



## AUDIT COMMITTEE HIGHLIGHT REPORT TO BOARD

This report provides the Board with key escalation and discussion points at the last Committee meeting. A full list of items discussed appears at the end of the report to enable members to raise any questions to the Chair which have not been drawn out in the report.

The papers for this meeting can be found by following this [link](#) to the Committee page on the Trust website.

<b>Trust Board Meeting Date</b>	28 March 2024
<b>Committee Meeting Date</b>	1 March 2024
<b>Chair</b>	Peter Curran

### KEY ESCALATION AND DISCUSSION POINTS

#### ALERT

(Alert the Board to areas of attention)

1. The reasonable assurance rated Vehicle Replacement Programme Internal Audit raised an **issue of compliance with the Standing Orders**, that being the approval of individual contracts by the Board in accordance with the Scheme of Reservation and Delegation (SoRD). The audit noted that the Board had approved the business justification case (BJC) to which this matter related and associated procurement values, however it was reported that contractual arrangements were made subsequently, and that approval of the BJC did not represent approval of specific contracts. This was the only limited assurance finding in the overall reasonable assurance report, which also noted the vehicle replacement refresh to be a mature process with good understanding of the key factors determining refresh frequency and a substantial assurance rating on strategic planning and approvals.

Whilst this finding related to vehicle procurement (where there are long-term contractual partnering arrangements in place due to the specialist nature of the fleet) it has application more generally. A governance practice note has therefore been developed and shared with auditors to provide clarity on the practical application of the SoRD with respect to awards of contracts by the Board and logistics that flow from that. The governance practice note and amendments to the SoRD to address the internal audit findings will be reviewed by the Committee at its April meeting.

2. The **Risk Management Policy** was endorsed and is before the Board for **approval** today in line with the Scheme of Matters Reserved to the Board under the Standing Orders.

#### ADVISE

(Detail any areas of on-going monitoring, approvals, or new developments to be communicated)

3. The Audit Committee chair held a **pre-meet** with Internal Audit and Audit Wales before the meeting in



line with best practice.

4. The **2024/25 Internal Audit Plan** was approved and includes audits on the following areas:

- Risk Management & Assurance
- Follow Up Action Tracker
- Procurement and Contract Management
- Vehicle Accident Management
- Integrated Quality and Performance Management Framework
- Seasonal Forecasting and Modelling
- Exposure to Fumes
- Public Engagement & Community Involvement
- Rollout of Pentrox
- Overtime Controls
- Start of Shift Procedure
- Emergency Nurse Comm System Implementation
- 111 Wales Website
- 111 Digital Operations
- Data Quality
- Rostering Policy
- Occupational Health & Wellbeing Support
- Speaking up safely
- Capital Systems
- Energy Management
- Annual Governance Statement

5. The **Internal Audit Charter and fee** for 2024/25 was also approved.

6. The **2023/24 annual filings** update was provided for the accounts and annual report.

- (a) With respect to the **accounts planning and emerging** issues, the audit certification deadline is 15<sup>th</sup> July 2024, which is 16 days shorter compared to 31<sup>st</sup> July last year. Audit Wales have increased their audit fee by an average of 6.4% for the audit of the 2023/24 accounts for all NHS Wales organisations. The Committee were informed that this was in line with industry practice and Audit Wales will provide further information to the Committee in this regard.
- (b) Areas of potential focus in the 2023/24 audit include that driven by the NHS Wales (Health Boards) control total position of £123m, accruals and expenditure around year end, standards of governance and financial management, remuneration report & payment of executive salary over and above defined salary point determined by the WG.
- (c) A new issue has arisen that may affect the remuneration report with respect to the pay of very senior managers across NHS in Wales for 23/24. This is because of the late payment of this pay award which was approved on 1 March 2024. The payment dates are not yet clear, and whilst this is not financially significant it may impact on the availability of pension costs for very senior managers in the Remuneration Report. This is the same for all NHS Wales bodies.
- (d) The annual filings task and finish group has been set up again to lead the planning and



implementation of the **annual report for 2023/24**. That group involves all the relevant people who are involved in the performance and the accountability report sections. The new deadline for certifying the accounts will necessitate extraordinary Audit Committee and Board meetings to approve the annual report and audited accounts. The Committee approved the timetable and the proposal for holding extraordinary meetings.

7. The **Local Counter Fraud Policy** was received and approved.
8. Members welcomed Peter Curran to his first meeting at the Trust and as Chair of the Audit Committee and reflected that the meetings was very well chaired and thanked him for his engagement with members ahead of the meeting over papers. Other **reflections** included:
  - Excellent standard of papers from internal and external colleagues.
  - System of internal control is very good.
  - Key themes include the need to delineate what is in our control and the increased scrutiny and transparency on this was welcomed.
  - There is enormous progress on risk and the audit tracker.
  - A number of attendees who both observed the meeting and responded to the internal audits on the agenda were welcomed.
  - The hybrid approach worked well with part members in the room in Cardiff and others joining remotely.
  - The importance of this Committee triangulation information and how that was maturing was apparent.
  - Good to be able to focus discussion on the key points in the audits.
9. Notes from the **All Wales Audit Committee Chairs** meeting from 20 November were received for information.

## ASSURE

(Detail here any areas of assurance the Committee has received)

10. Bethan Evans, Chair of the Quality, Patient Experience and Safety (Quest) Committee provided assurance by way of a AAA report that the **clinical audit plan for 2024/25** had been reviewed and approved by that Committee when it met on 8 February. Monitoring of the plan takes place at each meeting.
11. The Board will recall previous AAA reports from this and other Committees noting that the number of **Policies** within their review date fell below reasonable levels during the Covid-19 pandemic as the policy work plan was largely paused and efforts directed to support the response. This meant that most policies have passed their review date; however, it is important to note that these remain our extant policies, they are in use and have not expired. The Committee has oversight of the work plans to review and update these policies and were assured that this was on track for the prioritised policies in 2023/24 and 2024/25.
12. Progress against the **2023/24 Internal Audit Plan** was received and changes to the plan approved. Committee noted the large number of audits presented today due to the progress of audits starting slightly late in 2023/24. The following four **Internal Audits** reviews were completed during the



quarter and presented to the Committee:

- **Decarbonisation** – limited assurance. The Committee noted that this review is being conducted across all NHS Wales Health Bodies and that all have been given a limited assurance rated, therefore WAST is not an outlier. The significant work the Trust has been undertaking to address the requirements of the Decarbonisation Strategic Delivery Plan were recognised. However, the overall rating reflects the complexity and range of risks associated with this area which, along with the financial shortfalls, impacts on the Trust's ability to deliver on the wider decarbonisation agenda. Other matters include completion of the risk register, at both Programme and Corporate level, and ongoing regular review, and review of the membership and attendance at the Decarbonisation Programme Board. The disappointment of the WAST team in receiving this report, despite the good work underway, was noted in terms of this being a WAST audit, as opposed to an all Wales audit. It was felt by members that there was little more the team can do in this area without the funding issues being resolved. This report will be reviewed at the Finance and Performance Committee in March and a summary report will be prepared by Internal Audit to share with Welsh Government.
- **Vehicle Replacement Programme** – reasonable assurance with key matters arising including compliance with Standing Orders for Trust Board approval of contracts (see alert section above); enhance reporting and review of the procurement strategy to ensure best value; ensure procurement and contractual arrangements obtain best value from strategic partnering; detail variances to programme at business cases; demonstrate optimal vehicle procurement numbers; and to better align the project management and business case processes with best practice. This will be reviewed by the Finance and Performance Committee in March.
- **ePCR Clinical Compliance** – reasonable assurance with key matters arising including Oversight of training completion and limitations and accuracy of reporting. This will be reviewed by Quest in May.
- **Serious Adverse Incidents Joint Investigation Framework** – reasonable assurance with key matters arising including areas of non-compliance with Section 4 (Joint Investigation Process) of the NHS Wales National Policy, noting which a review of the internal policy should be undertaken. It was noted that there had now been investment in the team with a view to increase capacity and strengthen leadership. Learning from the incidents was being applied and the trust was considering what that meant for the clinical operating model and the clinical governance framework. This will be reviewed by Quest in May.
- **Strategy Development** – reasonable assurance with key matters arising including delays to the Engagement Framework Delivery Plan; and opportunities to improve how the Trust measures and reports progress. This will be reviewed at the Finance and Performance Committee in March.
- **Retention of Staff** – reasonable assurance with key matters arising including finalisation and ratification of the 'Moving on Interview' process, with a clear timetable for its roll out; and evaluation of the effectiveness of the initiatives that have recently been introduced to improve staff retention. The importance of regular staff reviews and contact with managers was emphasised as vital for retention. This was reviewed by the People and Culture Committee in



February.

- **111 Commissioning.** This is an advisory report with key matters arising include clarity over roles and responsibilities within the National Collaboration Agreement; develop a mechanism to enable post-implementation learning of benefits and impact to service delivery; enhancements to governance arrangements to strengthen oversight; opportunities to strengthen reporting of the commissioning arrangements; and review of risk registers. The advisory was reviewed by the Finance and Performance Committee in January.

13. The **Audit Wales Update** was received as was the **WAST 2023 Structured Assessment**. The Board will be aware that Fflur Jones, Audit Wales, presented the Structured Assessment to the Trust Board meeting in January given the timing of the release of the report. Members noted the positive report and the improvements year on year, and thanked all teams involved.

Planned work for 2024 includes a national deep dive into financial efficiencies (scope agreed with report anticipated to May Audit Committee) and a follow up of the Review of Quality Governance Arrangements will begin in March 2024.

14. The **losses and special payments** made during the period 1<sup>st</sup> April to 31<sup>st</sup> January 2024 amounted to £522.94K net payments. The rationale for the reporting will be reviewed, noting it is required under the Standing Financial Instructions.
15. In private session the committee received the counter fraud update 01<sup>st</sup> November 2023 to 31<sup>st</sup> January 2024 as well as the report on **tenders and single tender waiver requests**. The **Local Counter Fraud Service (LCFS)** provided an update on its work including continuing to promote fraud awareness by delivering content across service areas. The LCFS has secured the Counter Fraud Awareness eLearning as a mandatory course for the Trust, with approximately three thousand staff having already completed training. There are currently 27 recorded ongoing investigations by LCFS. The Committee discussed the themes and trends observed regarding the cases, which include potential offences including working whilst sick, retaining overpayments and secondary employment.
16. An update was received on the revised **Audit Tracker** with 18% of all management actions closed in the quarter (compared to 30% for Quarter 2). It was noted that reporting of the audit tracker is developing to enable the Audit Committee to monitor overall progress in a more meaningful way.
17. The **Committee's cycle of business** was reviewed and is on track.

## RISK MANAGEMENT

The Committee is responsible for the review of the risk management framework and is not assigned individual risks for oversight. Specific updates were provided in relation to the movement in scores on Risks 139, 594 and 163 and the strengthening of Risk 201. It is expected that Risks 594 and 163 will reduce in score again in the next reporting period.

The Chair noted that the capital risk should be drawn through more explicitly at this time given the implications of a delayed fleet replacement policy, the decarbonisation agenda, and the condition of the estate.



The Committee reviewed progress against the risk management transformation programme. Areas of focus for 2024/25 are to deliver a strategic BAF that reflects more closely the Trust's strategic objectives against its long-term strategy – Delivering Excellence: Vision 2030. Additionally, work will be undertaken to develop a series of strategic risks and risk appetite statements and will see the roll out of a programme of education and training across the Trust in support of the Risk Management Framework.

The **Risk Management Policy** was endorsed for approval at Trust Board.

#### COMMITTEE AGENDA FOR MEETING

2023/24 accounts planning and emerging issues	2023/24 annual filings schedule	Internal Audit Report and 24/25 plan
Audit Wales Update and 2023 Structured Assessment	Risk Management and Board Assurance Framework Risk Management Policy	Q3 Audit Tracker Update
QUEST Highlight Report re clinical audit plan	Losses and special payments	Policy Report Counter Fraud, Bribery and Corruption Policy
Committee Priorities and cycle of business monitoring report.		

#### COMMITTEE ATTENDANCE

Name	20 April 2023	25 July 2023	14 Sept 2023	30 Nov 2023	1 Mar 2024
Martin Turner					
Peter Curran					
Paul Hollard					Kevin Davies
Joga Singh					
Ceri Jackson					
Chris Turley					
Lee Brooks		Judith Bryce	Judith Bryce		
Judith Bryce					
Liam Williams	Duncan Robertson				Part
Angie Lewis					
Osian Lloyd (IA rep)					
Audit Wales rep		Andrew Doughton	Fflur Jones	Fflur Jones	Fflur Jones
Paul Seppman					Christian Fox
Damon Turner					
Trish Mills					
Carl Window					

	Attended
	Deputy attended
	Apologies received
	No longer member