

DIGITAL HEALTH AND CARE WALES

ANNUAL REPORT OF THE AUDIT AND ASSURANCE COMMITTEE 2022/23

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| Agenda Item | 2.6i |
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|-----------------|---------------|
| Name of Meeting | SHA Board |
| Date of Meeting | 30 March 2023 |

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|------------------------------------|--------|
| Public or Private | Public |
| IF PRIVATE: please indicate reason | N/A |

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|-------------------|--|
| Executive Sponsor | Chris Darling, Board Secretary |
| Prepared By | Julie Robinson, Corporate Governance Coordinator |
| Presented By | Chris Darling, Board Secretary |

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| Purpose of the Report | For Approval |
| Recommendation | |
| The SHA Board is being asked to: APPROVE the Annual Report of the Audit and Assurance Committee 2022/23 | |

1 IMPACT ASSESSMENT

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|----------------------------|---|
| <u>STRATEGIC OBJECTIVE</u> | Development of the new Digital Organisation |
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| CORPORATE RISK (ref if appropriate) | N/A |
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|---|------------------------------|
| <u>WELL-BEING OF FUTURE GENERATIONS ACT</u> | A Globally Responsible Wales |
| If more than one standard applies, please list below: | |

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|---|-----|
| <u>DHCW QUALITY STANDARDS</u> | N/A |
| If more than one standard applies, please list below: | |

| | |
|---|---|
| <u>HEALTH CARE STANDARD</u> | Governance, leadership and accountability |
| If more than one standard applies, please list below: | |

| | |
|---|-------------------------|
| <u>EQUALITY IMPACT ASSESSMENT STATEMENT</u> | Date of submission: N/A |
| Choose an item. | Outcome: N/A |
| Statement: N/A | |

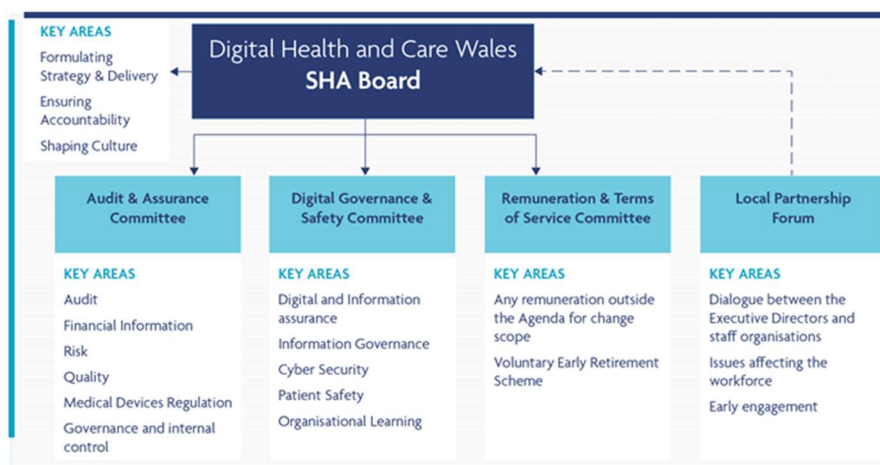
| IMPACT ASSESSMENT | |
|--|--|
| <u>QUALITY AND SAFETY</u> IMPLICATIONS/IMPACT | No, there are no specific quality and safety implications related to the activity outlined in this report. |
| <u>LEGAL</u> IMPLICATIONS/IMPACT | No, there are no specific legal implications related to the activity outlined in this report. |
| <u>FINANCIAL</u> IMPLICATION/IMPACT | No, there are no specific financial implications related to the activity outlined in this report |
| <u>WORKFORCE</u> IMPLICATION/IMPACT | No, there is no direct impact on resources as a result of the activity outlined in this report. |
| <u>SOCIO ECONOMIC</u> IMPLICATION/IMPACT | No, there are no specific socio-economic implications related to the activity outlined in this report. |

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| RESEARCH AND INNOVATION IMPLICATION/IMPACT | No, there are no specific research and innovation implications relating to the activity outlined within this report. |
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| Acronyms | | | |
|----------|---|-----|--------------------------|
| DHCW | Digital Health and Care Wales | SHA | Special Health Authority |
| WCCIS | Welsh Community Care Information System | | |

2 SITUATION/BACKGROUND

2.1 DHCW Standing Orders and Standing Financial Instructions set out the Board and Committee Structure. This can be found in the table below:



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

2.3 This report outlines Audit and Assurance Committee meeting attendance and key items discussed in public and private during the 2022-23 financial year.

2.4 Audit and Assurance Committee Membership

2.4.1 The Committee was appointed by the Board from amongst the Non-Officer Members of the Health Authority and consists of not less than 3 members, comprising:

Chair: Independent Member

Members: Independent Member x 4 (one of whom is the Chair)

The Director of Finance and appropriate Internal and External Audit representatives shall normally attend meetings. However, at least once a year, the Committee will meet privately with External and Internal Auditors without any Executive Director or Officer present. The opportunity to meet with Auditors privately will be available at each meeting.

Other usual expected attendees:

Executive Director of Finance
Board Secretary
Deputy Director of Finance
Head of Corporate Services
Head of Internal Audit
External Audit Representative
Counter Fraud Representative

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

3 SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

3.1 The Committee met four times during the period 1 April 2022 and 31 March 2023. This is in line with its Terms of Reference. A number of changes to the membership of the Committee took place during the period with Grace Quantock the Vice Chair of Audit and Assurance resigning from DHCW in June and Marilyn Bryan-Jones and Alistair Neill (Vice Chair) being appointed via the Welsh Government public body recruitment process in September. David Selway Independent Member, stepped down from the Committee in September following these appointments.

The Audit and Assurance Committee achieved an attendance rate of xxxx (80% is considered to be an acceptable attendance rate) during the period 1st April 2022 to 31st March 2023 as set out below:-

| | 03.05.22 | 04.07.22 | 18.10.22 | 14.02.23 | Attendance |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Marian Wyn Jones (Chair) | ✓ | ✓ | ✓ | ✓ | 100% |
| Grace Quantock (Vice Chair) | X | N/A | N/A | N/A | 0% |

| | | | | | |
|--|------------|------------|-------------|----------|---------------|
| Resigned from DHCW June 2022 | | | | | |
| David Selway Resigned from A&A September 2022 | ✓ | ✓ | N/A | N/A | 50% |
| Ruth Glazzard | ✓ | ✓ | ✓ | ✓ | 100% |
| Marilyn Bryan-Jones Joined DHCW September 2022 | N/A | N/A | ✓ | | |
| Alistair Neill | N/A | N/A | ✓ | | |
| Total | 75% | 75% | 100% | % | 93.75% |

3.2 Audit and Assurance Committee Public Agenda Items

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

Losses and Special Payments

As defined in the Standing Financial Instructions, the Audit and Assurance Committee is required to approve the write off of all losses and special payments within the delegated limits determined by Welsh Government. There were two payments during the 2022-2023 period.

Procurement and Scheme of Delegation Compliance

The Committee received regular updates on procurement activity undertaken including compliance with the Standing Financial Instructions.

Corporate Risk Register

The Register was received and scrutinized at each meeting. The Committee were assured that risks were assessed by the risk management group, in addition it was reviewed on a monthly basis by the DHCW Management Board. A deep dive into financial risks was also undertaken during the 2022/23 period.

Local Counter Fraud Update

The Committee received an update from the Counter Fraud officer and were informed that one investigation was taking place in relation to DHCW staff. In addition, Virtual Counter Fraud Awareness presentations and an 'one off' TenTalk took place during the period.

Standards of Behaviour

The Committee received a report on a quarterly basis and noted that work was progressing on capturing Declarations of Interest, Gifts and Hospitality for all DHCW staff.

Decarbonisation and Estates Compliance

The Committee received an update at all regular meetings on Estates Compliance. The report included updates on the Decarbonisation plan which outlined the focus of the planned work to address the commitments for delivery of decarbonisation of the estate by 2025.

Quality and Regulatory Compliance

The quality progress reports presented to the Committee highlighted the strategy objectives for quality and regulatory, the role of the department and detailed the Governance Framework of the department. The Quality & Regulatory Annual Plan 2023/24 was received and approved at the Committee in February 2023.

High Value Purchase Order Report

Committee members received regular reports on orders which were generated that exceeded £750k which included the additional of a log of the cumulative high value transactions.

Contract Extension – Standard Operating Procedures

The Committee received the Standing Operating Procedures in response to a request from the Chair of Audit and Assurance.

COVID-19 Inquiry Update Report

The Committee received brief updates on the latest position in relation to an UK Inquiry and were informed of the work being undertaken in preparation for this.

Welsh Health Circulars

The Committee received a bi-annual update on the current status of the Welsh Health Circulars at the July and February Committee meetings.

Legislative Assurance Framework

The Audit and Assurance Committee received the Legislative Assurance Framework which forms part of the overall governance assurance framework, the requirements of which are outlined in the DHCW Standing Orders to address the legal, regulatory, and contractual requirements of DHCW.

Welsh Language Compliance & Improvement Framework

The Committee received regular updates on progress of compliance to the Welsh Language Standards which was being taken forward by the Welsh Languages Services Manager.

Internal Audit

A draft Internal Audit Plan for 2022/23 was developed following meetings and correspondence with the Special Health Authority's Executive Directors, Chief Executive and Chair. The Committee approved the plan at the meeting in May 2022.

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

Twelve reports were presented during the year

- Data Centre Project Move – **Substantial** Assurance rating
- Governance Part 2 – **Reasonable** Assurance rating
- System Development – **Reasonable** Assurance rating
- Core Financials – **Reasonable** Assurance rating
- Workforce Directorate – **Reasonable** Assurance rating
- Directorate Review – **Reasonable** Assurance rating
- Recommended Tracker – **Reasonable** Assurance rating
- Financial Sustainability – **Reasonable** Assurance rating
- Embedding the Stakeholder Engagement Strategy – **Reasonable** Assurance rating
- Performance Management – **Reasonable** Assurance rating
- Switching Services – **Reasonable** Assurance rating
- Technical Resilience – **Substantial** Assurance rating

The reports presented provided details relating to 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. The remaining audits undertaken as part of the 2022/23 plan will be presented to the next Audit and Assurance Committee meeting.

Internal Audit Key Performance Indicator (KPI) Overview

Internal Audit presented a KPI Overview which set out the KPIs currently used and a number of changes that would be considered to better measure the impact of the work undertaken by Internal Audit.

Audit Wales

Structured Assessment

The Structured Assessment was presented to the SHA Board in November 2022 and to Audit and Assurance Committee in February 2023.

Audit Wales Progress Reports

All Wales Thematic on Workforce Planning

Report on the planned care backlog in Wales was published in May

The Welsh Community Care Information System (WCCIS) follow up report was considered by the Public Accounts and Public Administration Committee in July and to the Audit and Assurance Committee in October.

Public Sector Readiness for Net Zero Carbon by 2030

Equality Impact Assessments

Audit Actions Tracker

The reports and trackers provided Members of the Audit and Assurance Committee with assurance on the implementation of recommendations which had been made by Internal Audit or Audit Wales by means of an internal / external recommendation tracking report and were able to view progress and improvements made from audit recommendations being addressed.

Committee Effectiveness self-assessment

The annual self-assessment questionnaire was reviewed at the February 2023 meeting. The feedback indicated a generally positive response with the culture of the meetings considered conducive to open and productive debate.

3.3 Audit and Assurance Committee Private Agenda Items

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

- Corporate Risk Register
- IT Stock Review
- Counter Fraud

4 KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

4.1 The Audit and Assurance 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 key risks / matters for escalation to Board / Committee.

5 RECOMMENDATION

5.1 The SHA Board is being asking to:

NOTE the Annual Report of the Audit and Assurance Committee 2022/23

6 APPROVAL / SCRUTINY ROUTE

| Person / Committee / Group who have received or considered this paper prior to this meeting | | |
|---|---------------|----------|
| PERSON, COMMITTEE OR GROUP | DATE | OUTCOME |
| Management Board | February 2023 | NOTED |
| Audit & Assurance Committee | February 2023 | APPROVED |
| | | |