key considerations to raise for the future

Financial Governance

4.4 Annual Accounts and Reporting

What we found

Our review identified the following:

- The production of the annual accounts process was managed effectively. The Health Board worked to the original accounts production timetable, with draft accounts submitted to ARAC at its May meeting and final accounts at the June Meeting.
- The annual accounts were produced effectively to the required deadlines, with staff working remotely.
- Audit Wales did not observe any significant issues in the audit of the draft accounts.
- The Annual Governance Statement was produced within the required timescales and complied with Welsh Government guidance.

What could be done differently in the future

There are no key considerations to raise for the future.

4.5 Financial Systems and Processes

What we found

Our review identified the following:

- A range of Financial Control Procedures (FCPs) are in place within the Health Board. These were not updated as a result of the pandemic. These procedures are available to Finance staff and in addition, Finance staff have access to local system and standard operational procedures and written instructions.
- A paper produced within the Finance Directorate set out some changes to the process for setting up codes and costs centres for COVID-19.

- Remote working was introduced within the Finance department as a result of the pandemic, enabling staff to continue working effectively.
- In order to ensure expenditure could be separately identified a number of specific COVID-19 cost centres were established, with specific linkage to the Oracle approval limits.
- A letter was issued from the Director of Finance and Board Secretary in April, to budget holders, with regards to financial control and governance.
- A process was developed to record and collate retrospective decisions. Finance Business Partners were able to consolidate decisions and commitments made in the early weeks of the pandemic in order that they could be subject to ratification and approval.
- The Director of Finance developed a Value for Money framework and reporting framework for Financial Governance and Value for Money considerations.
- The Welsh Risk Pool issued a guidance document setting out the indemnity arrangements for Health Boards in Wales noting that existing schemes operating within Wales, including the General Medical Practice Indemnity Scheme, NHS Indemnity and the Welsh Risk Pooling arrangements extended to the provision of care to patients who are diagnosed with, or suspected to have, COVID-19.
- The Finance Directorate had a significant involvement in the process for the management and control of PPE. During March 2020 a critical list of specialist PPE was identified and moved to a centralised control process. At each of the four hospital locations within Hywel Dda, a PPE hub was created. The hubs were originally staffed with personnel from Finance. Due to increasing finance related activities, Finance staff have commenced handing over the management of the hubs to appropriate personnel based at each of the locations.
- There were no losses or write offs made during the period covered by this review.
- We were unable to identify a detailed business continuity plan for the Finance Department in line with the Health Board's policy.
- Counter fraud have continued to receive requests for advice and have been proactive in their approach with key departments.

- The Counter fraud team have remained operational and contactable during the COVID-19 pandemic period.
- Referrals and requests for advice have continued to be received. The lead LCFS felt there had been a small reductions in referrals.
- Counter fraud have continued to undertake their work, both proactive and investigations. The pandemic restrictions have had an impact, on certain matters such as the ability to undertake interviews. Reports have continued to be submitted to ARAC during this period, including the Annual Report in June 2020.
- Fraud risks have been considered following the issue of national guidance on key areas such as procurement, recruitment, primary care. A fraud risk paper was submitted to the in-committee session of ARAC in June 2020.

What could be done differently in the future

We advise that priority should be given to considering the following

- Consider whether any changes in working practices as a result of the pandemic need to be reflected in future updates of standard operating process or financial control procedures.

We suggest the following consideration as the organisation looks forward:

- Development of a Finance Directorate Business Continuity Plan in line with the Health Board's policy.

4.6 Covid-19 Expenditure (Revenue and Capital)

What we found

Our review identified the following:

- The Finance Committee has met on monthly basis during the period of the pandemic, receiving papers on key matters including Financial Governance and VFM considerations.
- The Health Board's approach to Financial Reporting and Financial Forecasting was set out in a report submitted to the Finance Committee in May. The report described the arrangements for the

internal and external reporting and forecasting of the financial implications arising from the response to the COVID-19 pandemic.

- The Finance Committee at the April meeting received a report from the Director of Finance setting out how the Health Board was responding to the pandemic in terms of financial management and governance. It included the process the UHB had established in terms of its approach around procurement and the process for the regularisation of expenditure.
- The Director of Finance reported to the May Finance Committee setting out details of staff recruited during the COVID -19 recruitment process, and details of orders over £25k. The papers also set out details of orders raised over £25k but not received and the work being undertaken to review these. Also included within in the paper was a decision log for COVID-19 pays costs.
- A report to the Board in May set out the work undertaken to ensure expenditure incurred has been regularised within the Health Board's scheme of delegation and requesting approval of the expenditure based on the scrutiny already provided by the Finance Committee and the approval by Gold Command.
- The audit identified that the expenditure on additional staffing was approved by the Gold Strategic group on 18 May. It could be seen that this was recorded in the minutes of that meeting and on the decision log. This could be tracked as being reported to the Finance Committee in May for scrutiny and the to the Board meeting on 28 May for approval.
- The audit identified that the Health Board had adopted a Retrospective Decision-Making Record to capture instances where managers, during the early weeks of the repose to the pandemic, had to make decisions or commitments which would not normally be allowable under Health Board SO's, SFI's and Scheme of Delegation.
- A report on COVID-19 Single Tenders Actions was reported to ARAC in May 2020 for Review. The report provided a schedule of orders over £25k that required retrospective Single Tender Action for review.
- The Financial position was reported to the Finance Committee each month. The papers documented the latest position, with year to date variance by Directorate, Covid 19 costs per directorate, spend against key subjective and savings profiles.

- The Health Board have completed monitoring returns to Welsh Government in the format required for capital during 2019/20 and 2020/21.
- A paper was reported to the Finance Committee in April setting out the position in relation to Capital Finance and then a further paper was presented in July.
- From testing a sample of financial commitments it was possible to track broad overall approval through the decision logs as part of a group of financial commitments, although individual approval was not identified for each separate commitment.

What could be done differently in the future?

We advise that priority should be given to considering the following:

- Building on the current established process develop guidance for the level of information required to be documented in the Decision Log may be helpful, particularly where a large number of items or expenditure is being approved in one decision.
- Consider whether the process of documenting and recording items of expenditure that require retrospective ratification along with the reporting of value for money considerations be regularised in to an agreed procedure in the event of a future wave of they pandemic.

4.7 Workforce

What we found

Our review identified the following:

- A large-scale rapid recruitment campaign was undertaken to recruit additional staff in order to respond to the increase in demand placed upon healthcare services resulting from the COVID-19 pandemic.
- A Recruitment Strategy paper was presented to the Gold Strategic Group in March. The paper set out the anticipated increase in demand for certain key roles, particularly for Health Care Support Workers, Porters, Domestic, Catering and Laundry staff. This included the predicated numbers based on different bed number scenarios. The

paper also set out the type of contract being offered, with these being Bank with flexible hours, 3 month and 6 month contracts.

- The paper documented the proposed process for attracting, selecting, assessing, appointing and inducting the additional staff, along with key risks for the different elements of the strategy.
- The minutes of the Gold group meeting on 23 March documented the discussion with regard to the recruitment process, with certain actions recorded and agreement noted. The approval could not be tracked to the decision log. However the process for the Gold log changed at this point to using a similar approach to the Silver and Bronze and being monitored by the governance team.
- The need to rapidly recruit staff and the requirement to change, suspend or scale back a number of workforce procedures was reported to the Board in the '*Responding to the Covid-19 Pandemic*' paper submitted to the Health Board on 16 April.
- A small sample of staff recruited through the rapid recruitment exercise were tracked the system, providing assurance that the process had been followed appropriately.
- A database was in place to record staff movement / redeployment, although we were informed that this was not fully updated with all movements across hospital sites.
- The Health Board has put in place a number of workforce risk assessments, as well as guidance for staff during the pandemic period.
- A number of new workforce risks have been identified during the period and these have been highlighted in a paper to PPPAC.
- The Health Board's approach to managing and maintain nurse staffing levels has been reported to QSEAC and the Board.
- The Director of Workforce and Organisational Development reported to the inaugural meeting of the PPPAC in June providing assurance on a number of key areas, including the introduction of the Staff Psychological Well Being Support Service, the robustness of the recruitment process put in place for the rapid recruitment exercise, engagement with trade unions, and measures put in place to support its workforce during the pandemic.

What could be done differently in the future

We suggest the following consideration as the organisation looks forward:

- Assess learning from the recruitment process to establish if that can enhance the efficiency of the routine process for the future.
- Ensure there is a fully updated record of staff movement / redeployments.

4.8 Budget and Savings

What we found

Our review identified the following:

- An opening budget letter was issued to budget holders for 2020/21 from the Chief Executive, highlighting the opening budget for the year but also setting out that this was different from the usual accountability letter and reflecting that this budget did not reflect any decisions made as part of the response to COVID-19.
- A financial plan was developed for 2020/21, however this highlighted a planned financial deficit.
- The financial position has continued to be reported to the Finance Committee each month during the pandemic, with the reports highlighting the current position, with year to date variance by Directorate, COVID-19 costs per directorate, and spend against key subjective codes, again split by COVID and non-COVID spend.
- The financial position is reported including only confirmed funding, with no assumed funding built in to the position.
- The savings position is also reported on a monthly basis highlighting the risks to the achievement of savings targets.

What could be done differently in the future

There are no improvements identified.

Other Governance

4.9 Partnership Arrangements

What we found

Our review identified the following:

- The UHB undertook considerable work with Care homes to develop a Risk and Escalation Policy which included protocols for implementation to manage risks associated with the impact of COVID 19. A paper was presented to the Board in May outlining the measures put in place.
- The UHB has continued to work with the Community Health Council, and they were included at board development sessions. The UHB has also supported them with technology for the virtual meetings.
- The UHB has extensively worked with each of the three local authorities with regards to the development of the field hospitals across the three counties.
- The Director of Workforce and Organisational Development maintained regular liaison with trade unions through bi-weekly meetings. A virtual Staff Partnership Forum took place in June 2020 with a view of continuing this on a monthly basis.
- The Chair, following liaison with Black Asian and Minority Ethnic (BAME) staff and key individuals from the wider community is establishing a UHB BAME advisory group.

What could be done differently in the future

There are no improvements identified.

4.10 Charitable Funds

What we found

Our review identified the following:

- Robust processes continued to operate during the pandemic in regard to charitable fund donations, expenditure and fundraising.

- Guidance was issued to employees, via the global emails, that charitable funds, including the NHS Charities Together 'COVID-19 Urgent Appeal Grant Scheme fund, were available to services and teams to access and utilise.
- The mechanism for grant funding application and expenditure was developed by the Finance Department and the Health Board Health Charities Team including the identification of acceptable expenditure criteria and the approval procedure.
- As part of the Charitable Funds Audit undertaken testing of a sample of COVID-19 expenditure items selected from the retained spreadsheet managed by the Health Board Health Charities Team confirmed the adequacy of the recently introduced process.
- A Just Giving page was established to assist with the management of donations.
- The Health Board's Command Centre has co-ordinated donations to the Health Board.

What could be done differently in the future

We suggest the following consideration as the organisation looks forward:

- Updating policy to include the expenditure of grant funds and the receipting and handling of donated assets (highlighted in separate Internal Audit Report).

4.11 Information Governance

What we found

Our review identified the following:

- Information Technology (IT) and Information Governance (IG) teams produced guidance bulletins on issues such as working from home, and the advantages / risks of video conferencing solutions and the use of MS Office 365.
- There has been communication around IG and Cyber issues through the Health Board, with links visible through the command structure for IG and Cyber. There was also evidence of communication at a national level.

- Guidance and controls have been implemented to address emerging risks in relation to COVID-19.
- There is evidence of changes to practices which included input from IG and Cyber.
- The Health Board does not have any dedicated Cyber resources / team (this has been highlighted previously in an Internal Audit Report and it is noted that this is now being progressed by the Health Board).
- The IG team have been involved in the governance arrangements for the Field Hospitals, testing sites and Test, Trace, Protect which has included carrying out Data Protection Impact Assessments, risk assessments and developing Information Sharing Protocols.
- There have been no specific changes to Cyber Security as a result of COVID-19.

What could be done differently in the future

We suggest the following consideration as the organisation looks forward:

- Additional specific guidance in relation to staff working at home including, the need to maintain privacy when using video conferencing and the storage of any hard copy documents.

Appendix One – Guidance, Principles and Scope

Guidance and Principles

In its response (dated 26 March 2020) to a letter received on behalf of the Board Secretaries Group, Welsh Government agreed the Governance Principles (the 'Principles') that are designed to help focus consideration of governance matters.

The Principles are:

- public interest and patient safety;
- staff wellbeing and deployment;
- governance and risk management;
- delegation and escalation;
- departures from existing policies and processes;
- one Wales (acting in the best interest of the whole of Wales); and
- communication and transparency.

In particular, the Welsh Government reiterated the importance of continuing the role of both the Audit Committee and the Quality and Patient Safety Committee during the Covid-19 outbreak, in supporting the Board with discharging its responsibilities.

Further detailed guidance was issued regarding financial governance in Covid-19 Financial Guidance to NHS Wales' Organisations and the Covid-19 Decision Making and Financial Governance Letter from Welsh Government dated 30th March 2020.

Scope of this Advisory Review

The advisory review assessed the adequacy and effectiveness of internal controls in operation during the Covid-19 outbreak, with particular regard to the Principles set out by the Welsh Government regarding maintaining financial governance.

This review focused on the following Principles:

- governance and risk management;
- delegation and escalation; and
- departures from existing policies and processes.

In particular, we undertook interviews and review of documentation:

- to ensure that appropriate key decisions are made through the revised management arrangements, with risk, impact and value for money adequately assessed;
- to confirm that the (revised) Scheme of Delegation and escalation requirements are adhered to;
- to ensure appropriate oversight and scrutiny remains by the Board over applicable matters – for example, the risk appetite level set;
- to ensure that departures from existing standards, frameworks, policies and procedures are appropriately documented and reviewed regularly, but still in accordance with the Principles; and
- to determine if the command structure established (i.e. Gold, Silver and Bronze) is appropriate – for example, achieving the Principles set out by the Welsh Government.

In our interviews with Board Members we discussed the remaining Principles and where appropriate commentary on those is include in the detail of this report.

The potential risks considered in this review are as follows:

- decisions are not completed in the best interest of the public;
- statutory requirements are not met;
- inappropriate expenditure and financial commitments;
- insufficient scrutiny of the risks associated with each key decision;
- the Welsh Government Principles are not adhered to; and
- inappropriate governance arrangements.

As this is an advisory review, the assignment is not allocated an assurance rating, but we have suggested some considerations for the future, should temporary governance arrangements be required in response to further peaks in the future.

Appendix Two – What we did

We undertook the following review activity:

- Interviewed the following:
 - Chief Executive;
 - Board Secretary (and the Head of Assurance & Risk and Assistant Director of Corporate Legal Services and Public Affairs);
 - Executive Director of Finance (and the Assistant Director - Value Based Health Care and Senior Finance Business Partner);
 - Executive Director Of Workforce & Organisational Development;
 - Executive Director of Nursing Quality & Safety (and the Assistant Director of Nursing and Assistant Director of Nursing, Quality & Safety)
 - Chair of the Health Board;
 - Vice Chair Of Health Board;
 - Chair of the Audit & Risk Assurance Committee;
 - Chair of the Quality Safety & Experience Assurance Committee and
 - Chair of the People, Planning and Performance Assurance Committee.

In addition to those noted above in the formal interview list, additional staff within the Finance and Workforce and Organisational Development Directorates were contacted in relation to specific aspects of the Audit.

Further to this, staff within the Charity and Fund Raising team and the Governance team were contacted as part of the additional Internal Audits being undertaken during the same period.

Information was provided by the Assistant Director Informatics, Head of IT and Head of Information Governance.

Discussions also took place with the Lead Counter Fraud Specialist.

As a part of the agreed approach regular liaison took place as well as the sharing of information with the Performance Audit Lead from Audit Wales.

- Reviewed papers presented to the Board on maintaining Good Governance during the pandemic, including Board and Committee arrangements as well as the Command and Control Structure.

- Reviewed agendas, papers, and minutes of the:
 - Board
 - Audit & Risk Assurance Committee
 - Quality Safety & Experience Assurance Committee
 - Finance Committee
 - People Planning Performance Committee (30 June meeting)
- Reviewed the availability of Board and Committee papers available through the Health Board's internet site.
- Reviewed papers to Board on Responding to the Pandemic.
- Reviewed the paper to the Board on Financial Governance and Value for Money Considerations.
- Reviewed the paper to the Board on the management of corporate and operational risks.
- Reviewed the risk registers for Covid and non-Covid risks.
- Reviewed papers to the Board regarding the management of recommendations from auditors, inspectors and regulators.
- Considered the Scheme of Delegation arrangements, as well for Standing Orders and Standing Financial Instructions
- Reviewed the command and control structure for managing Covid arrangements.
- Reviewed the papers / documentation / logs from the command and Control Structure.
- Selected a sample of decisions from each of the Gold and Silver Decision Logs for review.
- Considered the Authorised Signatory arrangements.
- Reviewed arrangements for reporting of the annual accounts.
- Reviewed arrangements for reporting of the Annual Governance statement and Accountability Report.
- Reviewed Financial Reports including those to the Finance Committee covering the financial position, financial risks and savings.
- Considered arrangements for new cost centres created for Covid expenditure.
- Considered arrangements for expenditure, reporting, approval and retrospective approval arrangements.
- Considered arrangements for the management and control of PPE.
- Considered indemnity arrangements within the Health Board.
- Considered arrangements for the rapid recruitment process.
- Reviewed arrangements for starters as a result of the rapid recruitment process.
- Discussed arrangements for working with key partners,
- Considered capital project information, including expenditure incurred and the approval and reporting process.
- Reviewed charitable funds arrangements as part of a separate Internal Audit.

- Reviewed arrangements for Declaration of Interests, Gifts and Hospitality through part of a separate Internal Audit.
- Observed the Finance Committee.
- Viewed Board Meetings.
- Reviewed information relating to Information Governance Arrangements.
- Considered information in relation to Local Counter Fraud Arrangements.

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