



AUDIT, RISK AND ASSURANCE COMMITTEE

ANNUAL REPORT FOR 2023-24

March 2024

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FOREWORD

I am pleased to present the Audit, Risk and Assurance Committee's (the Committee's) Annual Report for the year ended 31 March 2024.

In this report we provide an overview of the work of the Committee and describe the steps taken to strengthen audit, risk management and assurance arrangements in the last 12 months.

The Committee has welcomed the main conclusion of the Auditor General for Wales' in the Structured Assessment for 2023 which concluded that Aneurin Bevan University Health Board: 'has broadly sound arrangements in place for governance, strategic planning and resource allocation and is making good progress in developing and refining its systems of assurance.' The report highlighted further opportunities for improvement in key areas, which will be monitored by the Committee.

The Committee has also acknowledged its role in overseeing the important work that is still being carried out in several areas to improve governance and assurance arrangements. This remains a key focus of the Committee's work in the year ahead.

Finally, I would like to express my personal thanks to all who contributed to the audit, risk, and assurance agenda over the last 12 months.

Special thanks must be extended to Shelley Bosson, whose term as an Independent Member of the Health Board came to an end in March 2024, and Paul Deneen, who served on the Committee until August 2023. Both provided invaluable perspective, challenge, and support to enable the Committee to carry out its duties.

Diolch yn Fawr / Thank you

Iwan Jones
Chair, Audit, Risk and Assurance Committee

INTRODUCTION

The Standing Orders¹ of Aneurin Bevan University Health Board (referred to throughout this document as 'ABUHB' or the 'Health Board') state that: *"The Board may and, where directed by the Welsh Government must, appoint Committees either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by committees"*. [Section 3]

The Term of Reference of the Audit & Assurance Committee (referred to throughout this report as 'the Committee') that applied in 2023/24 were approved by the Board in March 2022 (see **Appendix 1**). These were not changed during the reporting year, 2023/24.

The Committee formally adopted its Terms of Reference, following the Board's approval, on 23 March 2022.

The purpose of the Committee is to undertake scrutiny and review of matters related to audit, financial accounting, assurance, and risk management. In doing so, the Committee will support the Board and the Accountable Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

The remainder of this report describes how the Committee complied with and satisfied the requirements set out within its Terms of Reference during the period 1 April 2023 to 31 March 2024.

2023-2024 WORK PROGRAMME

ABUHB Standing Orders require the Director of Corporate Governance to produce an Annual Plan of Board business. This should incorporate formal Board meetings, regular Board Development sessions and, as appropriate, planned activities of the Board's Committees and Advisory Groups.

When the Committee's Work Programme (see **Appendix 2**) was agreed care was taken to ensure that this was aligned to its Terms of Reference and the requirement for the Committee to 'proactively seek information to gain assurance for itself and/or on behalf of the Board'.

¹[abuhb-model-standing-orders-reservation-and-delegation-of-powers-september-2023](#)

The Work Programme is, however, a framework rather than a prescriptive agenda. This gives the Committee flexibility to identify changing priorities or any need for further assurance or information.

FREQUENCY OF COMMITTEE MEETINGS AND MEMBERSHIP

The Terms of Reference state that the committee should meet at least bi-monthly. During 2023-24, the Committee met six times virtually via Microsoft Teams

- 18 April 2023
- 23 May 2023 (draft annual accounts)
- 18 July 2023 (final annual accounts)
- 12 September 2023
- 28 November 2023
- 8 February 2024

The Terms of Reference state that the Committee should have four members; the Committee consisted of the following Independent Members across 2023/24:

- Iwan Jones - Chair
- Richard Clark – Vice Chair
- Shelley Bosson (*up until March 2024*)
- Paul Deneen (*up until August 2023*)

As several Board Members' tenures on the Board have come to an end, membership across the committee structure is being reviewed to ensure the right skill mix across the committees to ensure they discharge their responsibilities effectively and to satisfy the Committee's Terms of Reference regarding membership.

Detail of the members and executive directors who attended these meetings is provided at **Appendix 3**.

Committee meetings were regularly attended by representatives from:

- Audit Wales; the Health Board's external auditor;
- Audit & Assurance Services NHS Wales Shared Services Partnership (Internal Audit) and;
- Local Counter Fraud Services

In 2023-24, the Committee received private briefings (without officers' present) from auditors and the local counter-fraud lead as below:

- Internal Audit (*November 2023*)
- External Audit (*April 2023 & February 2024*)
- Counter Fraud (*September 2023*)

COMMITTEE REPORTING ARRANGEMENTS

The minutes of Committee meetings are routinely submitted to the Board by way of an Assurance Report, these are included in an overarching Committee Assurance Report.

All Board papers can be accessed via the following link:
[Audit Risk and Assurance Committee](#)

COMPLIANCE WITH THE COMMITTEE'S WORK PROGRAMME

Among the key issues considered by the Committee during 2023-24, as outlined in the Committee's Work Programme, the following were also considered:

- Health Board Update Report on the Clinical Audit Plan
- Health Board Update Report on Clinical Audit Activity
- Audit Wales Orthopaedic Services in Wales: Tackling the Waiting List Backlog – National and Local Report
- Audit Wales Primary Care Follow-Up Report
- Audit Wales Stakeholder Perception Research Report

ASSURANCE AND IMPROVEMENT

The Committee reviewed and approved the audit strategies and plans for the auditors as listed below and received audit reports produced in support of them during 2023-24: -

- External Auditors, Audit Wales
- Internal Auditors, NWSSP Audit & Assurance Services

In approving the strategies and plans, the Committee ensured that they were robust and linked to the health board's risk profile.

Where reports received a less than reasonable assurance audit rating or where there were specific areas of concern, the appropriate Executive Directors were requested to attend Committee meetings. This process provided opportunities to discuss the reports more fully, and for the Committee to satisfy itself that the findings and recommendations raised in the reports were being addressed in a timely manner and implemented to address control weaknesses or compliance issues.

Certain reports were referred to other Committees of the Board for ongoing monitoring, for example reports relating to clinical governance issues were referred for further consideration by the Patient Quality Safety and Outcomes Committee.

EXTERNAL AUDIT – AUDIT WALES (AW)

The Auditor General for Wales is the statutory external auditor for the NHS in Wales. Audit Wales (AW) undertakes the external auditor role for the Health Board on behalf of the Auditor General.

The Audit Wales 2023 Structured Assessment work reviewed the Health Board's corporate governance and financial management arrangements, particularly the progress made in addressing the previous year's recommendations. Findings from the 2023 review were reported to the Committee in November 2023, prior to submission to the Board in January 2024.

Overall, the Audit Wales report stated: **“Overall, we found that while the Health Board governance arrangements are reasonably effective there is scope to provide clarity on both the impacts of actions set out in plans and actions taken to improve performance.”**

The report went on to say that:

- **Board transparency, effectiveness, and cohesion** – the Health Board's Board and Committee arrangements are reasonably effective; however, there are opportunities to improve the quality and timeliness of information to ensure effective oversight over the Health Board's key challenges.
- **Corporate systems of assurance** – the Health Board is making good progress in developing and refining its systems of assurance. However, it will need to effectively embed new arrangements across the organisation to manage the finance, performance, and quality risks it faces.

- **Corporate approach to planning** – the Health Board is developing a new long-term strategy that provides an opportunity to plan more sustainable services. There are reasonably effective arrangements for developing corporate plans; however, progress reports do not provide enough detail to demonstrate delivery is on track.
- **Corporate approach to managing financial resources** - The Health Board is facing significant financial challenges. Whilst there are reasonably effective financial planning and financial management arrangements, the Health Board needs to establish control over savings delivery to prevent the financial position from deteriorating.

Audit Wales was pleased to hear from Committee Members that they fully recognised the conclusions drawn and the key issues that required further improvement in the year ahead.

Copies of reports produced by Audit Wales can be accessed via the following link: [Audit Wales Publications](#).

Each meeting of the Committee received a progress report from Audit Wales and during 2023-24 the Committee received two External Audit reports, relating to the Health Board's External Audit Plan.

- Audit Wales Orthopaedic Services in Wales: Tackling the Waiting List Backlog Local Report
- Audit Wales Primary Care Follow-Up Report

The following reports are expected to be received in Quarters 1 and 2 of the 2024-25 financial year: -

- Structured Assessment – Deep dive review of investment in digital (Q1)
- Follow up review of Quality Governance (Q1)
- Biodiversity and the Resilience of Ecosystems Duty (Q2)

INTERNAL AUDIT - NHS WALES SHARED SERVICES PARTNERSHIP (NWSSP)

During the first quarter of 2023-24, the Committee received Internal Audit reports from the schedule for 2022-23 as well as reports from

the 2023-24 schedule, including management responses from the relevant Executive Director.

At the time of writing this report, **26** audit reviews have been reported to the Committee. These are detailed in the assurance rating sections.

The Committee will receive the following **five** final reports from the 2023-24 Internal Audit Plan at its April meeting. These are detailed in the assurance rating sections.

- Asset Management
- Risk Management & Assurance
- Follow-up of High Priority Recommendations
- Long Term Sickness Absence Management
- Unified Breast Unit at Ysbyty Ystrad Fawr

The three reviews listed below from the 2023 -2024 plan have been deferred.

- The Health & Social Care (Quality & Engagement) (Wales) Act
- Job Planning
- Allegations against Staff Policy

The following **16** reports from the 2023-24 audit scheduled will be presented at Committee meetings during Quarters 1 and 2 of the 2024-25.

- Savings Programmes
- Financial Controls
- Decarbonisation
- Medical Equipment and Devices
- Waiting List Management
- Directorate Review - Theatres
- Providing Care to Asylum Seekers
- Early Supported Discharge - Stroke
- Intra-site Patient Transfers
- Regional Partnership Board
- Maternity Action Plan
- Flexible Working (Advisory)
- LINC Programme
- Bevan Health and Wellbeing Centre
- Newport HWBC
- NHH Satellite Radiotherapy

The assurance sections that follow provide a summary of the scope of the Internal Audit Reviews that have been completed and received by the Committee during the financial year, April 2023 to March 2024.

Substantial Assurance

In the following review areas, it was reported that the Board could take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. The few matters that required attention were compliance or advisory in nature with low impact on residual risk exposure.

Cyber Security (2022 - 2023)

Executive Lead – Chief Executive Officer

The review sought to provide assurance that the organisation is working to improve its cyber security position, and that appropriate reporting is in place that shows the current status.

Unified Breast Unit at Ysbyty Ystrad Fawr (2023-2024)

Executive Lead – Chief Operating Officer

The audit sought to review the management arrangements in place to progress the Ysbyty Ystrad Fawr Unified Breast Unit – in the period after the prior audit, which was completed in December 2022

Reasonable Assurance

In the following review areas, it was reported that the Board could take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively.

Some matters required management attention in either control design or operational compliance and these had low to moderate impact on residual risk exposure until resolved.

Robotic Process Automation (2022-2023)

Executive Lead – Chief Executive Officer

The review sought to ensure that the organisation has an appropriate process in place to securely develop the Robotic Process Automation (RPA) function.

IT Strategy (2022-2023)

Executive Lead – Chief Executive Officer

The review sought to ensure that the organisation has developed an appropriate target operating model to enable to delivery of the Digital Strategy.

Financial Sustainability (2022-2023)

Executive Lead – Director of Finance and Procurement

The review sought to review the key financial management controls within Aneurin Bevan University Health Board including the development and monitoring of savings programmes required for financial sustainability.

Risk Management (2022 - 2023)

Executive Lead – Director of Corporate Governance

The review sought to provide an opinion of effectiveness of the risk management arrangements in place within a sample of divisions. To complete this, we considered key sections of the Risk Management Strategy and Framework.

Monitoring Action Plans (2022-2023)

Executive Lead – Director of Corporate Governance

The review sought to review the arrangements in place within the Health Board for the logging, tracking and implementation of actions arising from external inspectorates (specifically Health Inspectorate Wales (HIW) and Health and Safety Executive (HSE)).

Development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital (2022-2023)

Executive Lead – Director of Strategy, Planning and Partnerships.

The audit sought to review the delivery and management arrangements in place to progress the development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital, and the performance to date against its key delivery objectives i.e. time, cost, and quality.

Royal Gwent Hospital – Redevelopment & Expansion of Endoscopy Services (2022-2023)

Executive Lead – Director of Strategy, Planning and Partnerships

The audit sought to review the delivery and management arrangements in place to progress the Royal Gwent Hospital Endoscopy Redevelopment & Expansion of Endoscopy Services project, and the performance to date against its key delivery objectives i.e., time, cost, and quality.

Infection Prevention and Control (2022-2023)

Executive Lead – Director of Nursing

The review sought to assess adherence to organisational policies and the Health and Care Standards in Wales.

Integrated Wellbeing Networks (2022-2023)

Executive Lead – Director of Public Health

The review sought to provide an opinion on the Health Board's plan to further develop Integrated Wellbeing Networks across the region.

Dementia Services (2022-2023)

Executive Lead – Director of Nursing

The review sought to ensure that Aneurin Bevan University Health Board has an appropriate process for Dementia Services.

Contract Management (2022-2023)

Executive Lead – Chief Operating Officer

The audit sought to provide a review of the effectiveness of the management of operational contracts entered into by Aneurin Bevan University Health Board.

Mental Health Transformation (2022-2023)

Executive Lead – Chief Operating Officer

The audit sought to provide a review of the controls in place for the projects that support the transformation of mental health services within Aneurin Bevan University Health Board.

Bank Office and Temporary Workers (2022-2023)

Executive Lead – Director of Workforce and Organisational Development

The review sought to provide an opinion over the Bank Office and Temporary Workers process. As well as undertook a follow-up audit work on the process for contract and off-contract agency nursing.

IMPT (2023-2024)

Executive Lead – Director of Strategy, Planning and Partnerships.

The review sought to provide an opinion over the controls to ensure the delivery of the IMTP / strategic objectives.

Safeguarding (2023-2024)

Executive Lead – Director of Nursing

The audit sought to review the arrangements in place to ensure that the Health Board discharges its statutory responsibilities.

Clinical Coding (2023-2024)

Executive Lead – Director of Digital

The review sought to provide an opinion over the timely recording of Finished Consultant Episodes (FCE), in accordance with clinical coding standards.

Business Continuity Planning (2023-2024)

Executive Lead – Director of Strategy, Planning and Partnerships.

The review sought to review the arrangements that the Health Board has in place to maintain business continuity in the event of a critical incident, including how learnings from the Covid-19 pandemic have been considered.

Integrated Performance Dashboard – Data Quality (2023-2024)

Executive Lead – Director of Digital

The review sought to assess the accuracy of data utilised within the Integrated Performance Report (IPR) dashboard. In particular, focused on the accuracy of a sample of data used within the reporting of key metrics within the IPR dashboard i.e. that the source data utilised was consistent with the figures within the dashboard.

Stakeholder Engagement on IT Projects (2023-2024)

Executive Lead – Director of Digital

The audit sought to review the framework in place for stakeholder engagement on key IT projects.

Asset Management (2023-2024)

Executive Lead - Director of Finance and Procurement / Director of Digital

This review provided an opinion on the effectiveness of the Health Board's processes to create and maintain accurate and up-to-date records of its equipment assets. The review focused on the roll-out of Radio Frequency (RFID) tagging.

Risk Management & Assurance (2023-24)

Executive Lead – Director of Corporate Governance

This review sought to assess the effectiveness of the risk management and assurance arrangements in place within the Health Board, to ensure that strategic objectives are achieved. This review focused on the management of risks within the Digital Services Directorate

Long-Term Sickness Absence Management (2023-24)

Executive Lead – Director of Workforce and Organisational Development

The review sought to determine compliance with the NHS Wales Managing Absence at Work Policy and whether the Health Board is acting promptly and managing the interests of all parties within the process of managing long-term sickness absence.

Limited Assurance

In the following review areas, it was reported that the Board could take **only limited assurance** that arrangements to secure governance, risk management, and internal control, within those areas under review, were suitably designed and applied effectively.

More significant matters required management attention with a moderate impact on residual risk exposure until resolved.

Bevan Health and Wellbeing Centre (2022-2023)

Executive Lead – Interim Director of Primary Care, Community and Mental Health

The audit sought to review the management arrangements in place to progress the Bevan Health & Wellbeing Centre.

Discharge Planning (2022-2023)

Executive Lead – Interim Director of Primary Care, Community and Mental Health

The review sought to provide an opinion on the discharge planning process of Aneurin Bevan University Health Board. It has focussed on the management and delivery of planned discharges and has included sample testing of patients admitted during April and May 2022.

Facilities (2023-2024)

Executive Lead – Chief Operating Officer

The review sought to provide assurance over whether appropriate stock processes are in place and whether applicable controls within the process for allocating/approving bank shifts are effective.

Estates Condition (2023-2024)

Executive Lead – Director of Strategy, Planning and Partnerships.

The audit sought to evaluate the arrangements put in place by the UHB to identify and manage key risks associated with the existing estate and the implementation of resulting strategies to manage/mitigate the risk.

No Assurance

There were no audited areas that reported **no assurance**.

Assurance Rating Not Applicable

The following reviews were undertaken as part of the audit plan and reported or closed by correspondence without the standard assurance rating indicator, owing to the nature of the audit approach.

Clinical Futures - Care Closer to Home (2022-2023)

Executive Lead – Director of Strategy, Planning and Partnerships.

The review sought to provide Aneurin Bevan University Health Board with a consolidated summary of audit work reported as part of the 2022/23 Internal Audit Plan that covers the area of Clinical Futures – Care Closer to Home, and whether the Health Board is on track to implement its overall objective of Care Closer to Home.

Putting Things Right (2023-2024)

Executive Lead – Director of Nursing

To review sought to determine if there are alternative processes or approaches that can be adopted by the Health Board to improve the overall management of Putting Things Right.

Follow-up of High Priority Recommendations (2023-2024)

Executive Lead – Director of Corporate Governance

The review sought to assess whether high-level internal audit recommendations have been implemented and the completeness and accuracy of the updates provided to the Committee via the Audit Recommendation Tracking Tool (the 'Tracker')

MONITORING AND IMPLEMENTATION OF AUDIT RECOMMENDATIONS

At each meeting, the Committee received an update on the status of internal and external audit recommendations. At the February 2024 meeting, assurance reports for pre-2022 audit recommendations were submitted to provide a greater level of assurance regarding the work being undertaken to implement and close any legacy recommendations.

The development of simplified processes and strengthened relationships with service leads and executive directors has resulted in improvements in the implementation of recommendations.

In April 2024, the Committee will receive an internal audit review of the monitoring and tracking of high-level recommendations, whilst this is an advisory report, there were a couple of findings with one medium-rated recommendation. The findings of the report will be used as a baseline to inform the areas of focus for 2024/25.

RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

In May 2023, the Board reviewed its strategic risks to ensure they were consistent with its strategic objectives and ministerial priorities. This provided an opportunity to review the Health Board's risk management processes and update the Risk Management Framework, to enable the Health Board's risk management maturity to develop and progress. The Committee received the revised Risk Management Framework, Policy, and Risk Appetite Statement for review and endorsement at its November

meeting before submitting it to the Board for formal approval in January 2024.

The Risk Management Framework, Policy, and Appetite Statement provide assurance that the Health Board has robust risk management processes in place, with a clear structure of risk escalation via hierarchical risk registers and assurance meetings to ensure delivery of operational and strategic objectives.

Since the refreshed approach and the establishment of the Strategic Risk Register, it has been determined that a greater emphasis on assurance mapping across the Three Lines of Defence Model to demonstrate assurance sources is necessary. Furthermore, reporting of the Corporate Risk Register will commence in 2024 to provide a holistic view of strategic and corporate risks (high-level operational risks).

To strengthen the internal control system, a system-wide assurance mapping exercise linked to the Quality Assurance and Performance Management Frameworks will be carried out to provide the Committee with the assurances it requires regarding its delegated responsibilities.

In late 2024, the Committee will receive an updated report on risk management that includes an assessment of the Health Board's risk management maturity.

Internal Audit completed its annual review of Risk management in March 2024. The purpose of the review was to assess the effectiveness of the risk management and assurance arrangements in place across divisions in order to ensure that strategic objectives are met. The review concluded with a reasonable assurance outcome and only one medium-rated recommendation, which is concerned with risk recording on the electronic risk management system, Datix, which is underway.

The development of a 'Once for Wales' risk management module is still in progress, with an implementation date postponed until the national group is satisfied that the system is fit for purpose and includes all the functions required for a robust and effective risk management system.

In the forthcoming financial year, 2024/25, the Corporate Governance Directorate will begin a period of communication and engagement with staff to launch the Risk Management Framework. To coincide with the launch, the Head of Corporate Risk and Assurance will increase visibility across the Health Board, raising awareness and providing staff with the knowledge and skills needed to incorporate risk management into their daily processes. This will be undertaken in a structured way, meeting with departments/directorates and divisions to begin embedding the Health

Board's agreed-upon approach to risk management and the escalation process to mature the Health Board's risk management practices.

FREQUENCY OF RISK REVIEWS AND REPORTING

At each meeting of the Committee, an overview of the Strategic Risk Register is provided with detailed risk assessments of the risks. The Board then receives the overview of the Strategic Risk Register, and any areas of concern are highlighted, as appropriate.

COMMUNITY OF PRACTICE – RISK MANAGEMENT

The Risk Management Community of Practice (CoP) has been temporarily suspended while its Terms of Reference are reviewed, and its purpose determined.

The risk management group will be refreshed in 2024 to enhance its value, promote risk maturity, and share best practices for risk management and organisational learning.

SELF ASSESSMENT & EVALUATION

The Committee undertook its first mid-year self-assessment in September 2023 with the findings reported to the Committee in November 2023.

Overall, the Committee agreed it was discharging its responsibilities effectively, that reports were appropriate and provided the necessary detail for assurance, though this assurance can be reinforced through appropriate questioning.

There were four specific actions the Committee felt would add value to the Committee's Programme of Business, these have been considered and included in the draft 2024/25 Committee Programme of Business for consideration by the Committee.

The similarities in findings across the Committee structure from the mid-year self-assessments are being considered as part of the wider Board Business Improvement Plan that will be implemented throughout 2024/25.

The effectiveness of the Board's Business function is reported through the Annual Governance Statement, enabling a focus on the work undertaken with the Board's Committees, the interconnectedness of the committees

and escalation to the Board, as well as the culture between the Health Board and its auditors, regulators, and partners.

KEY AREAS OF FOCUS IN 2024-25

In the year ahead the Committee will continue to focus on those matters that will strengthen audit, risk, and assurance arrangements. The Committee Work Programme has been designed to ensure that in relation to all aspects of audit:

- internal financial control matters, such as safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information;
- adequacy of disclosure statements (Governance Statement) which are supported by the Head of Internal Audit Opinion and other opinions;
- internal and external audit recommendations continue to be monitored, reviewed, and evaluated to ensure compliance and where compliance is not evidenced, clear, agreed rationale is provided;
- the policies and procedures related to fraud and corruption, and;
- that the system for risk management is robust in identifying and mitigating risks.

Thus, enabling the Committee to provide the Board with assurance that the risks impacting on the delivery of the Health Board's objectives are being appropriately managed.

The annual Committee Programme of Business will be reported to each meeting for discussion.

Hardcopies of the Work Programme can be obtained from the Director of Corporate Governance, Headquarters, St Cadoc's Hospital, Lodge Road, Caerleon, NP18 3XQ.

CONCLUSION

This report provides a summary of the work undertaken by the Committee over the past 12 months and demonstrates how the Committee has complied with the Terms of Reference.

APPENDICES

- Appendix 1 – Audit, Risk & Assurance Committee Terms of Reference 2023/24
- Appendix 2 - Audit, Risk & Assurance Committee 2023/24 Work Plan
- Appendix 3 - Independent Members and Lead Executives Attendance at the Audit, Risk & Assurance Committee Meetings 2023/24

Appendix 1

Terms of Reference & Operating Arrangements



Document Title:	Audit, Risk & Assurance Committee Terms of Reference – 2023/24
Date of Document:	March 2022
Current version:	Approved
Previous version:	May 2021
Approved by:	Board
Review date:	March 2023

Version: Approved

Date: March 2022

1. INTRODUCTION

- 1.1 Section 2 of Aneurin Bevan University Health Board's Standing Orders (referred to in this document as 'ABUHB or the 'Health Board') Standing Orders provides that "*The Board may and, where directed by the Welsh Government must, appoint Committees of the THB either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by committees*".
- 1.2 The Board has established a committee to be known as the **Audit, Risk and Assurance Committee** (referred to throughout this document as 'the Committee'). The Committee has been established in order to enable the scrutiny and review of matters related to audit, financial accounting, assurance and risk management, to a level of depth and detail not possible in Board meetings.
- 1.3 The detailed Terms of Reference and operating arrangements approved by the Board for this Committee are detailed below.

2. PURPOSE

- 2.1 The purpose of the Committee is to support the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report by:
- independently monitoring, reviewing and reporting to the Board on the processes of governance, risk management and internal control in accordance with the standards of good governance determined for the NHS in Wales;
 - advising the Board and the Accountable Officer on where, and how, its system of assurance may be strengthened and developed further;
 - Maintaining an appropriate financial focus demonstrated through robust financial reporting and maintenance of sound systems of internal control; and

- Working with the other committees of the Board to provide assurance that governance and risk management arrangements are adequate and part of an embedded Board Assurance Framework that is 'fit for purpose'.

3. DELEGATED POWERS AND AUTHORITY

3.1 The Audit, Risk and Assurance Committee will advise the Board and Accountable Officer on:

- the design, operation and effectiveness of strategic processes for risk management, internal control and corporate governance across the whole of the organisation's activities;
- the Annual Accountability Report, which includes the Annual Governance Statement;
- 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, and management's letter of representation to the external auditors;
- the planned activity and results of internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the management of risk and corporate governance requirements for the organisation;
- systems for financial reporting to the Board (including those of budgetary control);
- proposals for tendering for the purchase of audit and non-audit services from contractors who provide audit services; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The Audit, Risk and Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board.

3.2 The Committee's workplan will include:

- a report summarising any significant changes to the organisation's strategic risks and a copy of the strategic/corporate Risk Register;
- a progress report from the Head of Internal Audit summarising:
 - ✓ work performed (and a comparison with work planned);
 - ✓ key issues emerging from the work of internal audit;
 - ✓ management response to audit recommendations;
 - ✓ changes to the agreed internal audit plan; and
 - ✓ any resourcing issues affecting the delivery of the objectives of internal audit;
- a progress report (written/verbal) from the External Audit representative summarising work done and emerging findings (this may include, where relevant to the organisation, aspects of the wider work carried out by the Audit Wales, for example, Value for Money reports and good practice findings);
- management assurance reports;
- reports (where appropriate) on action taken within the Board's Scheme of Delegation as regards:
 - use of single tender waivers;
 - extensions of contracts;
 - writing off of losses; or
 - the making of special payments;
- A report summarising progress in the implementation of audit recommendations, together with a copy of the Audit Recommendations Tracker;

and when appropriate the Committee will be provided with:

- proposals for the terms of reference of internal audit / the internal audit charter;
- the internal audit strategy;
- the Head of Internal Audit's Annual Opinion and Report;
- quality assurance reports on the internal audit function;

- the draft accounts of the organisation;
- the draft Annual Accountability Report which includes the Annual Governance Statement;
- a report on any changes to accounting policies;
- external Audit's management letter;
- a report on any proposals to tender for audit functions;
- a report on co-operation between internal and external audit;
- the organisation's Risk Management strategy;
- periodic reporting on Post Payment Verification Audits, and arrangements for managing declarations of interest and gifts and hospitality; and
- annual review of the Board's Standing Orders and Standing Financial Instructions, monitoring compliance and reporting any proposed changes to the Board for consideration and approval.

3.3 In carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of good governance, risk management and internal control, together with indicators of their effectiveness.

3.4 The Committee's programme of work will also be designed to provide assurance that:

- there is an effective internal audit function that meets the standards set for the provision of internal audit in the NHS in Wales and provides appropriate independent assurance to the Board and the Accountable Officer through the Committee;
- there is an effective counter fraud service that meets the standards set for the provision of counter fraud in the NHS in Wales and provides appropriate assurance to the Board and the Accountable Officer through the Committee;

- there is an effective clinical audit and quality improvement function that meets the standards set for the NHS in Wales and provides appropriate assurance to the Board and the Accountable Officer through the Experience, Quality & Safety Committee;
- there are effective arrangements in place to secure active, ongoing assurance from management with regard to their responsibilities and accountabilities, whether directly to the Board and the Accountable Officer or through the work of the Board's committees;
- the work carried out by key sources of external assurance, in particular, but not limited to the health board's external auditors, is appropriately planned and co-ordinated and that the results of external assurance activity complements and informs (but does not replace) internal assurance activity;
- the work carried out by the whole range of external review bodies is brought to the attention of the Board, and that the organisation is aware of the need to comply with related standards and recommendations of these review bodies, and the risks of failing to comply; and
- the results of audit and assurance work specific to the health boards, and the implications of the findings of wider audit and assurance activity relevant to the HB's operations, are appropriately considered and acted upon to secure the ongoing development and improvement of the organisations governance arrangements.

Authority

3.5 The Committee is authorised by the Board to investigate or have investigated any activity within its terms of reference. In doing so, the Committee shall have the right to inspect any books, records or documents of the health board relevant to the Committee's remit and ensuring patient/client and staff confidentiality, as appropriate. It may seek any relevant information from any:

- employee (and all employees are directed to cooperate with any reasonable request made by the Committee); and
- any other committee, subcommittee or group set up by the Board to assist it in the delivery of its functions.

3.6 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers it necessary, in accordance with the Board’s procurement, budgetary and other requirements.

Access

3.7 The Head of Internal Audit and the Engagement Partner/Audit Manager of External Audit shall have unrestricted and confidential access to the Chair of the Audit, Risk & Assurance Committee.

3.8 The Committee will meet with Internal and External Auditors and the nominated Local Counter Fraud Specialist without the presence of officials on at least one occasion each year.

3.9 The Chair of the Committee shall have reasonable access to Executive Directors and other relevant senior staff.

Sub Committees

3.10 The Committee may, subject to the approval of the LHB Board, establish sub committees or task and finish groups to carry out on its behalf specific aspects of Committee business.

4. MEMBERSHIP

Members

4.1 Membership will comprise a minimum of four (4) members, comprising:

Chair	Independent Member of the Board
Vice Chair	Independent Member of the Board
Members	Independent Member of the Board x 2

The Committee may also co-opt additional independent ‘external’ members from outside the organisation to provide specialist skills, knowledge, and expertise.

Attendees

4.2 In attendance: The following members of the Executive Team will be regular attendees:

- The Accountable Officer
- Director of Finance, Procurement and VBHC
- Director of Corporate Governance

Other attendees will be:

- Head of Internal Audit
- Local Counter Fraud Specialist
- Representative of the Auditor General/External Audit

4.3 By invitation: The Committee Chair may extend invitations to attend committee meetings to the following:

- other Executive Directors; and
- other officials from within or outside the organisation to attend all or part of a meeting to assist it with its discussions on any particular matter.

Secretariat

4.4 The secretariat for the Committee will be provided by the Office of the Director of Corporate Governance.

Member Appointments

4.5 The membership of the Committee shall be determined by the Board, based on the recommendation of the Chair of ABUHB - taking account of the balance of skills and expertise necessary to deliver the Committee's remit and subject to any specific requirements or directions made by the Welsh Government.

4.6 Members shall be appointed to hold office for a period of one year at a time, up to a maximum of their term of office. During this time a member may resign or be removed by the Board.

4.7 Terms and conditions of appointment, (including any remuneration and reimbursement) in respect of co-opted independent external members are determined by the Board, based upon the recommendation of the Chair of ABUHB.

Support to Committee Members

- 4.8 The Director of Corporate Governance, on behalf of the Committee Chair, shall:
- arrange the provision of advice and support to committee members on any aspect related to the conduct of their role; and
 - ensure the provision of a programme of development for committee members as part of the Board's overall Development Programme.

5. COMMITTEE MEETINGS

Quorum

- 5.1 At least three members must be present to ensure the quorum of the Committee, one of whom should be the Committee Chair or Vice Chair.
- 5.2 Where members notify the Committee Chair or Committee Secretariat that they are unable to attend a meeting, and there is a danger that the Committee will not be quorate, the Chair can invite another independent member to become a temporary member of the Committee.

Frequency of Meetings

- 5.3 The Chair of the Committee, in agreement with Committee Members, shall determine the timing and frequency of meetings. However, meetings shall be held as a minimum on a **Bi-Monthly basis** (six times per year) and in line with the health board's annual plan of Board Business. However, additional meetings will be called, in agreement with the Chair of the Committee, if urgent business is required to be taken forward between scheduled meetings.

Openness and Transparency

- 5.4 Section 3.1 of ABUHB Standings Orders confirms the Board's commitment to openness and transparency in the conduct of all its business and extends equally to the work carried out on its behalf by Committees. The Board requires, wherever possible, meetings to be held in public. The Committee will:
- hold meetings in public, other than where a matter is required to be discussed in private (see point 5.6);
 - issue an annual programme of meetings (including timings and venues) and its annual programme of business;

- publish agendas and papers on the Health Board’s website in advance of meetings;
- ensure the provision of agendas and minutes in English and Welsh and upon request in accessible formats, such as Braille, large print, and easy read; and
- through ABUHB’s website, promote information on how attendees can notify the Health Board of any access needs sufficiently in advance of a proposed meeting, e.g. interpretation or translation arrangements, in accordance with legislative requirements such as the Equality Act 2010 and Welsh Language Standards 2018.

Withdrawal of individuals in attendance

5.5 There may be circumstances where it would not be in the public interest to discuss a matter in public, e.g., business that relates to a confidential matter. In such cases the Chair (advised by the Director of Corporate Governance where appropriate) shall schedule these issues accordingly and require that any observers withdraw from the meeting. In doing so, the Committee shall resolve:

That representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest in accordance with Section 1(2) Public Bodies (Admission to Meetings) Act 1960 (c.67).

In these circumstances, when the Committee is not meeting in public session it shall operate in private session, formally reporting any decisions taken to the next meeting of the Committee in public session.

6. RELATIONSHIP & ACCOUNTABILITIES WITH THE BOARD AND ITS COMMITTEES/GROUPS

6.1 Although the Board has delegated authority to the Committee for the exercise of certain functions as set out within these terms of reference, it retains overall responsibility and accountability for the audit and assurance. The Committee is directly accountable to the Board for its performance in exercising the functions set out in these terms of reference.

6.2 The Committee, through its Chair and members, shall work closely with the Board's other committees, joint and sub committees and groups to provide advice and assurance to the Board through the:

- joint planning and co-ordination of Board and Committee business;
- sharing of appropriate information; and
- appropriate escalation of concerns.

In doing so, contributing to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into the Board's overall risk and assurance framework.

6.3 The Committee shall embed the health board's corporate standards, priorities and requirements, e.g., equality and human rights through the conduct of its business.

7. REPORTING AND ASSURANCE ARRANGEMENTS

7.1 The Committee Chair shall:

- report formally, regularly and on a timely basis to the Board on the Committee's activities. This includes verbal updates on activity, and the submission of Committee minutes and written reports;
- bring to the Board's specific attention any significant matters under consideration by the Committee;
- ensure appropriate escalation arrangements are in place to alert the Chair of ABUHB, Chief Executive or Chairs of other relevant committees/groups of any urgent/critical matters that may affect the operation and/or reputation of the health board.

7.2 The Board may also require the Committee Chair to report upon the Committee's activities at public meetings, e.g. Annual General Meeting, or to community partners and other stakeholders, where this is considered appropriate, e.g. where the committee's assurance role relates to a joint or shared responsibility.

7.3 The Director of Corporate Governance, on behalf of the Board, shall oversee a process of regular and rigorous self-assessment and evaluation of the Committee's performance and operation including that of further committees established.

- 7.4 The Committee shall provide a written annual report to the Board on its activities. The report will also record the results of the Committee's self-assessment and evaluation.

8. APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

The requirements for the conduct of business as set out in ABUHB's Standing Orders are equally applicable to the operation of the Committee, except in the following areas:

- Quorum
- Issue of Committee papers

The Board and Board Committee Handbook provides detailed guidance on the conduct of the Committees business.

9. CHAIR'S ACTION ON URGENT MATTERS

- 9.1 There may, occasionally, be circumstances where decisions which would normally be made by the Committee need to be taken between scheduled meetings, and it is not practicable to call a meeting of the Committee. In these circumstances, the Chair of the Committee, supported by the Director of Corporate Governance as appropriate, may deal with the matter on behalf of the Committee - after first consulting with at least two other Independent Members of the Committee. The Director of Corporate Governance must ensure that any such action is formally recorded and reported to the next meeting of the Committee for consideration and ratification.
- 9.2 Chair's action may not be taken where the Chair has a personal or business interest in the urgent matter requiring a decision.

10. REVIEW

- 10.1 These Terms of Reference shall be reviewed annually by the Committee. The Committee Chair will report any changes to the Board for ratification.

Appendix 2



The purpose of the Audit, Risk and Assurance Committee is to support the Board and Accountable Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

This Annual Programme of Business has been developed with due regard to guidance set out in NHS Wales' Audit Committee Handbook (June 2012), to enable the Audit, Risk and Assurance Committee to: -

- fulfil its Terms of Reference as agreed by the Board (March 2023);
- seek assurance and provide scrutiny on behalf of the Board, in relation to the delivery of the key elements of the health boards internal and external audit, counter fraud and PPV arrangements (second and third lines of defence);
- seek assurance that governance, risk and assurance arrangements are in place and working well;
- seek assurance in relation to the preparation and audit of the Annual Accounts; and
- ensure compliance with key statutory, national, and best practice audit and assurance requirements and reporting arrangement.

Matter to be Considered by Committee	Frequency	Responsible Lead	Scheduled Committee Dates 2023/24					
			18 April 2023	May 23 Draft Accounts	July 18 Final Accounts	12 Sept	28 Nov	08 Feb 2024
Preliminary Matters								
Attendance and Apologies	Standing Item	Chair	✓	✓	✓	✓	✓	✓
Declarations of Interest		All Members	✓	✓	✓	✓	✓	✓
Minutes of the Previous Meeting		Chair	✓	✓	✓	✓	✓	✓
Action Log and Matters Arising		Chair	✓	✓	✓	✓	✓	✓
Committee Requirements as set out in Standing Orders								
Development of Committee Annual Programme of Business 2023/24	Annually	Chair & Director of CG	✓					✓
Review of Committee Programme of Business	Standing Item	Chair	✓			✓	✓	
Annual Review of Committee Terms of Reference 2023/24	Annually (April)	Chair & Director of CG	✓					
Annual Review of Committee Effectiveness 2022/23	Annually (September)	Chair & Director of CG					✓	
Committee Annual Report 2022/23	Annually (April)	Chair & Director of CG	✓					
Corporate Governance, Risk & Assurance								
Receive assurance on implementation of the Governance	Quarterly	Director of CG					✓	

Matter to be Considered by Committee	Frequency	Responsible Lead	Scheduled Committee Dates 2023/24					
			18 April 2023	May 23 Draft Accounts	July 18 Final Accounts	12 Sept	28 Nov	08 Feb 2024
Priorities set out within the IMTP 2022-25								
Review and report upon the adequacy of arrangements for declaring, registering and handling interests	Annually	Director of CG			✓			✓
Receive full report of all offers of gifts and hospitality as declared	Annually	Director of CG			✓			✓
Compliance with Ministerial Directions	Bi-Annually	Director of CG			✓		✓	
Compliance with Welsh Health Circulars (WHCs)	Bi-Annually	Director of CG			✓		✓	
Review of Standing Orders, Standing Financial Instructions and Scheme of Delegation	Annually	Director of CG						✓
Audit Recommendations Tracking Report	Standing Item	Director of CG	✓	✓	✓	✓	✓	✓
Annual Review of Risk Management Strategy	Annually	Director of CG						✓
Report on the Implementation of the Risk Management Strategy Realisation Plan	Bi-Annually	Director of CG	✓				✓	

Matter to be Considered by Committee	Frequency	Responsible Lead	Scheduled Committee Dates 2023/24					
			18 April 2023	May 23 Draft Accounts	July 18 Final Accounts	12 Sept	28 Nov	08 Feb 2024
Annual Review of the Board Assurance Framework Process	Annually	Director of CG	✓					✓
Committee Risk & Assurance Report	Standing Item	Director of CG	✓	✓	✓	✓	✓	✓
Financial Governance and Control								
Report of the use of Single Tender Action	Standing Item	Director of FPV	✓			✓	✓	✓
Report of Losses and Special Payments <i>(May report will be included in the Accounts)</i>	Bi-Annually	Director of FPV		✓			✓	
Reviewed and Updated Financial Control Procedures	As Required	Director of FPV	✓			✓	✓	✓
Annual Report and Accounts								
To consider the approach and timelines for the Annual Report and Accounts	Annually	Director of FPV & Director of CG	✓					
Review the Health Board's Annual Report (Overview & Performance Section) (Part 1)	Annually	Director of CG		✓	✓			
Review Draft/Final Accountability Report, including Annual Governance Statement (Part 2)	Annually	Director of CG		✓	✓			
Review Draft/Final Annual Accounts and Financial Statements (Part 3)	Annually	Director of FPV		✓	✓			

Matter to be Considered by Committee	Frequency	Responsible Lead	Scheduled Committee Dates 2023/24					
			18 April 2023	May 23 Draft Accounts	July 18 Final Accounts	12 Sept	28 Nov	08 Feb 2024
Audit Enquiries to those charged with Governance and Management	Annually	Director of FPV		√				
Audit Wales, Audit of Accounts (ISA 260) including Letter of Representation	Annually	External Audit			√			
Final Annual Accounts Memorandum	Annually	External Audit					√	
Receive the Annual Head of Internal Audit Opinion (including Specialised)	Annually	Internal Audit			√			
Agree a recommendation to the Board in respect of the audited annual report and accounts	Annually	Chair			√			
Anti-Fraud								
Review of the Counter Fraud, Bribery and Corruption Policy	3-Yearly (Feb 2026)	Director of FPV	-	-	-	-	-	-
Receive the Counter Fraud Annual Report	Annually	Head of CF	√					√
Agree the Counter Fraud Annual Workplan	Annually	Head of CF	√					
Receive a Quarterly Report on Counter Fraud Activity	Quarterly	Head of CF			√		√	

Matter to be Considered by Committee	Frequency	Responsible Lead	Scheduled Committee Dates 2023/24					
			18 April 2023	May 23 Draft Accounts	July 18 Final Accounts	12 Sept	28 Nov	08 Feb 2024
Agree the Counter Fraud Functional Standard Return Declaration	Annually	Head of CF			✓			
Receive the Post Payment Verification Annual Report	Annually	PPV Manager (Amanda Legge)				✓		
Agree the Post Payment Verification Annual Workplan	Annually	PPV Manager		✓				
Receive a Mid-Year update in respect of Post-Payment Verification Activity	Annually	PPV Manager					✓	
Clinical Audit								
Ratify the Clinical Audit Plan 2023 – 2024 to be overseen by the PQSO Committee	Annually	Medical Director			✓			
Receive an Annual Report 2023 – 2024 on Clinical Audit Activity	Annually	Medical Director						✓
Internal Audit (Including Specialised Audit) – NWSSP Audit & Assurance Services								
Agree the Internal Audit Annual Workplan	Annually	Head of Internal Audit		✓				
Receive Internal Audit Progress Reports	Standing Item	Head of Internal Audit	✓	✓	✓	✓	✓	✓

Matter to be Considered by Committee	Frequency	Responsible Lead	Scheduled Committee Dates 2023/24					
			18 April 2023	May 23 Draft Accounts	July 18 Final Accounts	12 Sept	28 Nov	08 Feb 2024
Receive Internal Audit Review Reports, reviewing the adequacy of executive & management responses to any issues identified, ensuring that they are acted upon	As Scheduled within Annual Work plan	Head of Internal Audit Plan						
Review and approve Internal Audit terms of reference (charter) and the effectiveness of internal audit	Annually	Head of Internal Audit with Chair			√			
External Audit – Audit Wales								
Receive the External Audit Annual Audit Report	Annually	Audit Wales						√
Agree the External Audit Annual Plan	Annually	Audit Wales		√				
Receive the 2023 Structured Assessment	Annually	Audit Wales					√	
Receive External Audit Progress Report 2023-24	Standing Item	Audit Wales	√	√	√	√	√	√
Review of External Audit Reports including results & the adequacy of executive & management responses	As Scheduled within Annual Work plan	Audit Wales						

Matter to be Considered by Committee	Frequency	Responsible Lead	Scheduled Committee Dates 2023/24					
			18 April 2023	May 23 Draft Accounts	July 18 Final Accounts	12 Sept	28 Nov	08 Feb 2024
to any issues identified, ensuring that they are acted upon								
Consider any Audit Wales National Value for Money Examinations & Performance Reports	Ad-hoc	Audit Wales						
Audit, Risk and Assurance Committee Members to meet Independently with:								
External Audit Team	Bi-Annually	Chair	√					√
Internal Audit Team	Bi-Annually	Chair					√	
Local Counter Fraud Team	Bi-Annually	Chair				√		

KEY	
D of CG	Director of Corporate Governance
D of FPV	Director of Finance, Procurement and Value
Head of CF	Head of Counter Fraud
PPV	Post Payment Verification

KEY	
√	Received at the scheduled meeting
X	Not received / Deferred to future meeting
Received √	Received deferred Item
	Draft & Final Accounts

Appendix 3

**Attendance at 2023-24 Audit, Risk and Assurance Committee Meetings:
Independent Members and Lead Executives**

Meeting Dates	18 April 2023	23 May 2023	18 July 2023	12 September 2023	28 November 2023	08 February 2024
MEMBERS						
Iwan Jones (Chair)	√	√	√	√	√	√
Richard Clark (Vice Chair)	√	√	Apologies	√	√	√
Shelley Bosson	√	√	√	√	√	√
Paul Deneen	√	√	√	No longer a member of the Committee		
OFFICERS						
Chief Executive	√	Apologies	Apologies	Apologies	√	Apologies
Director of Finance & Procurement	Apologies (Representative attended)	√	√	√	√	√
Director of Corporate Governance	√	√	√	√	√	√