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Iechyd Cyhoeddus
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Public Health
Wales

Name of Meeting
Board
Date of Meeting
28 May 2020
Agenda item:
4.6.1.280520

Audit and Corporate Governance Committee Annual Report 2019/20

Committee Chair:	Dyfed Edwards, Non-Executive Director, Public Health Wales
Executive leads:	Huw George, Deputy Chief Executive and Executive Director of Finance and Operations Helen Bushell, Board Secretary and Head of Board Business Unit
Author:	Liz Blayney, Deputy Board Secretary and Board Governance Manager
Approval/Scrutiny route:	This report has been approved by the Committee for submission to the Board.

Purpose

The main purpose of the Audit and Corporate Governance Committee Annual Report 2019/20 is to assure the Board that the system of assurance is fit for purpose and operating effectively. The report summarises the key areas of business activity undertaken by the Committee over 2019/20.

Recommendation:

APPROVE <input type="checkbox"/>	CONSIDER <input checked="" type="checkbox"/>	RECOMMEND <input type="checkbox"/>	ADOPT <input type="checkbox"/>	ASSURANCE <input checked="" type="checkbox"/>
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The Board is asked to:

- **Consider** the Audit and Corporate Governance Committee Annual Report for 2019/20 summarising the key areas of business activity undertaken;
- **Receive assurance** that the Audit and Corporate Governance Committee is fit for purpose and operating effectively in fulfilling its terms of reference.

Audit and Corporate Governance Committee Annual Report 2019/20

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1 Introduction

This report summarises the key areas of business activity undertaken by the Audit and Corporate Governance Committee ('the Committee') over the past year and highlights some of the key issues which the Committee intend to give further consideration to over the next 12 months.

2 Role and responsibilities

The Terms of Reference for the Audit and Corporate Governance Committee were reviewed and agreed by the Board in November 2019.

The purpose of the Audit and Corporate Governance Committee ("the Committee") is to:

- **Advise** and **assure** the Board and the Chief Executive (who is the Accountable Officer) on whether effective arrangements are in place - through the design and operation of the Trust's assurance framework - to support them in their decision taking and in discharging their accountabilities for securing the achievement of the Trust's objectives, in accordance with the standards of good governance determined for the NHS in Wales.
- Where appropriate, **advise** the Board and the Chief Executive on where, and how, its assurance framework may be strengthened and developed further.
- **Approve**, on behalf of the Board policies, procedures and other written control documents in accordance with the Scheme of Delegation.

The core functions of the Committee are as follows:

1. Comment specifically on the adequacy of the Trust's strategic governance and assurance framework and processes for the maintenance of an effective system of good governance, risk management and internal control.
2. Ensure the provision of high quality, safe healthcare for its citizens it will comment specifically on Board's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate).

This includes:

- accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts

prior to submission for audit, levels of error identified, the ISA 260 Report 'Communication with those charged with Governance' and managements' letter of representation to the external auditors.

- schedule of Losses and Special Payments.
- planned activity and results of internal audit, external audit, clinical audit and the Local Counter Fraud Specialist (including strategies, annual work plans and annual reports).
- adequacy of executive and managements response to issues identified by audit, inspection and other assurance activity

3. Support the Board with regard to its responsibilities for governance (including risk and control) by reviewing and approving as appropriate:

- all risk and control related disclosure statements, in particular the Annual Governance Statement and the Annual Quality Statement together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board.
- the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements.
- the policies for ensuring compliance with relevant regulatory, legal and code of conduct and accountability requirements.
- the policies and procedures for all work related to fraud and corruption as set out in National Assembly for Wales Directions and as required by the Counter Fraud and Security Management Service.

The Committee reviews and agrees its programme of work on an annual basis, and recommends it to the Board for approval.

2.1 Membership of Committee

The membership of the Committee during 2019/20 was as follows
:

Name	Position	Attendance *
Dyfed Edwards	Committee Chair and Non-Executive Director	5/5
Stephen Palmer	Non-Executive Director	4/5
Judi Rhys	Non-Executive Director (Committee Member until 06.09.19)	2/2
Alison Ward	Non-Executive Director (Committee Member from 15.01.20)	1/2
Kate Eden	Non-Executive Director (attended to ensure quoracy 25/09/2019 and 19/3/2020)	2/2

**Some attendees were in position for part of the year, so number denotes total number of meetings they were able to attend in that role.*

The Chair of the Board, Jan Williams, has a standing invite to attend Committee meetings, and attended 2 meetings of the Audit and Corporate Governance Committee during 2019/20.

2.2 Others in attendance

In addition to the above Committee members there are also a number of officers of Public Health Wales detailed within the Terms of Reference as being required to attend the Committee.

The attendance during 2019/20, by these officers, is detailed below:

Name	Position	Attendance *
Huw George	Deputy Chief Executive / Executive Director of Operations and Finance	5/5
Rhiannon Beaumont-Wood	Executive Director of Quality, Nursing and Allied Health Professionals	4/5
Helen Bushell	Board Secretary and Head of Board Business Unit	5/5
Angela Fisher	Deputy Director and Head of Finance	4/5

**Some attendees were in position for part of the year, so number denotes total number of meetings they were able to attend in that role.*

Andrew Cottom, appointed as an Independent Advisor to the Committee attended 3 of 5 meetings and provided feedback to the Chair for the other 2 meetings.

Other Directors and officers attended during the year to present reports which related to their areas of responsibility as required.

The Chief Executive, Tracey Cooper, was also invited to attend every meeting, and attends at least annually, to discuss with the Committee the process for assurance that supports the Annual Governance Statement and the Annual Quality Statement. The Chief Executive attended two meetings during the year.

Two representatives from the Local Partnership Forum had a permanent invite to attend the Committee. Stephanie Wilkins (0/5) and Claire Lewis (0/1) were the nominated representatives to attend the Committee meetings.

Representatives of the Wales Audit Office, and the Internal Audit Service also attended each meeting.

Representatives of the Cardiff and Vale University Health Board Counter Fraud Service attended (1/5) Committee meetings to present their report.

2.3 Meeting frequency

During 2019/20, the Committee met five times and was quorate on all occasions.

The terms of reference for the Committee require meetings to be held no less than quarterly and otherwise, as the Chair of the Committee deems necessary, consistent with the Trust's annual plan of Board and Committee Business.

One of the five total meetings is held on an annual basis to receive and recommend for Board approval the Accountability Report and Annual Financial Statements and Accounts.

3 Main areas of Committee activity 2019/20

The Committee wishes to assure the Board that it fulfilled its work plan for 2019/20 covering a wide range of activity. The following sections provide a summary of this activity.

3.1 Standard Reporting

In line with the terms of reference, there were a number of standing items on each Committee agenda.

The following were presented at each meeting:

Internal Audit	Internal Audit Progress Report
	Internal Audit Action Log
External Audit	External Audit Progress Report
	External Audit Action Log (if required)
Risk	Board Assurance Framework
	Corporate Risk Register

The Committee received the following regular items:

- **Financial Performance Report**
From August 2019, the Committee agreed to receive a quarterly update on the Financial Performance of the Organisation, discussing and reviewing the achievement of efficiency savings.
- **Procurement Report**
To assure the Committee that these were taken in line with the requirements of the Standing Financial Instructions (SFIs).
- **Losses and Special Payments Report**
To assure the Committee that these were taken in line with the requirements of the Standing Financial Instructions (SFIs).
- **Impact of leaving the European Union Update**
To assure the Committee of the actions and preparations in place to mitigate potential business continuity and/or emergency planning incidents that could occur as a result of the United Kingdom leaving the European Union.
- **Counter Fraud Progress Report**
To assure the Committee on the effective management of Counter Fraud issues within the organisation.

The Committee received the following **Annual Reports**:

- Wales Audit Office (WAO) Annual Audit Report 2019;
- Head of Internal Audit Annual Opinion 2018/19;
- Counter Fraud Annual Report 2018/19;
- NHS Wales Health Collaborative: Annual Assurance Statement; 2019/20; and
- Finance Delivery Unit: Annual Assurance Statement 2019.

The Committee also received an annual report on the **Joint Working Framework** and received assurance that progress was being made to ensure that all memoranda and agreements were being developed in line with this framework.

Amendment to Committee Ways of Working

Due to COVID-19, the Committee meeting in March 2020 was held electronically, with a reduced agenda to focus on the core functions within its terms of reference and statutory responsibilities.

A number of reports were circulated for the Committee outside of the meeting for comment. These were:

- Counter Fraud Update
- Counter Fraud Operational Performance Report – Quarter 3
- Procurement Update – Quarter 3
- Losses and Special Payments Report

A list of all reports considered by the Committee outside of meetings will be provided, along with a summary of any comments/ questions received, at the next formal meeting of the Committee.

This process has been approved by the Board as a method of ensuring compliance with the Committee's terms of reference during the response to COVID 19 where meetings, and meetings agendas have been reduced

3.2 Internal Audit

NHS Wales Shared Services Partnership carries out a number of functions on behalf of Public Health Wales. The Audit and Corporate Governance Committee receives reports from the internal audit function which provide it with assurance that these functions are efficient and cost effective.

Work Planning

The Committee received the Annual Internal Audit Plan 2019/20 at its meeting on 14 March 2019.

For next year, 2020/21, the Committee requested earlier involvement in the development of the Work Plan. The Committee had an initial discussion on the process for developing the plan at its meeting in January 2020, and considered a draft of the plan in March 2020, providing feedback to the Head of Internal Audit on priority areas for consideration.





Head of Internal Audit Opinion for 2018/19

The Committee received the Head of Internal Audit Opinion and Annual Report for 2018/19, and noted:

- The list of completed reports for 2018/19;
- That there had been no limited assurance ratings for 2018/19, and that good progress was being made with limited ratings from 2017/18 with all follow up audits receiving at least a reasonable rating.
- Good engagement with the trust demonstrated by the 100% response rate to the feedback reviews.

Completed Audits 2019/20

During the year, the Committee received and discussed a number of reports produced by Internal Audit. These are listed in the table below, together with the assurance rating provided:

Report	Level of assurance provided			
	No assurance 	Limited assurance 	Reasonable assurance 	Substantial assurance 
Annual Quality Statement				✓
Healthcare Standards				✓
Environmental Sustainability				✓
Quality Impact			✓	
Declarations of Interest			✓	
Freedom Of Information (FOI)				✓
Performance Management				✓
Welsh Risk Pool				✓
Management Contract			✓	
Management of Alerts		✓		

Management of Vacancies			✓	
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Internal audit work is ongoing in areas related to

- Risk Management;
- Workforce Planning;
- Strategic Planning;
- Board and Committee (due to be presented to Committee in May 2020);
- My Contribution (due to be presented to Committee in May 2020);
- Directorate Review (Diabetic Eye Screening Wales) - Requested to pause while staff are concentrating on the impact of COVID-19; and
- Incident Reporting - Request to pause while staff are contracting on the impact of COVID-19).

In 2018/19 there were no limited assurance reports, as such there were no follow up reports in 2019/20.

In 2019/20, one limited assurance report was received for 'Management of Alerts'. There is an outstanding report 'My Contributions' due to be presented to the Report on 18 May 2020 that is a limited assurance rating. The Committee will monitor outstanding actions relating to these audit during 2020/21 and receive the subsequent follow up Audit.

3.3 External Audit

Wales Audit Office (WAO) provided the Committee with regular progress reports on any external audits and monitored progress against recommendations.

Wales Audit Office Structured Assessment

The Committee considered the Structured Assessment report from the Wales Audit Office (WAO), noting the positive report with no recommendations for improvement being made.

Financial Statements Memorandum

The Committee received the Financial Statements Memorandum from the WAO, noting that the organisation had an effective closedown process, which resulted in an unqualified opinion on the Financial Statements.

WAO Annual Report 2019

The Committee received the WAO Annual Report for 2019 summarising the audit work undertaken during 2019, and noted that it was a positive report.

WAO Implementing of the Wellbeing of Future Generations Act

The Committee received the WAO Implementing of the Wellbeing of Future Generations Act, noting it was a positive report that outlined the positive was in which staff have changed their ways of working.

3.4 Counter Fraud

Counter Fraud Annual Report 2018-19

The Committee noted that the summary of risk against contact and standards was at Amber level. The Committee advised that resilience should be built into the programme to prevent this level of rating in the future, and noted the intention to provide fraud awareness sessions to ensure the report meets a green level for 2019/20.

Counter Fraud Self Review Tool

The Committee also accepted the Counter Fraud Self Review Tool 2018-19 and were assured that due process had taken place.

3.5 Financial Reports

Accountability Report and the Annual Financial Statements and Accounts

The Committee received the Accountability Report and the Annual Financial Statements and Accounts for 2018/19 in draft on 1 May 2019, and recommended the final draft for Board approval on 29 May 2019. The final submission was approved by the Board at an extraordinary meeting on 29 May 2019.

Review of Potential Debt Write Offs

The Committee approved an annual bad debts and claims abandoned for 2019/20.

3.6 Topical, Legal and Regulatory Issues

Quality and Clinical Audit Plan 2018-19

The Committee considered the 'Quality and Clinical Audit Plan 2018-19 End of Year Report, noting the Quality, Safety and Improvement Committee had requested further work on the 2019/20 plan to include a broader scope of the organisation.

Impact of Leaving the European Union

The Committee received assurance that the Trust had undertaken the necessary preparedness work to mitigate potential business continuity and/or emergency planning incidents that could occur as a result of the United Kingdom leaving the European Union.

3.6 Assessment of Governance and Risk issues

The 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 Standing Orders. The Committee discussed the risk management and assurance arrangements in place for the organisation.

Board Assurance Framework

The Committee received the Board Assurance Framework (BAF) every quarter and has oversight of those elements of the BAF which apply to the risks falling under the remit of the Committee.

It also receives the BAF in its entirety in order to seek assurances that the risks are being effectively managed and that the controls which are in place are adequate and fit for purpose.

The Committee's role is to seek assurance from the Executive on the management of the risks, in particular to test the efficacy of the controls and to make recommendations to strengthen the control environment where necessary.

Corporate Risk Register

The Committee receive the Corporate Risk Register to enable them to gain assurance that operational risks were being appropriately managed.

Self-Assessment 2019/20 – Compliance with the Governance in Central Government Departments: Code of Practice 2017

The Committee received a Self-Assessment 2019/20 – Compliance against the Governance in Central Government Departments: Code of Practice 2017. The Committee took assurance that the Organisation complied with the principles of the code.

3.7 Policies and Other written Control Documents

The Committee approved the Reporting Damage or Loss to Personal Property policy.

The Committee also received bi-annual reports on the status of policies and other written control documents within the remit of the Committee

and took assurance of the prioritisation and progress being made to review policies and procedures.

3.8 Joint Working Framework

The Committee received reports on the Joint Working Framework and took assurance on the progress being made to ensure that all memoranda and agreements were being developed in line with the Joint Working Framework.

3.9 Work-plan / Action Log

The Committee Work Plan ensures that the Committee discharges its responsibilities in a planned manner. It assists with agenda planning and is updated during the year to ensure that the Committee considers any additional items which may arise during the year.

In order to monitor progress and any necessary follow up action, the Committee has an Action Log that captures all agreed actions. This provides an essential element of assurance to the Committee and from the Committee to the Board.

The Committee reported to the Board through a composite Chair's report, providing an overview of items considered by the Committee and highlighting any cross- committee issues / themes or items needing to be brought to the Board's attention.

The Composite Chair's report and confirmed minutes are published with the Board papers.

4. Relationship with other Committees

The Committee has continued to work closely with the People and Organisational Development Committee, the Quality, Safety and Improvement Committee and the Knowledge, Research and Information Committee during the year.

Any matters requiring consideration from other Committees are coordinated by the Board Business Unit.

Areas that are remitted to other Committees are noted in the Committee Chair's composite report which is presented at Board.

The Committee also received the Quality and Clinical Audit Plan 2018/19, approved by the Quality, Safety and Improvement Committee. Work to strengthen the Audit and Corporate Governance

Committees function with regard to clinical audit will continue in 2020/21.

5. Assurance to the Board

The Committee wishes to assure the Board that on the basis of the work completed by the Committee during 2019/20, there are effective measures in place and there are no outstanding issues that the Committee wishes to bring to the attention of the Board over and above the risks and issues already raised in the Committee Chairs composite report or that are already visible in the Board Assurance Framework and corporate risk register.

The Committee had, on occasion, requested further information on particular items to allow further scrutiny of the issues and to enable them to provide robust assurance to the Board and Accountable Officer.

During 2019-20, the Committee received further assurance in the following areas:

- **Data Quality**

The Committee added the issue of Data Quality to its work plan, for the Committee to monitor the progression of data quality within the organisation and possible look a review of the screening programmes data failsafe processes that have been undertaken. A review of Data Quality would be added to the work programme for 2020/21.

- **Workforce Streams – Investments**

As part of the Financial Performance Report, the Committee considered the ongoing challenges to ensure that efficiencies across the organisations were being achieved. The Committee sought further assurance on the recurrent savings required from the Workforce Work stream, to ensure that commitments made for new investments could continue. The Committee received this assurance, and subsequently requested that a further update on the wider efficiency programme to review the whole efficiency programme. This has been paused due to COVID-19 and the associated requirements of the pandemic.

6. Committee Effectiveness

In August 2019, the Committee undertook the self-assessment for 2018/19 via an online questionnaire, based on guidance in the *NHS Wales Audit Committee Handbook*, was developed and circulated to

committee members and attendees. Respondents included representative responses from Wales Audit Office and NHS (Internal) Audit and Assurance Services.

The Committee also held a workshop on 16 May 2019 to consider the following:

- The context the Committee operates in;
- The results of the self-assessment survey;
- Review of the current work plan;
- The vision/future direction;
- Identify next steps and actions.

There was positive discussion with key areas for focus and improvement identified:

- Ways to maximise the timings on the agenda for meetings to ensure there is appropriate time and space for discussion, scrutiny and challenge;
- Using the Board Assurance Framework to drive the agenda;
- Operational embedding of priorities;
- Focus on developing learning and improvement culture within the organisation for those members of staff who are requested to attend meetings.

7. Conclusions and look forward

The Committee is committed to continuing to develop its function and effectiveness and intends seeking further assurance in 2019/20 in respect of the:

- Taking forward the action plans developed as a result of the 2019/20 self-assessment and workshop.
- Completion of the 2020/21 self-assessment for the Committee.
- Providing assurance around the new strategic risks.
- Change to the Committee's role regarding the Board Assurance Framework and Corporate Risk Register.

Impact of COVID-19 for 2020/21

Due to the ongoing response to COVID-19, the decision has been made to cancel non-essential meetings. Audit and Corporate Governance Committee continue to operate in a remote format with an agenda focussed on ensuring compliance and fulfilling statutory requirements. The Committee will also have an assurance role linked to COVID-19 and supporting the Board in the context of the pandemic.