

Audit & Risk Committee

Committee Annual Report 2021-2022

AUDIT & RISK COMMITTEE ANNUAL REPORT 2021-2022

1. FOREWORD

I am pleased to be able to commend to you this annual report, which has been prepared for the attention of the Board and reviews the work of the Committee for the financial year 2021-2022.

I would also like to take this opportunity to extend my thanks as follows;

- to Ian Wells, Independent Member, for stepping in to the Chairs role for the December 2021 meeting:
- to Jayne Sadgrove for stepping in to the Chairs role for the February 2022 meeting.
- to James Hehir for attending the February 2022 meeting to ensure the meeting remained quorate in the absence of myself as Chair and Ian Wells as Vice Chair.

Furthermore, I would like to express thanks to Maria Thomas for the contribution she made to the Committee during the first part of 2021 prior to her departure from the Health Board and to Carolyn Donoghue who became a member of the Committee in October 2021.

I would like to recognise the significant commitment of all the officers of the Committee who have supported and contributed to the work carried out and for their continued dedication in meeting important targets and deadlines. I also wish to record my appreciation for the support and contribution given by the Internal Audit team at the NHS Wales Shared Services Partnership (NWSSP), by Audit Wales and Local Counter Fraud Services.

Going forward, the Committee intends to continue to pursue a full programme of work covering a wide range of topics and subject areas as part of its long term aim to help further strengthen the governance arrangements of the Health Board.

Patsy Roseblade
Chair of the Audit & Risk Committee
Cwm Taf Morgannwg University Health Board (CTMUHB)

2. INTRODUCTION

The Committee's business cycle runs from the closure of the Annual Accounts in one financial year to the next. This reflects its key role in the development and monitoring of the Governance and Assurance framework for Cwm Taf Morgannwg University Health Board (CTMUHB), which culminates in the production of the Accountability Report including the Governance Statement.

The Terms of Reference for the Committee were reviewed and were formally approved by the Board in November 2021.

Members will be aware that all papers relating to the Committee (unless closed or 'in-committee') are available on the Health Board [website](#).

This report sets out the role and functions of the Audit & Risk Committee and summarises the key areas of business undertaken during the year. In addition, the report sets out some of the key issues, which the Committee will be focussing on over the next few years.

3. ROLE, MEMBERSHIP, ATTENDEES AND COMMITTEE ATTENDANCES

3.1 ROLE

The role of the Committee is to advise and assure the Board on whether there are effective arrangements in place – through the design and operation of the Health Board system of assurance – to support it in its decision taking and in discharging the accountabilities for securing the achievement of the Health Board objectives in accordance with the standards of good governance determined for the NHS in Wales.

The Organisation's system of internal control has been designed to identify the potential risks that could prevent Cwm Taf Morgannwg UHB achieving its aims and objectives. It evaluates the likelihood of the risks being realised, considers the impact should they occur, and seeks to manage them efficiently, effectively and economically. Where appropriate, the Committee will advise the Board and the Accountable Officer on where, and how, the assurance framework may be strengthened and developed further.

The Committee's Terms of Reference are reviewed annually and are included within the Standing Orders for the Cwm Taf Morgannwg UHB.

3.2 MEMBERSHIP

The membership of the Audit & Risk Committee comprises of four Independent members, enabling the Committee to provide appropriate scrutiny and assurance to the Board independently of the management decision-making processes.

A summary of the Independent membership during 2021-2022 is outlined in table 1 below:

Table 1 – Composition & Membership of the Audit & Risk Committee Apr 2021-March 2022

Name	Period
Members	
Patsy Roseblade (Committee Chair) Independent Member	Apr 2021 – March 2022
Maria K Thomas Vice Chair / Independent Member	Apr 2021 – May 2021
Jayne Sadgrove Vice Chair/Independent Member	Apr 2021 - March 2022
Ian Wells Independent Member/ WHSSC Audit Lead	April 2021 – March 2022
Carolyn Donoghue Independent Member	October 2021 – March 2022
Executive Members	
In addition to the members, the following also attended Committee meetings during the 2021-2022:	
Director of Corporate Governance / Board Secretary	
Executive Director of Finance & Procurement	
Representatives of Internal Audit & Assurance (NHS Wales Shared Services Partnership)	
Representatives of External Audit (Audit Wales)	
Local Counter Fraud Specialist (LCFS)	
Health Board Chair and Chief Executive (Accounts meeting only)	
Chair and Managing Director of NHS Wales Specialised Services Committee	
Chief Ambulance Services Commissioner	
Other Executive Directors and senior staff as required for specific agenda items.	

3.3 ATTENDEES

The Committee's work is informed by reports provided by Audit Wales, Internal Audit, Local Counter Fraud Services and CTMUHB personnel. Although they are not members of the Committee, auditors and other key personnel are expected to attend each meeting of the Audit & Risk Committee. Invitations to attend the Committee meeting are also extended, where appropriate and on an 'ad hoc' basis, to specific staff when reports which relate to their specific area of responsibility are being discussed by the Audit & Risk Committee.

3.4 ATTENDANCE AT AUDIT COMMITTEE 2021-2022

During the year, the Committee met on seven occasions, one of which (17 May 2021) was devoted to scrutiny of the Draft Annual Accounts. All meetings were quorate and were well attended as shown in Table 2 below:

Table 2 - Meetings and Member Attendance 2021-2022

In Attendance	13 April 2021	17 May 2021	9 June 2021	17 Aug 2021	4 Oct 2021	7 Dec 2021	24 Feb 2022	Total
Committee Members								
Patsy Roseblade Committee Chair/Independent Member *Absent due to personal reasons	✓	✓	✓	✓	✓	X *	X *	5/7
Maria Thomas – Vice Chair /Independent Member	✓	✓						2/2
Jayne Sadgrove – Independent Member	✓	✓	✓	✓	✓	✓	✓	7/7
Ian Wells – Independent Member	✓	✓	✓	✓	✓	✓	x	6/7
Carolyn Donoghue – Independent Member					x	✓	✓	2/3
James Hehir Independent Member							✓	1/1

4. AUDIT COMMITTEE BUSINESS

The Audit & Risk Committee provides an essential element of the Health Board's overall assurance framework. It has operated within its Terms of Reference in accordance with the guidance contained within the NHS Wales Audit Committee Handbook.

As a result of the Covid-19 Pandemic, a Consent agenda approach was adopted across all Board and Committee meetings during 2020. This enabled a number of reports to be received by Members for approval/noting, with an opportunity provided to Members to raise questions against these items in advance of the meeting.

The Audit & Risk Committee agenda broadly followed a standard format, comprising of specific sections, which are outlined below:

4.1 Main Areas of Audit & Risk Committee Activity – Part 1

The agenda for each meeting followed a standard format, broken down into the following 6 main parts:

1. Preliminary Matters

This included the apologies for absence, welcome and introductions and declarations of interest.

2. Consent Agenda for Approval/Noting

The following written reports were received by the Audit & Risk Committee and considered accordingly:

- Unconfirmed Minutes;
- Action Log;
- Committee Annual Cycle of Business;
- Forward Work Programme;
- Clinical Audit Forward Plan 2020/2021;
- Declarations of Interest/Gifts and Hospitality Report;
- Losses and Special Payments Report;
- Audit Enquiries Letter to those Charged with Governance;
- Clinical Audit Forward Plan 2021 – 2022;
- Clinical Audit & Effectiveness Policy and Strategy;
- Procurements and Scheme of Delegation Report;
- Outcome Report - Audit & Risk Committee Effectiveness Survey;
- CTMUHB ISO14001 External Audit Report;
- Audit & Risk Committee Annual Report 2020/2021;
- ISO14001 External Environmental Audit Report;
- Audit & Risk Committee Terms of Reference;
- Model Standing Financial Instructions;
- Six Monthly Progress Report Consultant Job Planning;
- Internal Audit Review into Medical Rostering - Progress Report;
- Amendment to the Standards of Behaviour Framework Policy -
Declarations of Interest;

- Annual Report Timetable

It is important to note any member of the committee can request that an item planned for the consent agenda can be moved to the main agenda for discussion.

3. Main Agenda

4. Internal Audit

NHS Wales Shared Services Partnership are the appointed Internal Auditors to the Health Board and provide an update on progress against the internal audit annual plan of business at each meeting together with finalised reports for each area that was subject to audit.

Each report contained an assessment on the level of assurance provided. Follow-up action was agreed for recommendations raised, which informed future audit plans.

5. External Audit

Audit Wales provide an Audit Position Statement at each meeting, summarising progress against its planned audit work.

6. Internal Control and Risk Management

The following reports were received for discussion:

- Post Payment Verification Annual Report;
- Audit Recommendations Tracker;
- Organisational Risk Register;
- Counter Fraud Update;
- Procurement and Scheme of Delegation Report;
- Internal and External Audit Reports with completed management action plans
- Internal Audit Report – Prince Charles Hospital Development Agreed Integrated Audit Plan 2021/2022;
- CTMUHB – Draft Annual Report including Accountability Report, Remuneration and Staff Report, Performance Report 2020-2021;
- WHSSC Draft Annual Governance Statement 2020-2021;
- EASC Draft Annual Governance Statement 2020-2021;
- National Imaging Academy Governance Compliance Statement;
- Head of Internal Audit Opinion and Annual Report 2020-2021;
- CTMUHB Draft Accounts 2020-2021 - **Draft Subject to Final Audit Review**;
- WHSSC and EASC Draft Accounts 2020-2021;
- Model Standing Orders and Standing Financial Instructions;
- Post Payment Verification Progress Report;
- Audit Wales (AW)/Healthcare Inspectorate Wales (HIW) Follow-Up Review of Quality Governance (May 2021) – Management Action Plan;
- Integrated Locality Group Risk Register Discussion – Presentations from Rhondda Taf Ely and Bridgend;
- JAG Accreditation Progress Report;

- Clinical Audit Assurance Framework;
- Post Payment Verification Report - Mid Year Update;
- Audit & Risk Committee Annual Self-Assessment;
- Legislative Assurance Framework – Development Update - Verbal Update;
- Internal Audit All-Wales Summary Report Estates Assurance – Control of Contractors;
- Internal Audit All-Wales Summary Report Estates Assurance – Fire Safety;
- Internal Audit All-Wales Summary Report Estates Assurance – Water Management;
- Losses and Special Payments report

4.2. MAIN AREAS OF AUDIT COMMITTEE ACTIVITY – PART 2 HOSTED BODIES

The organisations hosted by the Health Board are the Welsh Health Specialised Services Committee (WHSSC), the Emergency Ambulance Services Committee (EASC) and the National Imaging Academy for Wales (NIAW).

In December 2021, the Audit & Risk Committee Part 2 Hosted Bodies, approved the CTMUHB Hosting Assurance Framework, which captured the reporting requirements in relation to hosting where it is stated that the Health Board will convene and Audit & Risk Committee not less than four times a year, to consider matters relating to the hosted organisations.

Regular, standing agenda reporting to the CTMUHB Audit & Risk Committee for Hosted Organisations include;

- Internal and External Audit Plans
- Internal and External Audit Reports with completed management action plans
- Progress reports against audit recommendations (Audit Tracker) NB - to be highlighted to Joint Committee and/or Lead Sponsor if progress is deemed unsatisfactory
- Assurance Framework Report and Risk Register
- Compliance and activity governed by CTMUHB Standards of Behaviour Policy (i.e. Declarations of Interest, Gifts & Hospitality)
- Single Tender Actions
- Breach or waivers to Standing Orders and/or Standing Financial Instructions

To support the Audit & Risk Committee requirements for EASC, WHSCC and the NIAW the Health Board's Audit & Risk Committee is separated into two parts, specifically Part 1 for Health Board business and Part 2 for the Hosted bodies. The relevant officers attend for the relevant components of the meeting.

The Director of Corporate Governance / Board Secretary for CTMUHB also attends both parts of the meetings.

The WHSSC, EASC and NIAW share the same External and Internal Audit teams and Local Counter Fraud Services (LCFS) with CTMUHB. All these factors enable CTMUHB to take necessary assurances from the hosted bodies, particularly in relation to the Accounts and the Annual Governance Statement and vice-versa for areas carried out by CTMUHB on behalf of WHSSC/EASC/NIAW as part of its hosting responsibilities.

4.3. WORK/ACTION LOG

In order to monitor progress and any necessary follow up action, in line with recognised 'house style' templates a work log is maintained to capture all agreed actions from the Audit & Risk Committee and Joint Committees. This provides an essential element of assurance both to the Committee and from the Committee to the Board.

5. INTERNAL AUDIT - OVERALL SUMMARY

In overall terms for the year 2021/2022, the Head of Internal Audit opinion provided **Reasonable Assurance** to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the following assurance domains:

- Corporate Governance, risk and regulatory compliance;
- Strategic Planning, performance management and reporting;
- Financial governance and management;
- Clinical governance quality and safety;
- Information governance and security;
- Operational service and functional management;
- Workforce management;
- Capital and estates management.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit & Risk Committee throughout the year. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements
- The result of audit assignments that have been issued in draft to the organisation before the issue of this opinion, but have yet to be reported to the Audit & Risk Committee.
- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module
- Other assurance reviews, which impact on the Head of Internal Audit opinion including audit work performed at other organisations

	The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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In total, 27 audit reviews were reported to the Audit & Risk Committee during the year.

A breakdown of the internal audits results presented to the Audit & Risk Committee and the Board in 2021-2022 is presented at **Appendix 1** for information.

A breakdown of the Audit results for the Hosted Bodies presented to the Audit & Risk Committee and the Board in 2021-2022 is presented at **Appendix 2** for information.

A number of follow up audits were also undertaken within key assurance areas, a list of which is detailed in appendix 1 & 2, together with the respective assurance ratings.

6. EXTERNAL AUDIT

6.1 Audit Wales Audit Wales provide a progress report at each meeting, covering both probity and performance audits. The audit strategy, audit letters and statements of responsibilities were received and the ISA260 report was approved as part of the Accounts approval process.

The following performance reports and management responses were also discussed during the year, with attendance from UHB Officers where considered appropriate:

- Wales Audit Office (WAO) Progress Report (at each meeting);
- Structured Assessment 2021 - Phase 1 Report;
- National Report - Personal Protective Equipment;
- Rollout of the COVID-19 vaccination programme in Wales;
- Audit of Financial Statements Addendum Report;
- WHSSC Committee Governance Arrangements including the Management Response;
- Structured Assessment Phase 2;
- Annual Audit Report 2021;
- Taking Care of the Carers.

6.2 Approval of the Annual Accounts

A meeting of the Audit & Risk Committee was convened on 9 June 2021 to scrutinise the 2020-2021 Annual Accounts prior to approval by the Health Board including the letter of representation to Auditors and the Annual

Governance Statement. The 2020-2021 Annual Accounts were scrutinised and approved by the Board on 9 June 2021. The meeting also scrutinised the Accounts and Statements for 2020-2021 from the Health Board's hosted organisations as appropriate.

7. PRIVATE MEETING WITH AUDITORS

In line with recognised good practice a private meeting between Audit Committee members, Internal Audit, External Audit and the Local Counter Fraud Specialist can be held as and when required. This provides an opportunity for free and frank discussion. This process will continue for 2022-2023.

8. LINKS WITH OTHER COMMITTEES

8.1 Other Sub Committees

The Audit & Risk Committee has close links with the Quality & Safety Committee and other Committees of the Board. Through either specific meetings or the regular Independent Member meetings there is an opportunity for Committee Chairs to support the work of each of the Committees they Chair, share learning and avoid duplication. All Committee Chairs have access to Committee Highlight Reports to the Board.

During 2021-2022, a Committee Referral process was implemented for all Committees where the following three questions were posed by the Committee Chair for each referral request:

- What are you referring?
- Why are you referring it?
- What is the outcome that you are anticipating for this referral?

The Chair of the Audit & Risk Committee provided a report to the Board after each meeting via the Committee Highlight Report.

9. LOCAL COUNTER FRAUD SERVICES

The work of the Local Counter Fraud Services is undertaken to help reduce and maintain the incidence of fraud (and/or corruption) within CTMUHB to an absolute minimum.

Regular reports were received by the Committee to monitor progress against the agreed Counter Fraud Plan.

The Health Board commissions its Counter Fraud service from Swansea Bay UHB via Service Level Agreement. The Health Board maintains an accredited counter fraud specialist resource of 2.6 FTE. This is in line with comparable sized Health Board's within NHS Wales.

The Counter Fraud Team received 17 new referrals for investigation in 2021/22 with 13 investigations carried over from 2020/21. 20 investigations were closed

in 2021/22 which resulted in 1 criminal convictions and the application of 6 civil sanctions. This investigation work led to the recovery of £14,555 of Health Board funds.

New Counter Fraud Standards were introduced to commence from April 2021. The new NHS requirements align to the Government Functional Standards: Counter Fraud. The Health Board was required to self-assess on a RAG rated basis against these new Standards across 12 requirement areas. The Health Board achieved an overall Green rating following review with improvement identified as required in relation to Requirement 3 – Risk Assessment which was assessed as Amber rated. Work plan actions have been agreed to improve this area for 2022/23.

As part of its work, the Counter Fraud Department has a regular annual programme of raising fraud awareness within the Health Board for which a number of days are then allocated and included as part of an agreed Counter Fraud Work-Plan which is signed off, by the Health Board's Executive Director of Finance & Procurement, on an annual basis.

In addition to this and in an attempt to promote an Anti-Fraud Culture within the Health Body, a quarterly newsletter is produced which is then available to all staff on the Health Board's Intranet and all successful prosecution cases are also publicised in order to obtain the maximum deterrent effect. The Counter Fraud Team also deliver awareness sessions to staff, both general awareness aimed at all staff and bespoke sessions based on risks faced by staff assessed to be in roles at a higher level of potential exposure to fraud.

10. ASSURANCE TO THE BOARD

The Audit & Risk Committee provides an essential element of the overall governance framework for the organisation and has operated within its Terms of Reference and in accordance with the guidance contained in the NHS Wales Audit Committee Handbook.

10.1 Internal Control & Risk Management - In addition to the audit reports received by the Committee during the reporting period, a wide range of internally generated 'governance' reports/papers were produced for consideration by the Audit & Risk Committee.

10.2 Annual Governance Statement - During 2021-2022, the Health Board produced its Annual Governance Statement, which explains the processes and procedures in place to enable the Health Board to carry out its functions effectively. The Statement was produced following a review of CTMUHB's governance arrangements undertaken by the Board with the support of and the Board Secretary/Director of Corporate Governance. The Statement brings together all disclosures relating to governance, risk and control for the organisation.

10.3 Tracking of Audit Recommendations

The Committee has increased the focus on tracking the implementation of agreed audit recommendations and the clarity of reporting of this, which achieved improvement during the year and laid the foundations for the further improvements now being made in 2022/23.

10.4 Audit Committee Effectiveness Survey - A Committee Effectiveness Survey was undertaken in 2021-2022 to obtain feedback from Committee members on potential areas for development.

The statements used in the survey were devised in accordance with the guidance outlined within the NHS Audit Committee Handbook.

11. CONCLUSION AND FORWARD LOOK

The Audit & Risk Committee in discharging its scrutiny and assurance role on behalf of the Board considers that on the basis of the risk based work completed by the Committee during 2021-2022, that there are effective measures in place **and that there are no outstanding issues that the Audit & Risk Committee wishes to bring to the attention of the Board.**

The Directors have been held to account and have responded positively in dealing with any concerns raised by the Auditors and the Audit & Risk Committee.

This Annual Report will be supplemented by the annual self-assessment process, which will be undertaken via Survey Monkey, which reviews the individual and collective function of the Committee against the NHS Audit Committee Handbook best practice guidance and helps to inform the work of the Committee going forward.

The Committee is committed to continuing to develop its function and effectiveness and intends seeking further assurance in 2022-2023 in respect of:

- The Risk Management Strategy and the embedding to the Board Assurance Framework
- Reviewing audit outcomes and ensure actions are taken as a result of learning.
- Maintaining and strengthening the effectiveness of the Audit Tracker, including seeking and implementing best practice and incorporating further audits in relation to the Delivery Unit and Targeted Intervention.
- Discharging effectively the Board approved Committee Terms of Reference.
- Increased reporting in relation to Declarations of Interest forms for the organisation.
- Ensuring all parties discharge their responsibilities appropriately as outlined within the Audit Charter.
- Continue to strengthen processes and resources in place to prevent and respond to fraud activity.

Appendix 1

List of Internal Audits Undertaken within Cwm Taf UHB 2021-2022 and Assurance Ratings

	Internal Audit Assignment	Assurance Rating 2021-2022
1	Estates Compliance	Substantial
2	Prince Charles Hospital Redevelopment: Covid 19 Site Safety	Substantial
3	Mass Vaccination Programme	Substantial
4	Prince Charles Hospital Redevelopment: Validation of Management Action	Substantial
5	Estates Management Arrangements	Reasonable
6	Welsh Risk Pool	Reasonable
7	Financial Systems	Reasonable
8	Prince Charles Hospital Redevelopment: Governance Audit	Reasonable
9	Prince Charles Hospital Redevelopment: Financial Management	Reasonable
10	Prince Charles Hospital Redevelopment: Technical Compliance	Reasonable
11	Continuous Improvement in response to Targeted Intervention	Reasonable
12	Digital Response to Covid-19 pandemic	Reasonable
13	Clinical Audit	Reasonable
14	Facilities Directorate Review (Workforce Arrangements) - Follow Up	Reasonable
15	Sunnyside Health & Wellbeing Centre	Reasonable
16	Integrated Locality Groups (ILGs)	Reasonable
17	Welsh Language Standards Compliance	Reasonable
18	Follow Up Review CAMHS Governance & Risk Management	Reasonable
19	Continuing Healthcare and Funded Nursing Care	Reasonable
20	Prince Charles Hospital Redevelopment: Governance Arrangements	Reasonable
21	IT Service Management	Limited

22	Single Cancer Pathway: Data Quality and Integrity	Limited
23	Fire Safety Management	Limited
24	Follow Up Review – CAMHS Workforce	Limited
25	Bridgend Transfer of Informatics Services	Limited
26	Concerns	Limited
27	Governance Arrangements during Covid 19 Pandemic Follow Up Review	Advisory & Non Opinion

	Substantial Assurance Rating	4
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	Reasonable Assurance Rating	16
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	Limited Assurance Rating	6
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	Advisory & Non Opinion	1
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	Total	27
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**NB – the above does not include the internal audit ratings for the reviews undertaken for the hosted bodies.*

**List of Internal Audits Undertaken 2021-2022 and Assurance Ratings
within**

**The Welsh Health Specialised Services Committee (WHSCC)
&
the Emergency Ambulance Services Committee (EASC)**

	Internal Audit Assignment	Assurance Rating 2021-2022
<u>Welsh Health Specialised Services Committee (WHSCC)</u>		
1	Women & Children's Services Programme	Substantial
2	Cancer and Blood Services	Substantial
3	All Wales Positron Emission Tomography (PET) Service	Reasonable
<u>Emergency Ambulance Services Committee (EASC)</u>		
1	Recruitment review	Reasonable
2	EASC Governance Arrangements	Reasonable