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Iechyd Cyhoeddus
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Public Health
Wales

Name of Meeting
Board
Date of Meeting
27 May 2021
Agenda item: 4.5

Audit and Corporate Governance Committee Annual Report 2020/21

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:	<p>This report has been approved by the Committee for submission to the Board at its meeting on 18 March 2021.</p> <p>It was agreed by the Committee that content from the 18 March 2021 meeting would be approved by the Chair for submission to the Board.</p>
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Purpose

The main purpose of the Audit and Corporate Governance Committee Annual Report 2020/21 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 2020/21

Recommendation:

APPROVE <input type="checkbox"/>	CONSIDER <input checked="" type="checkbox"/>	RECOMMEND <input type="checkbox"/>	ADOPT <input type="checkbox"/>	ASSURANCE <input checked="" type="checkbox"/>
<p>The Board is asked to:</p> <ul style="list-style-type: none"> • Consider the Audit and Corporate Governance Committee Annual Report for 2020/21 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 2020/21

Contents

1	Introduction	3
2	Role and responsibilities	3
2.1	Membership of Committee	5
2.2	Others in attendance	5
2.3	Meeting frequency	6
3	Main areas of Committee activity 2020/21	8
3.1	Standard Reporting	8
3.2	Internal Audit	9
3.3	External Audit	11
3.4	Counter Fraud Self Review Tool	11
3.5	Financial Reports	11
3.6	Topical, Legal and Regulatory Issues	12
3.6	Assessment of Governance and Risk issues	12
3.7	Policies and Other written Control Documents	13
3.8	Cyber Security Deep Dive	14
3.9	Information and Data Flows	14
3.10	Information Governance Deep Dive	14
3.11	Integrated Governance Model	14
3.12	Work-plan / Action Log	15
4.	Relationship with other Committees	15
5.	Assurance to the Board	16
6.	Committee Effectiveness	16
7.	Planned Activity in 2021/2022	17

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 2020/21 was as follows
:

Name	Position	Attendance *
Dyfed Edwards	Committee Chair and Non-Executive Director	6/6
Stephen Palmer	Non-Executive Director	3/3
Alison Ward	Non-Executive Director	0/6
Kate Eden	Non-Executive Director	5/5
Diane Crone	Non-Executive Director	3/3
Mohammed Mehmet	Non-Executive Director	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 two meetings of the Audit and Corporate Governance Committee during 2020/21.

2.2 Others in attendance

During 2020/21, the meetings were also attended by the following

Name	Position	Attendance *
Huw George	Deputy Chief Executive / Executive Director of Operations and Finance	6/6
Rhiannon Beaumont-Wood	Executive Director of Quality, Nursing and Allied Health Professionals	3/6
Helen Bushell	Board Secretary and Head of Board Business Unit	6/6
Angela Fisher	Deputy Director and Head of Finance	3/6

**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 three of six meetings and provided feedback to the Chair for the other three 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 three meetings during the year.

A representatives from the Local Partnership Forum had a permanent invite to attend the Committee. Stephanie Wilkins (4/6) was the nominated representatives to attend the Committee meetings.

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

Representatives of the Cardiff and Vale University Health Board Counter Fraud Service attended two Committee meetings to present their report.

2.3 Meeting frequency

During 2020/21 the Committee met six 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 six total meetings is held on an annual basis to receive and recommend for Board approval the Accountability Report and Annual Financial Statements and Accounts.

2.4 Impact of COVID-19 for 2020/21

Due to the response to COVID-19, the decision was taken by the Board to cancel non-essential meetings in in March 2020. The Audit and Corporate Governance Committee continued to operate in a virtual format with a reduced agenda, balancing the need to reduce pressure on staff during this time of responding to the pandemic.

During the time that the Knowledge, Research and Information Committee was suspended, the Board remitted the consideration of Information Governance matters to the Audit and Corporate Governance Committee to ensure compliance with Standing Orders.

In May 2020, the Committee increased the frequency of meetings during this period to one meeting every eight weeks (where it was possible to do so) to allow for appropriate and timely activity.

The Committee meeting agendas were reviewed to ensure a focus on compliance, covering statutory and core requirements and that appropriate governance arrangements were in place to provide appropriate assurance to the Board.

3 Main areas of Committee activity 2020/21

The Committee wishes to assure the Board that it fulfilled its work plan for 2020/21 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 regular reports to the Committee.

Internal Audit	Internal Audit Progress Report
	Internal Audit Action Log
External Audit	External Audit Progress Report
	External Audit Action Log (if required)
Risk	Strategic Risk Register
	Corporate Risk Register
Financial	Financial Performance Report The Committee received a quarterly update on the Financial Performance of the Organisation.
	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).
Counter Fraud	Counter Fraud Progress Report To assure the Committee on the effective management of Counter Fraud issues within the organisation.
Information Governance	Information Governance Quarterly Report

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

- Audit Wales Annual Audit Report 2020;
- Head of Internal Audit Annual Opinion 2019/20;
- Counter Fraud Annual Report 2019/20;
- NHS Wales Health Collaborative: Annual Assurance Statement; 2020/21.

Amendment to Committee Ways of Working

Due to COVID-19, the Committee meetings were 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:

April 2020

- Counter Fraud Update
- Counter Fraud Services – Operational Performance Report 2019/20
- Procurement Report
- Losses and Special Payments Report

June 2020

- Consultation on proposed National Fraud Initiative 2020-21: Proposed Work Programme and Data Specifications.
- AW Structured Assessment Briefing Note
- Risk Management Internal Audit Final Report
- IT Systems Internal Audit Final Report
- Counter Fraud Thematic Assessment: Fraud threats to NHS from COVID-19
- Counter Fraud – Self Review Tool Summary 2019/20

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 2021/22 at its meeting on 18 March 2021.

Head of Internal Audit Opinion for 2019/20

The Committee received the Head of Internal Audit Opinion and Annual Report for 2019/20, and noted:

- The list of completed reports for 2019/20;
- That there had been no limited assurance ratings for 2019/20,
- 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 
Sustainability				X
Management of Alerts (Follow Up from Limited Assurance Review)			X	
Annual Quality Statement				X
My Contribution (Follow Up from Limited Assurance Review)			X	
Data Quality and Integrity within Performance Reports				X
Welsh Risk Pool (WRP) Claim Process				X
Financial Systems				X
Processing information under Section 251 of the National Health Service Act 2006				X

Internal audit work is ongoing in areas related to:

- Additional hours and overpayments;
- Business Continuity / major incident planning (IT).

In 2020/21 there were no limited assurance reports.

In 2019/20, two limited assurance report was received by the Committee: 'Management of Alerts' and 'My Contribution'. The Committee monitored outstanding actions relating to these audit during 2020/21, and receive the subsequent follow up Audits which were both reasonable assurances

Internal Audit Governance Arrangements during the COVID -19 Pandemic Advisory Review 2020/21

The Committee received the positive COVID-19 Governance Review report, which highlighted that the governance arrangements of the organisation were operating effectively during this period.

3.3 External Audit

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

Audit Wales (AW) Structured Assessment

Members of the Committee agreed that Audit Wales Structured Assessment report was a clear demonstration of the positive work undertaken to ensure strong governance arrangements within the organisation, and an endorsement of the strong leadership by the Chief Executive and Chair. The Committee **noted** the report, and that it would be submitted to the Board.

Audi Wales Counter Fraud (PHW) Report and Management Response

The Committee considered the report from AW which had considered the effectiveness of counter fraud arrangements within PHW and identified areas of improvement.

Audit Wales (AW) Annual Report 2020

The Committee received the AW Annual Report for 2020 summarising the audit work undertaken during 2020, and noted that it was a positive report.

3.4 Counter Fraud Self Review Tool

The Committee also accepted the Counter Fraud Self Review Tool 2019/20 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 2019/20 in draft on 18 May 2020, and recommended the final draft for Board approval on 23 June 2020. The final submission was approved by the Board at an extraordinary meeting on 25 June 2020.

Review of Potential Debt Write Offs

The Committee approved an annual bad debts and claims abandoned for 2020/21.

3.6 Topical, Legal and Regulatory Issues

Quality and Clinical Audit Plan 2019/20

The Committee noted the 'Quality and Clinical Audit Plan 2019/20 End of Year Report.

Quality Governance Arrangements

The Committee noted the Quality Governance Arrangements Progress on Actions, which was being monitored through the Quality, Safety and improvement Committee.

Data Breach Action Plan

The Committee noted the Data Breach Action Plan.

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.

Strategic Risk Register

The Committee received the Strategic Risk Register (SRR) for oversight of those elements of the SRR which apply to the risks falling under the remit of the Committee. 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.

COVID Committee Governance Arrangements

The Committee regularly reviewed its role during the pandemic, and the frequency of meetings required to provide appropriate assurance to the Board in a timely manner. The approach taken by the Committee during the year was as follows:

- That the Committee would continue to meet, recognising that the preference would always be to enable the public to observe meetings for openness and transparency;

- Increase the frequency of meetings to eight weekly to ensure appropriate assurance was provided to the Board;
- Refocused its agenda to the relevant aspects Governance, Financial accountability, Internal and External Audit, Counter Fraud.
- Agendas remained dynamic and responsive to emerging issues in a timely manner.

Variations to Standing Orders

The Committee reviewed any variations made by the Board in relation to the Committee governance arrangements in light of COVID-19 to ensure the Committee was fulfilling its role and purpose.

Self-Assessment 2020/21 – Compliance with the Governance in Central Government Departments: Code of Practice 2017

The Committee received a Self-Assessment 2020/21 – 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.

Risk Deep Dive

The Committee considered a deep dive on Risk, covering operational delivery of risk management within the organisation, identifying areas for ongoing development. The Committee agreed to add a further update on risk to its work plan, which was to include evidence of how the assessment of risk was being integrated into the organisations decision making process.

Welsh Health Circulars

The Committee considered updates and took assurance that process for recording and monitoring the organisations compliance with Welsh Health Circulars was being managed effectively.

Declarations of Interest

The Committee received assurance on the implementation of the Declarations of Interest, Gifts, Hospitality and Sponsorship Policy and Procedure.

3.7 Policies and Other written Control Documents

The Committee approved the following Policies and Procedures:

- Financial Procedure – Accounts Receivable
- Risk Management Procedure
- Recovery of Salary Overpayments and Underpayments Procedure
- Fixed Asset Financial Control Procedure

The Committee also the Risk Management Policy to be submitted to Board for approval.

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 Cyber Security Deep Dive

The Committee considered a deep dive into Cyber Security, and took assurance on the management of Cyber Security within the organisation.

3.9 Information and Data Flows

The Committee took assurance from a report on the progress against actions identified following a rapid review of information and data flows into Welsh Government. This matter was remitted from the Board to the Committee.

3.10 Information Governance Deep Dive

The Committee received assurance on the management of information governance matters within the organisation, following a deep dive into Information Governance.

3.11 Integrated Governance Model

The Committee considered a presentation outlining a proposal for an Integrated Governance Model. The Committee made the following comments:

- Support for the approach being taken, and the focus on systems and culture at the centre of the organisation.
- A clearer rationale for the reasons for adopting a model should be included in the proposal, and the benefits of what this model was trying to achieve should be made more explicit;
- The model should include more practical and tangible benefits of how it would make a difference to the organisation. This was discussed in the context of staff engagement, and the importance of staff being able to see tangible benefits of this approach from the outset.
- The model would need to evolve and adapt in the long term implementation, to ensure it continued to evolve and responded to any learnings from the pilots. It was important to consider learning across the system, and avoiding viewing areas of the organisation in silos.
- The need to ensure effective engagement with staff for success of this model, and being able to evidence changes made as a result of this engagement.

The Committee agree to propose an organisational Integrated Governance Model to the Board, noting the comments made by the Committee would be considered and incorporated into the model as appropriate.

3.12 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 Audit and Corporate Governance Committee has continued to work closely, the Quality, Safety and Improvement Committee.

The People and Organisational Development Committee and Knowledge, Research and Information Committee have not been in operation during this year, although a People Advisory Group has been stood up to consider in more detail those items remitted by the Board.

The Audit and Corporate Governance Committee has ensured that the statutory requirements relating to Information Governance have been given due consideration, and assurance is provided to the Board on these matters.

Any matters requiring consideration from other Committees are coordinated through 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.

5. Assurance to the Board

The Committee wishes to assure the Board that on the basis of the work completed by the Committee during 2020/21, 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 Strategic Risk Register and corporate risk register.

The Chair of the Committee reports into the Board via a composite report from Committee Chairs, where any significant issues are brought to the attention of the Board.

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

During 2020/21 the Committee received further assurance in the following areas:

Learning from the 2009 H1N1 Pandemic (Matters Arising) – The Committee were advised that there was limited information on learning available from the 2009 pandemic, as information was deleted after 7 years in line with data protection. . A thorough review of information on the internet had revealed an independent review of the UK response was completed in 2010, however there were no recommendations specific to information and data flows. The recommendations had been reviewed against our current position and the Committee were assured that the broader lessons were being applied and addressed. The Committee requested that timescales of the retention of data, in particular learning from this pandemic be highlighted to Welsh Government to avoid any future issues.

6. Committee Effectiveness

During the year the Committee has continued to review and revise its ways of working to optimise the need for a robust governance approach and balance the need reduce pressure on staff during this time.

The Committee continued to review its effectiveness thorough the year, to ensure effective use of time and ensure it fulfilled its role to provide assurance to the Board.

The key adaptations made this year included:

- The construct of the Committee meeting agendas remained flexible, and the application of a risk based approach to the selection of agenda items.
- Consideration of the use of means other than formal papers to help the Committee to be more agile.
- The use of verbal updates and presentations where appropriate to ensure the timeliness of information to the Committee given the fast moving pace of the pandemic.
- The circulation of more material outside meetings where appropriate.

The Committee has engaged with a formal Board and Committee effectiveness review process taking place in March 2021. The outcome and recommendations following this review will be reported to the Board in Quarter 1 2021.

7. Planned Activity in 2021/2022

The Committee is committed to continuing to develop its function and effectiveness and intends seeking further assurance in 2021/22 in respect of the:

- Organisational and Financial Efficiencies;
- Further development of the Strategic Risk Register;
- Consideration within the work plan next year to include deep dives in Risk; Counter Fraud, and Financial Efficiency / value for money
- Recognising the pace at which Cyber security changes, there was a need to ensure ongoing monitoring by the Committee.