



## AUDIT & RISK COMMITTEE

### OUTCOME REPORT: AUDIT & RISK COMMITTEE EFFECTIVENESS SURVEY

<b>DATE OF MEETING</b>	12/12/2022
<b>PUBLIC OR PRIVATE REPORT</b>	<b>PUBLIC</b>
<b>IF PRIVATE PLEASE INDICATE REASON</b>	Not Applicable - Public Report
<b>PREPARED BY</b>	Emma Walters, Corporate Governance Manager & Cally Hamblyn, Assistant Director of Governance & Risk
<b>PRESENTED BY</b>	Cally Hamblyn, Assistant Director of Governance & Risk
<b>EXECUTIVE SPONSOR APPROVED</b>	Chief Executive
<b>REPORT PURPOSE</b>	<b>FOR NOTING</b>
<b>ACRONYMS</b>	
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 November 2022.
- 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.



1.3 At total of 8 out of 15 responses were received giving a 55% response rate.

## 2. SUMMARY REPORT

### Positive Assurance

#### Committee Effectiveness:

It was clear that the majority of Members/Attendees were aware that:

- 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;
- There was now an Annual Cycle of Business and Forward Work Programme in place which were being presented to each meeting.

#### Committee Business

- Committee members felt that meetings were **held sufficiently frequently** to deal with planned matters identified via the Annual Cycle of Business 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 established 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** – Members agreed that the experience of holding virtual meetings had been positive. One member commented that virtual meetings had achieved good attendance at meetings;
- **Integration with other Committees reviewing risk** – members felt that Committee had formally considered how it integrated with other Committees reviewing risk, recognizing that the Audit & Risk Committee



received the risk register in its entirety, whilst other Committees received their assigned risks only;

- Members felt that the Committee had reviewed the robustness and effectiveness of the content of the organisation's system of assurance;
- **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 Committee; felt that the Committee was adequately supported by the Committee Secretariat;
- **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;

#### **Internal Audit**

- The Committee reviews the **Internal Audit Plan** and agrees any material changes outside the meeting 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;
- Members felt that Audit Plans were derived from clear processes based on risk assessment with clear links to the system of assurance. Members confirmed that the Committee received periodic reports from the Head of Internal Audit;
- The Committee has a role in investigating the reason for management **refusal to accept audit recommendations** should the situation occur, with encouragement being given to management to ensure the recommendations are achievable and address the issues identified;
- Members agreed that the Head of Internal Audit had a direct line of reporting to the Committee and its Chair;
- 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;
- The Committee receives and reviews the **Head of Internal Audit Annual Report and Opinion.**



### External Audit

- The Committee receives and reviews the Auditor General's Audit Plans and Strategy for consideration. The Committee also considers the Auditor General's Annual Audit Letter;
- The Committee receives and monitors actions taken in respect of prior year's reviews;
- The Committee assesses the quality and effectiveness of External Audit work (both financial and non-financial).

### Counter Fraud

- The **Counter Fraud Work Plan** is reviewed and approved by the Committee;
- The Committee were able to approve any material changes to the **counter fraud plan** although it was noted by one member that there had been no changes required to date;
- Periodic reports were received by the Committee from the Local Counter Fraud Specialist, with one Member commenting that the reports were well structured and informative;
- The Local Counter Fraud specialist has a **right of direct access** to the Committee and its Chair;
- The Committee received and reviewed the **Local Counter Fraud Specialist's Annual Report of Counter Fraud Activity and Qualitative Assessment**.

### 1. Committee Effectiveness

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 Committee Cycle of Business:

2. The Terms of Reference are reviewed on an annual basis considered by the Committee and then approved by the Health Board.

### 3. Committee Business

4. **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;

5. Whilst the majority of Members felt that the Committee reviewed assurance and **regulatory/legislative compliance** reporting processes,

Areas  
Requiring  
Further  
Assurance



one member indicated that they did not think this had happened with one Member indicating that they did not know if this had happened;

## 6. Internal Audit

7. Members felt that the Committee to some extent effectively monitored the implementation of management actions from audit reports, with one member commenting that improvements could be made by the Committee in relation to holding Executives to account when there were long delays;
8. Whilst the majority of Members felt that the Committee had agreed a range of Internal Audit Performance measures to be reported on a routine basis, one Member advised that they could not recall this taking place;
9. 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.'" ...'*

## 10. External Audit – Audit Wales

In relation to reviewing the nature and value of **non-standard/discretionary work** e.g. Healthcare Inspectorate Wales and Audit Wales Joint Review, some members indicated they were unsure as to whether the Committee had reviewed this. A Progress report and action plan on the Healthcare Inspectorate Wales/Audit Wales Joint review was presented to the Committee in August 2021 with regular updates being presented to the Committee via the Audit Recommendations Tracker.

## 11. Counter Fraud

- Whilst the majority of Members felt that the Committee satisfied itself that the work plan adequately each of the seven generic areas defined in the NHS Counter Fraud Policy, some members indicated that they were unsure of this. In response to this point the process is outlined for assurances purposes as follows; the seven generic areas are derived from the requirements of the Welsh Government Directions to NHS Bodies on Counter Fraud Measures. The Health Board is also expected to comply with NHS Counter Fraud Standards. The annual Counter Fraud Work Plan is devised to meet responsibilities in relation to these



legislative/governance requirements. The work plan is set around four strategic areas which are mapped to the seven generic areas set out in the Health Board Policy and Welsh Government Directions. For future Counter Fraud Work Plans activity can be overtly mapped to the seven generic areas for assurance these are met.

- Whilst the majority of Members felt that Counter Fraud Plans were derived from clear processes based on risk assessment, some members did not know if this was the case; in response to this point, it is useful for members to note that Counter Fraud Work Plans are derived from a high-level organisational risk assessment. The new NHS Counter Fraud Standards require comprehensive local risk assessments to be undertaken which are then managed in line with local risk management policy and procedure. Going forward there will be a blend of these two approaches that inform Work Plan development.
- Whilst the majority of Members agreed that the Committee effectively monitored the implementation of management actions arising from Counter Fraud reports, some members advised that they did not know; For awareness management actions and recommendations arising from Counter Fraud reports are monitored via the Recommendations Tracker when outstanding.
- Overall Members felt that the Committee had reviewed the effectiveness of the Local Counter Fraud Service and the adequacy of its staffing resource, one member commented that it might be an opportune time to review this again. In response, the LCFS has confirmed that Counter Fraud staffing resource is reviewed continually. Annually resource levels are agreed via the Service Level Agreement with Swansea Bay UHB. This presents an opportunity to discuss resource levels. The Health Board maintains a resource of 0.20 WTE Counter Fraud Specialists per 1000 staff; that is in line with the All Wales Average of 0.28. Resource levels across NHS Wales are tracked via quarterly statistic submission. This can be included in the statistical benchmarking reports brought to Committee periodically.
- Overall members agreed that the Committee had received and discussed reports arising from quality inspections by NHS Counter Fraud activity, one Member commented that they could not recall this happening. In response to this point Quality Inspections have evolved from full inspections of compliance with NHS Counter Fraud Standards to thematic assessments of particular standard areas. The last report issued by NHS Counter Fraud Authority following a thematic assessment was February 2020. This reviewed the compliance with previous NHS Counter Fraud Standards 3.4, 3.5 and 3.6 with focus on the relationship between NHS Wales Health Boards and NWSSP. A report following recent inspection visit in September 2022 by the NHS



	<p>Counter Fraud Authority, which focused on the outcomes of the 2020 report and approach to risk assessment, is due imminently and will be brought to Committee at the next available meeting following issue.</p>
<p><b>Areas Requiring Further Action</b></p>	<ul style="list-style-type: none"><li>• <b>Committee Business</b></li><li>• The Committee considered whether they were adequately supported by Executive Directors in terms of attendance, quality and length of papers and responses to challenges and questions. Feedback reflected that overall, the support was very good; however, this could be improved upon by ensuring robust preparedness in advance of meetings.</li><li>• Whilst the majority of Members felt that the Committee had a mechanism in place to ensure awareness of topical, legal and regulatory issues, one Member commented that this was not happening as systematically as might be desirable. Some members recognised that this was being captured in the cycle of business, within any other business and via Board Briefings and Board Development Sessions;</li></ul>
<p><b>Action Plan</b></p>	<p><b>1. Committee Business</b></p> <ul style="list-style-type: none"><li>• All meeting participants are encouraged to ensure they are <b>fully briefed and prepared for meetings in advance</b>. The Independent Member (IM) Scrutiny Toolkit is a helpful reference point for IM's and Executive Leads in clarifying their roles in terms of Board Committee meetings and this is attached at Appendix 1 should it be helpful to revisit.</li><li>• Board Development Sessions and Board Briefings will continue to be the mechanism for <b>legislative and regulatory updates</b> for all Board Members. Updates relevant to the remit of the Audit &amp; Risk Committee can be planned throughout the year as and when required.</li><li>• <b>Counter Fraud</b></li><li>• For future Counter Fraud Work Plans, activity can be overtly mapped to the seven generic areas for assurance these are met.</li><li>• Local Counter Fraud Staffing Resource will be included in the statistical benchmarking reports brought to Committee periodically.</li></ul>
<p><b>Appendices</b></p>	<p>Independent Member Scrutiny Toolkit available upon request.</p>



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Cwm Taf Morgannwg  
University Health Board

### 3. Recommendation

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