

AUDIT & RISK COMMITTEE

OUTCOME REPORT: AUDIT & RISK COMMITTEE EFFECTIVENESS SURVEY

DATE OF MEETING	7/12/2021
PUBLIC OR PRIVATE REPORT	PUBLIC
IF PRIVATE PLEASE INDICATE REASON	Not Applicable - Public Report
PREPARED BY	Emma Walters, Corporate Governance Manager & 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 during October 2021.
- 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

<p>Positive Assurance</p>	<ul style="list-style-type: none"> • Committee Effectiveness: <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. <ul style="list-style-type: none"> • Committee Business <ul style="list-style-type: none"> • Committee members felt that meetings were held sufficiently frequently to deal with planned matters and felt that enough time was allowed for questions and discussions. Committee members also felt that the atmosphere at committee meetings was conducive to open and productive debate. • Committee members felt that the behaviour of all members and attendees was courteous and professional. • Private meetings of the Committee – overall members felt that private meetings had been used appropriately on the rare occasions that they had been establish and only by exception. • Closure of agenda items – overall it was felt that agenda items were closed off appropriately, and noted that where agenda items had not been closed off they were subsequently added to the action log. • Virtual meetings – the majority of members agreed that the experience of holding virtual meetings had been positive. One member commented that face to face meetings would be their preferred option. • Timeliness and format/content of reports – Overall members considered that reports were received in a timely manner and in the right format/content and that further work was being undertaken to improve format and content of reports. • Committee Leadership and Support – Members felt that meetings were chaired effectively, with clarity of purpose and outcome; felt that the Chair provided clear and concise information to the Board on the activities of the
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	<p>Committee; felt that the Committee was adequately supported by Executive Directors and the Committee Secretariat;</p> <ul style="list-style-type: none">• Additional training – it was felt that training could be provided to new Independent Members particularly in relation to the role of committee members, new legislation etc;
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. Moving forwards into 2022 the Annual Cycle of Business and the Forward Work Programme will both be presented at each meeting, with the Annual Cycle of Business capturing the standing agenda items and the forward work programme including any ad-hoc items. <p>2. Committee Business</p> <ul style="list-style-type: none">• Cross Committee Boundaries and Referrals – integration across committee boundaries still felt a little unclear in some responses so it is important to remind members the following process was 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, <u>during the meeting</u>, the purpose of the referral by addressing the following three questions;<ul style="list-style-type: none">○ What issue/report is being referred?○ What is purpose of referring it to that particular committee? and○ What is the expected outcome that the referring committee are anticipating from this referral?”• Scheduling of meetings – whilst overall members felt that the scheduling of meetings was adequate some members felt that occasionally meeting scheduling felt out of line with Board meetings and Risk Register updates. It was however recognised that it could sometimes be difficult to ensure meetings were well timed around all important decisions.• Welsh Language at meetings – Whilst some members supported greater use of welsh language, some members advised that they would support the greater use of welsh language if this was a requirement from Members, for example, opening and closing the meetings in welsh and English, translation of public papers into welsh.



- **Integration with other Committees reviewing risk** – some members felt that this was an area which required further review and consideration
- 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. Some members felt that this was a maturing process as a result of the work being undertaken to strengthen the Organisational risk register and the Board Assurance Framework.
- 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. Members advised that they would want to understand the reasons behind the refusal to accept the recommendation and added that to date they had not experienced any management refusals.
- 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 Committee receives and reviews the **Head of Internal Audit Annual Report and Opinion**.
- The **Audit Tracker** is the process by which all Internal Audit actions are received and monitored by the Committee at all regular meetings. Members felt that this process was much improved and was maturing further.

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.
- The **Auditor Generals Annual Audit letter** is considered by the Committee.
- In relation to reviewing the nature and value of **non-statutory work** e.g. Health 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 April 2021 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.

1. Committee Business



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Areas Requiring Further Action	<ul style="list-style-type: none">• Management actions arising from Counter Fraud reports are monitored by the Counter Fraud Function through to completion although they are not currently captured within the Audit Tracker, however, work is ongoing to progress this and move actions onto the Audit Tracker in due course. Please see Action 1A in response to this matter.• Legislative Assurance Framework – the Committee does not formally review assurance and regulatory and legislative compliance reporting. Please see Action 1B in response to this matter.
Action Plan	<p>1. Committee Business</p> <p>A. Management of Counter Fraud Actions to be incorporated into the Audit Tracker. Lead: Corporate Governance Team / Local Counter Fraud Specialist. Timescale: 31st March 2022</p> <p>B. Legislative Assurance Framework (LAF)– this area of activity is on the work programme of the All Wales Board Secretary Network and the Health Board is engaged with the activity to take forward any learning and best practice identified from other organisations across NHS Wales. The scope of the work is to also explore whether it is possible to define an All Wales approach and to understand the baseline information required to ensure value added from implementing a LAF. The timescales for the All Wales activity is circa April/May 2022. Lead: Director of Corporate Governance/Newly appointed Executive Business Manager. Timescale: May 2022</p>
Appendices	Nil.

3. Recommendation

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