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Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Annual Report of Audit and Assurance Committee 2022/2023

1.0 INTRODUCTION

In accordance with best practice and good governance, the Audit Committee produces an Annual Report to the Board setting out how the Committee has met its Terms of Reference during the financial year.

2.0 MEMBERSHIP

The Committee membership is a minimum of three Independent Members, one of whom must have financial experience and one of whom must be a member of the Quality, Safety and Experience Committee. During the financial year 2022/23 the Committee comprised four Independent Members. In addition to the Membership, the meetings are also attended by the Director of Finance (Lead Executive), Director of Corporate Governance, Head of Internal Audit, Local Counter Fraud Specialist and a Representative of External Auditor (Audit Wales). Other Executive Directors attend as required by the Committee Chair. The Committee may also co-opt additional independent 'external' members from outside the organisation to provide specialist skills, knowledge and expertise.

3.0 MEETINGS AND ATTENDANCE

The Committee met seven times during the period 1 April 2022 to 31 March 2023. This is in line with its Terms of Reference.

At least two members must be present to ensure the quorum of the Committee, one of whom should be the Committee Chair or Vice Chair.

The Audit Committee achieved an attendance rate of 89% during the period 1st April 2022 to 31st March 2023 as set out below:

	05.04.22	12.05.22	14.06.22	05.07.22	06.09.22	08.11.22	07.02.23	Attendance
John Union (CC)	✓	✓	✓	✓	x	✓	✓	85%
David Edwards (VC)	x	✓	✓	✓	✓	✓	✓	85%
Mike Jones	✓	✓	✓	✓	✓	✓	✓	100%
Ceri Phillips	✓	✓	✓	✓	x	✓	✓	85%
Total	75%	100%	100%	100%	50%	100%	100%	89%

4.0 TERMS OF REFERENCE AND WORKPLAN

The Terms of Reference for the Committee are reviewed on an annual basis. The Terms of Reference 2023/24 and annual work plan were reviewed and recommended for Board approval by the Committee on 7 February 2023. The Terms of Reference are due to be considered by the Board for approval on 30 March 2023.

5.0 WORK UNDERTAKEN

As set out in the Terms of Reference, the purpose of the Audit and Assurance Committee is to advise and assure the Board and the Accountable Officer on whether effective arrangements are in place – through the design and operation of the Health Board’s assurance framework – to support them in their decision taking and in discharging their accountabilities for securing the achievement of the Health Board’s objectives, in accordance with the standards of good governance determined for the NHS in Wales. In particular, the Committee’s role includes (but is not limited to) commenting upon: -

- Compliance with relevant regulatory requirements, standards and other directions/requirements set by Welsh Government and others;
- The efficiency, effectiveness and economic use of resources;
- Adequacy of arrangements for (i) declaring, registering and handling interests, and (ii) dealing with offers of gifts or hospitality;
- The 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;
- The Health Board’s Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate);
- The Schedule of Losses and Compensation;
- The planned activity and results of internal audit, external audit and the Local Counter Fraud Specialist; and
- The adequacy of executive and management response to issues identified by audit, inspection and other assurance activity.

During the financial year 2022/23 the Audit and Assurance Committee reviewed the following key items at its meetings:

PRIVATE AUDIT AND ASSURANCE COMMITTEE

APRIL, MAY, JUNE, JULY, SEPTEMBER, NOVEMBER 2022 & FEBRUARY 2023

Papers presented to the private session of the Audit and Assurance Committee were as follows:

- Counter fraud Progress Report
- Procurement Compliance Report
- Workforce and Organisational Development Compliance Report
- Procurement Influenceable Spend Report and Improvements
- Overpayment of Health Board Salaries
- Learning from Cyber attacks
- Losses and Special Payments Panel.

PUBLIC AUDIT AND ASSURANCE COMMITTEE

The work undertaken and considered by the Committee during the financial year 2022 to 2023 included the following: -

- **Internal Audit Progress and Tracking Report & Internal Audit Plan 2022/23**

Internal Audit Reports were submitted to each of the Audit and Assurance Committee meetings (apart from the special meeting in June 2022). The reports provided details on outcomes, key findings and conclusions from the finalised Internal Audit assignments and specific detail relating to progress against the Audit Plan and any updates that occurred within the Plan.

April 2022

In April 2022, the IT Service Management Final Report was presented to the Committee. Internal Audit were only able to provide 'limited' assurance. Four high priority recommendations were made, which the Digital Team agreed with.

The Committee also received the following final reports: -

- (i) Verification of Dialysis Sessions. The outcome was Substantial Assurance.
- (ii) Raising Staff Concerns. The outcome was Reasonable Assurance.
- (iii) Arrangements to Support the Delivery of Mental Health Services. This was an Advisory Review Report which highlighted opportunities and contained no recommendations

Internal Audit also advised the Committee that seven audits were delayed and not finalised in time for this meeting. Those would be brought to the next Committee meeting.

May 2022

In May 2022, the Committee received a number of completed Internal Audit reports which included: -

- (i) COVID-19 Vaccination Programme - Phase 3 delivery Final Report - Substantial Assurance.
- (ii) Health & Safety Final Report - Substantial Assurance.
- (iii) Wellbeing Hub at Maelfa Final Report - Reasonable Assurance.
- (iv) Development of Genomics Partnership Wales Final Report - Reasonable Assurance.
- (v) Network and Information Systems (NIS) Directive Final Report - Limited Assurance. The Committee was advised that the Health Board's Management team had immediately dealt with the high priority recommendation.
- (vi) Welsh Risk Pool Claims - Substantial Assurance.
- (vii) Nurse Rostering: Children's Hospital for Wales, Children and Women's Clinical Board - Reasonable Assurance.
- (viii) Nurse Bank Final Report - Limited Assurance.
- (ix) Delivery of Mental Health Services. This was an advisory report.

Management agreed with the findings of the two Limited Assurance reports and would implement the changes.

July 2022

In July 2022 the Committee received a number of completed Internal Audit reports which included: -

- (i) Recovery of services and Delivery of the Annual Plan 2021 – 2022 Final Report - Substantial Assurance.
- (ii) Risk Management Final Internal Audit Report - Reasonable Assurance.
- (iii) Performance Reporting (Data Quality) Final Report - Reasonable Assurance.
- (iv) ChemoCare IT System Final Report - Limited Assurance.

It was noted that against the 41 reviews were scheduled for 2022/23. Four audits were a “work in progress” and six were in the planning stage.

September 2022

At the September meeting, the Committee received five Internal Audit reports which related to:

- (i) Monitoring and Reporting of Staff Sickness Absence – Reasonable Assurance
- (ii) Ultrasound Governance Follow-up (CD&T CB) – Reasonable Assurance
- (iii) Integrated Medium Term Plan 2022 – 2025: Development Process – Substantial Assurance
- (iv) Stock Management – Neuromodulation Service (Specialist Services CB) – Reasonable Assurance
- (v) Waste Management – Reasonable Assurance

The Committee also received an update on the Limited Assurance Internal Audit Reports relating to the IT Service Management. The Director of Digital and Health Intelligence advised the Committee of the actions which had been taken to address the Audit recommendations. One of those actions was the implementation of the Ivanti system. Internal Audit confirmed that they would carry out a Follow Up Audit and that they also planned to undertake a separate audit with regards to the Ivanti system.

The Director of Digital and Health Intelligence informed the Committee that there had been a delay in implementing some of the required actions in relation to the ChemoCare IT System report. That delay was mainly due to the DHCW building interfaces and having that signed off. There had also been a delay in implementing Version 6. The Committee was advised that all of the changes were scheduled to take place at the end of October. Furthermore, that the delay should not give rise to any real risks.

November 2022

At the November meeting, the Committee received seven finalised reports:

- (i) Staff Wellbeing: Culture & Values – Reasonable Assurance
- (ii) Follow-up: 5 Steps to Safer Surgery – Substantial Assurance
- (iii) Implementation of National IT Systems (WNCR) – Reasonable Assurance
- (iv) Digital Strategy – Reasonable Assurance
- (v) Medical & Dental Staff Bank - Substantial Assurance
- (vi) Medical Equipment & Devices – Reasonable Assurance
- (vii) UHL Endoscopy Expansion - Reasonable Assurance

Annual Clinical Audit Plan Review – the Committee received an update on the progress that had been made since the Internal Audit’s Limited Assurance report in October 2021. Members were advised that significant progress had been made which included (i) a clinical audit quality tool (ie AMaT) had been procured and implemented, and it was anticipated that all of the Clinical Boards would be trained with this new technology by December 2022, and (ii) a Clinical Audit Policy and Strategy had been developed to provide an appropriate framework to support a prudent audit programme which was designed to provide assurance and to drive improvement in quality and safety priorities.

February 2023

At the February meeting, the Committee received ten finalised reports:

- (i) Genomics Partnership Wales – Reasonable Assurance
- (ii) Capital Systems Management - Reasonable Assurance
- (iii) UHL Engineering Infrastructure - Reasonable Assurance
- (iv) Core Financial Systems (Treasury Management) - Reasonable Assurance
- (v) Assurance Mapping (Advisory) – Assurance not applicable
- (vi) IT Service Desk System – Reasonable Assurance
- (vii) Access to In-Hours GMS Service Standards (PCIC Clinical Board) - Reasonable Assurance
- (viii) Endoscopy Insourcing (Medicine Clinical Board) - Reasonable Assurance
- (ix) Medical Records Tracking (CD&T Clinical Board) – Limited Assurance
- (x) Management of Locum Junior Doctors (Children & Women’s Clinical Board) - Reasonable Assurance

The Committee also received an update on the Limited Assurance Internal Audit report relating to Medical Records Tracking (CD&T Clinical Board). The Directorate Manager advised the Committee that there was a plan to put a better structure around the governance arrangements. The team was also considering how records were stored on a daily basis.

Internal Audit Tracking Report

The Internal Audit Tracking Report is presented at each Committee meeting in order to provide Members with assurance on the implementation of recommendations made by Internal Audit.

November 2022

The Committee was advised that there was a strong focus on the “aged” entries on the Tracker. It was also noted that care should be taken regarding Cyber related recommendations, in particular that the same should be considered in a Private forum as a matter of good practice.

February 2023

It was requested that the Director of Digital Health and Intelligence attend the next Committee meeting to provide an update on the Chemo Care IT System.

- **Audit Wales Update**

At each Committee meeting, Committee Members received and considered an update from Audit Wales in relation to the current and planned Audit Wales work. Accounts and performance audit work were considered, and information was also provided on the Auditor General’s wider programme of national value-for-money examinations.

April 2022

The Committee was informed that the scope of the 2021 Local Work had now been agreed. That would include a review of the Estates which followed the recommendations made in 2017.

June 2022

At the Special meeting held in June, and as part of the standard “end of year” arrangements, the Committee considered and ratified the Health Board’s audited accounts, Performance

Report and Accountability Report alongside the audit report, with a recommendation to full Board to approve the Annual Report and Annual Accounts 2021/22 in readiness for the documents being submitted to Welsh Government by the June 2022 deadline.

July 2022

The Committee received a report which related to the Health Board's Quality Governance Arrangements. Whilst Audit Wales had found that the Health Board's corporate and operational structures for quality governance were reasonably effective, it had commented that there are opportunities to strengthen aspects of culture and quality improvement. Seven recommendations were made and the Committee was advised that the Health Board's Management team was addressing those recommendations.

September 2022

At the meeting in September the Committee received the Audit of Accounts Addendum Report. The report set out eight recommendations arising from the annual audit of the Health Board's 2021-22 accounts, together with the management responses.

The Committee also received the Estates Follow Up Review Report. The overall conclusion was that the Health Board had increased its strategic focus on the future estate but there was insufficient Board-level visibility of the condition of the existing estate. Work had commenced to develop a new estate strategy, which would be linked to the Health Board's ten-year strategy and capital plan.

Audit Wales also confirmed that they were continuing with their field work in relation to the Annual Structured Assessment and were due to present this Report to the next Audit Committee in November.

November 2022

The Committee received an update from the Director of People and Culture which set out the detailed work which the Health Board had been undertaking in relation to the recommendations made by Audit Wales in their report "Taking Care of the Carers - How NHS Bodies supported staff wellbeing during the COVID-19 pandemic."

The Committee was advised that the Recommendations in relation to the Estates follow-up review management response had been completed.

The Committee also received the "Equality Impact Assessments: More than a tick box exercise" report. It made several recommendations for Welsh Government to address and one to Public Bodies requiring them to review their approach to Equality Impact Assessments considering the findings within the Report and the detailed guidance available on the Equality and Human Rights Commission and Practice Hub.

Audit Wales published a report ("Public Sector Readiness for Net Zero Carbon by 2030") which set out five calls for action to be taken by Public Bodies in order to tackle climate change. At its meeting in November, the Committee received a paper, by way of assurance, to confirm the actions being taken by the Health Board in response to that report.

February 2023

The Committee were advised that the Charitable Funds accounts would be signed by the Auditor General in that week. The Committee was also presented with the Structured Assessment report which remained positive overall. The report found that the Health Board's approach to planning was generally effective and inclusive, with good Board-level oversight and stakeholder involvement.

- **Audit Wales Tracking Report**

The Committee received an Audit Wales Tracking report at each meeting in order to provide Members of the Committee with assurance on the implementation of recommendations which had been made by Audit Wales. The Health Board's Risk and Regulation team would focus on older entries and continue developing the tracker.

- **Declarations of Interest, Gifts, Hospitality & Sponsorship**

The Committee routinely received an update with regards to the Health Board's Declaration of Interest, Gifts, Hospitality and Sponsorship register.

The Committee had noted that there had been a significant increase in the amount of declarations made on ESR, which suggested reasonable success from the advertising campaign.

- **Regulatory Compliance Tracking Report**

The Regulatory Compliance Tracking Report is presented to the Committee at each meeting. Amongst other matters, the report provided details with regards to regulatory standards the Health Board is required to meet and regulatory inspections that have been carried out and/or are due to be carried out.

The Committee noted that there were growing recommendations from legislative bodies and Welsh Government Welsh Health Circular (WHC) updates were regularly provided at Management Executive meetings.

February 2023

The Committee was advised that the Health Board was currently Non-Compliant with the two Patient Safety Alerts. Those had continued to be monitored by the patient safety teams and were reported at the QSE meetings.

- **The Review of Risk Management and Assurance Mapping**

The Committee received several reports during the year which related to the work being undertaken to improve the Health Board's Risk Management systems. This included working with colleagues from Internal Audit to further develop assurance mapping to specifically map Assurance Levels in relation to risks that are reported within the Corporate Risk Register and to enable more targeted action to be taken to proactively manage these risks and identify opportunities to control the same.

- **Standing Orders, Standing Financial Instructions, Reservation and Delegation of Powers**

The Committee reviewed the Health Board's Standing Financial Instructions and accounting policies at its meeting in April 2022

- **Review of Draft Charitable Funds Annual Report and Accounts**

At the November meeting the Committee received and discussed the draft accounts which related to the activities of the Health Board's Charity during the period 1 April 2021 to 31 March 2022.

- **Procurement Compliance Report**

The Committee was presented with the Procurement Compliance Report at each of its meetings.

In the November meeting, the Committee was informed that the number of single tender actions was increasing and that this was being kept under review.

At the time of writing this Annual Report, a detailed report with regards to the number of requested Chair's Actions was due to be presented to the Committee in April 2023.

- **Counter Fraud**

The Committee noted that a lot of time had been spent on developing the infrastructure of the Counter Fraud Team and that Team had developed Fraud awareness tools in order to raise awareness of Counter Fraud throughout the organisation. At its May meeting, the Committee received and approved (i) the Counter Fraud Annual Plan which set out the Counter Fraud Team's proposed work for 2022/23, and (ii) the Counter Fraud Annual Report 2021/22 which set out an assessment of the work undertaken by the Counter Fraud Team during the previous year.

- **Management of Policies, Procedures and Other Written Control Documents Policy**

In July the Committee reviewed and ratified (i) the Management of Policies, Procedure and other Written Control Documents Policy (UHB 001) and (ii) Written Control Documents – Development and Approval Procedure (UHB 242).

At the November meeting, the Committee was informed of the action plan that was in place in order to put the Health Board's Corporate Policies management system on a much better footing.

- **Board and Committee Effectiveness Survey 2021 – 22**

As part of the Health Board's assurance arrangements, in May the Committee was presented with (i) the findings of the Annual Board Effectiveness Survey 2021-22, and (ii) an update on the action plan following the survey undertaken in 2021-22.

6.0 REPORTING RESPONSIBILITIES

The Committee has reported to the Board after each of the Audit and Assurance Committee meeting by presenting a summary report of the key discussion items at the Audit Committee. As per the Committee's Terms of Reference, the report is presented by the Committee Chair in which he must:

- 1) Report formally, regularly and on a timely basis to the Board and the Accountable Officer on the Committee's activities. This includes verbal updates on activity and the submission of Committee minutes and written reports throughout the year;
- 2) Bring to the Board and the Accountable Officer's specific attention any significant matters under consideration by the Committee;
- 3) Ensure appropriate escalation arrangements are in place to alert the UHB Chair, Chief Executive (and Accountable Officer) or Chairs of other relevant committees of any urgent/critical matters that may affect the operation and/or reputation of the Health Board.

7.0 OPINION

The Committee is of the opinion that the draft Audit and Assurance Committee Report 2022/23 is consistent with its role as set out within the Terms of Reference and that there are no matters that the Committee is aware of at this time that have not been disclosed appropriately.

John Union

Committee Chair