

AUDIT & RISK COMMITTEE

OUTCOME REPORT: AUDIT & RISK COMMITTEE EFFECTIVENESS SURVEY

DATE OF MEETING	09/06/2021
PUBLIC OR PRIVATE REPORT	PUBLIC
IF PRIVATE PLEASE INDICATE REASON	Not Applicable - Public Report
PREPARED BY	Cally Hamblyn, Assistant Director of Governance & Risk
PRESENTED BY	Georgina Galletly, Director of Corporate Governance
EXECUTIVE SPONSOR APPROVED	Georgina Galletly, Director of Corporate Governance
REPORT PURPOSE	FOR NOTING
ACRONYMS	
N/A	

1. PURPOSE

- 1.1 The Chair of the Audit & Risk Committee is required to present an annual report outlining Audit & Risk business through the financial year to the Health Board to provide an assurance on the monitoring and scrutiny undertaken of Cwm Taf Morgannwg University Health Board (CTMUHB) performance in relation to Audit & Risk. As part of this process the Committee are required to undertake an annual self-assessment questionnaire, which was completed and presented to the Committee in December 2020.
- 1.2 The purpose of this report is to share with the Committee an update on the actions identified as an outcome from the self-assessment questionnaire.



2. SUMMARY REPORT

Positive Assurance	<p>1. Committee Effectiveness:</p> <p>It was clear that the majority of Members/Attendees were aware that:</p> <ul style="list-style-type: none">• There were approved Terms of Reference in place defining the role of the Committee that were reviewed annually.• A Committee Highlight Report is produced following each meeting that is submitted to the next Health Board meeting. This is the mechanism that the Committee Chair uses to provide information on activity, areas or assurance and/or areas of escalation.• An Annual Committee Report is also received by the Board. All Board and Board Committee Agenda and Papers are shared on the website and are available to the public and organisation as a whole. <p>2. Committee Business</p> <ul style="list-style-type: none">• Virtual Meetings has overall been a positive experience in that it has allowed meetings to continue and also continued scrutiny. It is acknowledged that some Members/Attendees considered that it does not facilitate the same discussions as face to face meetings. <p>3. Training & Development</p> <ul style="list-style-type: none">• The majority of Members/Attendees considered that they had sufficient training to fulfil their role, however for external members an action has been added. Please see Action 1D below.
Areas Requiring Further Assurance	<p>1. Committee Effectiveness</p> <p>For new members and attendees it is important to note the following routine business relating to Committee that is also captured in the Forward Work Programme and new Committee Cycle of Business:</p> <ul style="list-style-type: none">• The Terms of Reference are reviewed on an annual basis considered by the Committee and then approved by the Health Board.• A Committee Cycle of Business has now been developed to further complement the Forward Work Programme and this was received at the Committee in February 2021. <p>2. Committee Business</p> <ul style="list-style-type: none">• Cross Committee Boundaries and Referrals – integration across committee boundaries was a little unclear in some responses so it is



important to note the following process that has been implemented in January 2021 in relation to Committee referrals:

"Committee Chairs are now asked to ensure that where Committee referral situations arise, committee members agree, during the meeting, the purpose of the referral by addressing the following three questions;

- What issue/report is being referred?
- What is the purpose of referring it to that particular committee? and
- What is the expected outcome that the referring committee are anticipating from this referral?"

- **Welsh Language** at meetings. Welsh Language is supported if it was the preferred language of any of the Members/Attendees that any introduction would be Simultaneous Translation so that the meeting would be conducted in both languages to ensure equity.
- Awareness of **topical, legal and regulatory issues** is achieved through Executive Directors ensuring the Committee are aware of topical issues and providing update reports as appropriate. Board Development Sessions are also held on topical issues.

3. Internal Audit

- The Committee reviews the **Internal Audit Plan** and agrees any material changes should they arise and the plan is derived with engagement from the Health Board and as the Organisational Risk Register evolves there will also be an opportunity to inform the plan based on the high level risks faced by the Health Board.
- The Committee has a role in investigating the reason for management **refusal to accept audit recommendations** should the situation occur. This will be addressed by inviting the Management and Executive Lead to the meeting to explore the reason for refusal.
- The Committee **reviews the effectiveness** of Internal Audit and the adequacy of staffing and resources within Internal Audit through regular review of the Internal Audit Plan outlining progress and performance. The Chair of the Audit & Risk Committee also meets separately with Audit colleagues as required. This matter has not arisen or been a cause for concern during this period of self-assessment.
- It was unclear within responses whether Internal Audit **complies** with the **Public Sector Internal Audit Standards (PSIAS)**. It is important to note that in the Internal Audit Annual Plan presented to the Audit & Risk Committee earlier in the year stated: "*Once every five years, our internal audit*



provision must be the subject of an External Quality Assessment (EQA). This assessment is required by the PSIAS and was undertaken by The Chartered Institute of Internal Auditors (IIA) in February and March 2018. The EQA report concluded that: "It is our view that NWSSP Audit and Assurance Services conforms to all ... 64 fundamental principles ... and it is therefore appropriate for NWSSP Audit and Assurance Services to say in reports and other literature that it 'conforms to the IIA's professional standards and to PSIAS.'" ...'.

- Internal Audit **Performance Measures** are set out in the Internal Audit Annual Plan and Charter document. The Committee agree these documents each year. Performance measures are reported at each committee through the Internal Audit progress report.
- The **Audit Tracker** is the process by which all Internal Audit actions are received and monitored by the Committee at all regular meetings.

4. External Audit – Audit Wales

- Audit Wales colleagues **attend** all regular meetings and present their Audit Plans and Strategy to the Committee for consideration.
- The **Audit Tracker** is the process by which all External Audit actions are received and monitored by the Committee at all regular meetings.
- **External Audit Fees** - Audit Fees are captured in the Annual Audit Report received by the Committee but this is not undertaken formally.
- In relation to reviewing the nature and value of **non-statutory work** e.g. Healthcare Inspectorate Wales and Audit Wales Joint Review, the Health Board assesses the value via the Audit & Risk Committee and uses it as a valuable tool in informing and monitoring the continuous improvement work in response to Targeted Intervention.

5. Counter Fraud

- The **Counter Fraud Work Plan** is reviewed and approved by the Committee. The plan was received at the August 2020 meeting. The work plan reflects the the Key Principles detailed within the Fraud, Bribery and Corruption Standards for NHS Bodies (Wales), these being:
 - Inform and Involve
 - Prevent and Deter
 - Hold to Account
 - Strategic Governance

- The Local Counter Fraud Specialist through the presentation of their regular reports would advise the Committee of any **material changes to the Counter Fraud Plan**. The Local Counter Fraud Specialist attends all regular meetings of the Committee.
- Counter Fraud Work plans are based around the **key principles outlined in Fraud, Bribery and Corruption Standards for NHS Bodies (Wales)**. The Standards themselves are based around actions expected to be undertaken in response to fraud risk. Additionally, factors such as national identified fraud risks, national fraud risk strategies and the risk profile of the Health Board feed into the development of the work plan. The work plan is also developed to allow some flexibility to respond to emerging fraud risks in year to allow agile response.
- The Local Counter Fraud specialist has a **right of direct access** to the Committee and its Chair. The reports provided to the Committee also captures staff and resources and any potential impact upon delivery of the work plan.
- **Quality Inspections by NHS Counter Fraud Authority** - Quality Inspections follow the process of NHS bodies annually Self Reviewing against the Standards and inspectors then test that with independent inspection – they usually do a rolling programme so Health Boards receive a review every 2-3 years. The Health Board was not inspected in this Financial Year. Usual process is for the Quality Inspectors to independently review arrangements and report those findings directly to Audit Committees within organisations.
- The Health Board have a system to **Self-Review** against the Fraud, Bribery and Corruption Standards for NHS Bodies (Wales) on Risk Assessment Grading basis and the Audit & Risk Committee Chair is part of that sign off process.

6. Hosted Organisations

- A 'Part 2 – Audit & Risk Committee' follows the Health Board's Audit & Risk Committee meeting (Part 1) to consider the audit activity of the Hosted Organisations. The Hosted Assurance Framework being developed by the Director of Corporate Governance and the findings from the audit review into Welsh Health Specialised Services Committee (WHSSC) Governance Review should help inform this area further and consider if there are further areas for improvement.



Areas Requiring Further Action	<p>1. Committee Business</p> <ul style="list-style-type: none">• 'Closing off of Agenda Items' – This is an area that could be further strengthened. Please see Action 1A in response to this matter.• Management actions arising from Counter Fraud reports are not currently captured within the Audit Tracker, however, this is being addressed. Please see Action 1B in response to this matter.• Legislative Assurance Framework – the Committee does not formally review assurance and regulatory and legislative compliance reporting. Please see Action 1C in response to this matter.
Action Plan	<p>1. Committee Business</p> <p>A. The Chair will pause before moving to the next item summarise the resolution that has been taken. The Corporate Governance Team will continue to support the Chair with this action by ensuring papers are clear as to their recommendations and that the recommendations continue to be captured in the Chairs Brief. Lead: Committee Chair and Corporate Governance Team Timescale: Completed – Captured within Chairs Brief.</p> <p>B. Management of Counter Fraud Actions to be incorporated into the Audit Tracker. Lead: Corporate Governance Team / Local Counter Fraud Specialist. Timescale: 31st March 2021 Update May 2021 – A meeting is in the process of being arranged with the Local Counter Fraud Specialist to review the Audit Tracker from a Counter Fraud perspective. Revised timescale for completion 30 June 2021.</p> <p>C. Legislative Assurance Framework – to be developed to provide regular updates on compliance with legislative and regulatory requirements. Lead: Director of Corporate Governance/Newly appointed Executive Business Manager. Timescale: September 2021 Update May 2021: the All Wales Board Secretaries and Deputy Board Secretaries Networks have established a small Task and Finish Group exploring the value and use of a Legislative Assurance Framework. The outputs of this activity will be fed back to CTMUHB's internal leads as appropriate.</p>



	<p>D. Training & Development - Committee Cribb sheets have been developed providing a summary of the meetings purpose and the key contacts. These will be shared in future for new members and external representatives.</p> <p>Lead: Corporate Governance Team</p> <p>Timescale: Completed. Will be shared as required for new members / external representatives and/or in response to membership rotation of Committee meetings.</p>
Appendices	Nil.

3. Recommendation

- 3.1 The Committee are asked to **NOTE** this report and the updates to the areas identified for improvement.