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**Unconfirmed Minutes of the Public Health Wales
Audit and Corporate Governance Committee Meeting
5 May 2021, 12:30
Capital Quarter – meeting conducted via Microsoft Teams**

Present:		
Dyfed Edwards	(DE)	Committee Chair and Non-Executive Director
Diane Crone	(DC)	Non-Executive Director (University)
Mohammed Mehmet	(MM)	Non-Executive Director (Local Authority) and Chair of the People and Organisational Development Committee
In Attendance:		
Rhiannon Beaumont-Wood	(RBW)	Executive Director Quality, Nursing and Allied Health Professionals
Liz Blayney	(LB)	Deputy Board Secretary and Board Governance Manager
Helen Bushell	(HB)	Board Secretary and Head of Board Business Unit
Paul Dalton	(PD)	Head of Internal Audit, NHS Wales Shared Services Partnership – Audit and Assurance Services
Angela Fisher	(AF)	Deputy Director Finance
Jason Garcia		Audit Wales (left at 14:20)
Huw George	(HG)	Deputy Chief Executive and Executive Director of Finance and Operations
Hywel Jones	(HJ)	Finance Delivery Unit (for item 4.3 only)
Lucy Jugessur	(LJ)	Audit Manager, NHS Wales Shared Services Partnership – Audit and Assurance Services
John Lawson	(JL)	Chief Risk Officer and Head of Information Governance
Neil Lewis	(NL)	Director of People and Organisational Development (left at 13:05)
Jane Matthews	(JM)	Head of Financial Reporting and Control
Stuart Silcox	(SC)	Assistant Director of Integrated Governance
Verity Winn	(VW)	Audit Wales
Emma Wilkins	(EW)	Finance Delivery Unit (for item 4.3 only)
Apologies:		
Tracey Cooper	(TC)	Chief Executive
Andrew Cottam	(AC)	Independent Advisor
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Secretariat

Andrew Morton (AM) Board Support Officer

Note: the reports on this agenda were taken in a different order to the agenda. The minutes have been written to follow the order in the agenda for ease of reference.

ACGC 135/2021 Welcome and Apologies for Absence

DE opened the meeting welcoming all present, noting that due to the ongoing response to COVID-19, and in respect of the national guidance in place, meetings were being held electronically.

DE advised that he was experiencing technical difficulties with internet access. It was agreed that in the event DE being unable participate in the meeting, that DC would take over as Chair until DE was able to re-join.

The Committee **noted** that the meeting was being recorded to support with accuracy of the minutes, and that this recording would be deleted once the minutes had been agreed at the following meeting.

The Chair informed that following discussion with colleagues, the meeting agenda had been revised to enable the Committee to focus on priority areas, and that a number of items had been moved to the note section of the agenda. DE referred to an email that had been circulated to Committee members advising of this in advance, with the opportunity for the Committee to make comment on any of these papers.

Apologies for absence were **noted**.

ACGC 136/2021 Declarations of Interest

DE confirmed that all Executives and Non Executives were referenced in Remuneration and Staff Report. The Committee **noted** the declarations of interest in addition to those already declared on the register

ACGC 137/2021 Draft Annual Report 2020/21**137.1/2021 Draft Accounts 2020/21**

The Committee considered the Draft Accounts for 2020/21 (ref 3.1 ACGC 050521). HG confirmed that these had been submitted to Audit Wales and Welsh Government in line with the deadline of 30 April 2021. The final audited accounts would be presented to the Committee on 7 June 2021, seeking a recommendation to the Board for approval on 10 June 2021.

JM and AF provided the Committee with a presentation outlining the key factors within the accounts this year:

- Reported a surplus of £32k, with hosted organisations breaking even; Financial duty to breakeven over the 3 years 2018-19 to 2020-21 had been met;

- Approval of the 2019/2022 IMTP financial plan remained extant due to the IMTP process for 2020/2023 being paused in spring 2020, due to the pandemic;
- The requirement to achieve the External Financing Target had been suspended for 2020-21 due to circumstances that arose as a result of the COVID-19 pandemic;
- Income and expenditure had both increased by 41% (£62.796m and £62.660m respectively);
- Revenue from patient care activities showed a year on year increase of £63.625m due to income from Welsh Government;
- Staff costs had increased by £7.044m as a result of significant recruitment to support the strengthening of the Public Health Services Directorate;
- Operating expenses showed a year on year increase of £62.660m predominantly due to costs incurred for the Trusts response to the pandemic (£51.929m);
- The majority of the strategic funding was as a result of funding COVID-related projects such as the new PHW Laboratory in Imperial Park 5;
- Year on year the inventory balance had increased by £7.969m. Audit Wales did not attend the stock take in March due to an all-Wales decision by the Auditor General for Wales. Due to this being a material value in the financial statements, further discussions would take place with Audit Wales to establish how they would seek assurance of this balance;
- Welsh Government had advised of an additional provision item to be included within the accounts relating to 2019-20 Scheme Pays (pension tax costs associated with clinical staff who exceeded their annual allowance for NHS Pension Scheme benefits). The organisation was advised not to include this in the draft accounts while the position was finalised; it would be fully funded by Welsh Government.

On behalf of the Committee, DE thanked AF and JM for the comprehensive presentation, which the Committee agreed was helpful to summarise and explain the detail contained within the draft accounts.

The Committee asked what the major challenges had been this year. HG reported that securing individual supplies in the supply chain had been a challenge; however, the process had been managed successfully, on time and had received a positive Audit outcome.

Clarification was sought as to whether the additional funding made during the last year had affected future budgets and that monies had all been repaid by Welsh Government. HG advised that currently all expenditure had been reimbursed by Welsh Government.

The Committee asked if financial planning put on hold during the pandemic had been restarted. HG advised that all financial planning matters had been addressed and returned to normal.

The Committee **noted** the draft Annual Accounts for 2020/21.

137.2/2021 Draft Annual Governance Statement 2020/21

The Committee considered the draft Annual Governance Statement 2020/21 (ref 3.2 ACGC 050521). HB advised that the report was in draft form, subject to any changes to be made by TC as the Accountable Officer. HB thanked all involved in the preparation of the statement.

The Committee thanked the team for the clear and detailed report. The Committee noted a correction to the start date of the People Advisory Group, which was established in 2020. HB noted that this would be amended in the final version submitted.

The Committee **approved** the draft Annual Governance Statement for submission to Audit Wales and Welsh Government for review noting it was subject to any amendments from the Accounting Officer.

137.3/2021 Draft Remuneration Report 2020/21

The Committee considered the Draft Remuneration Report 2020/21 (ref 3.3 ACGC.050521). NL advised that the report summarised the remuneration of the senior managers employed by Public Health Wales and other people-related matters, and summarised the decisions made through the Remuneration and Terms of Service Committee, in line with our agreed governance arrangements.

The report was in draft form, and would be submitted to Audit Wales for review with the Annual Governance Statement. The final audited document would then be submitted to Committee and Board for approval in early June.

In relation to the Gender Pay Gap data, the Committee asked whether the data could be presented together with a comparison with previous periods. NL noted this suggestion, which would be taken back to the Business Executive Team for consideration.

In response to a request for clarification on what was covered by the consultant spend, NL noted this related to management consultants rather than clinical consultants. NL agreed to provide a breakdown of the year on year costs and the narrative to explain the reasons for this increase.

Action: NL

DE thanked NL for the detailed report, and on behalf of the Committee congratulated NL on his recent appointment to role of Director of People and Organisational Development.

The Committee **approved** the Draft Remuneration Report 2020/21 for submission to Audit Wales.

137.4/2021 Draft Head of Internal Audit Opinion and Annual Report 2020/21

The Committee considered the Draft Head of Internal Audit Opinion and Annual report (Ref 3.4 ACGC.050521). PD presented the draft report, which set out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year. The report also included a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

The overall opinion had taken into account both the number and significance of any audits that have been deferred during the course of the year, and also other information obtained during the year that was deemed to be relevant to the Audit work.

The Committee commented on the reasonable assurance rating for the IT Continuity, and whether the arrangements were sufficiently robust, and whether the infrastructure was strong enough to progress with our plans to expand our IT capacity. HG advised that the points raised within the draft report were time sensitive and were being progressed. A further discussion on this would take place when the finalised report was presented to Committee.

The Committee **noted** the draft report, and the reasonable assurance rating for the organisation during 2020/21.

DE thanked PD and the team for all of the work this year to complete the work plan in the challenging context of the COVID-19 pandemic.

138/2021 Items for Assurance**138.1/2021 Internal Audit****138.1.1/2021 Internal Audit Progress Report**

PD provided a verbal update on the current Internal Audit Activity, noting the three reports from the 2020/21 work plan were in the process of being finalised:

- IT Business Continuity;
- NHS Collaborative Advisory report;
- additional hours and overtime payments.

These would be reported to the Committee in June 2021. In terms of the 2021/22 work plan, work had begun to scope out the detail of reviews and plan the fieldwork.

138.1.2/2021 Internal Audit Report

The Committee received the COVID Governance arrangement Advisory Report follow up (Ref 4.1.2 ACGC.050521). PD reminded the Committee that a rapid advisory review had taken place during the summer of 2020, following the first peak of the pandemic.

The report outlined a number of suggestion for the organisation to consider going forward, which contained suggestions for actions to take to further improve the governance arrangements. This follow up review had concluded t that the organisation had implemented or taken forward almost all the priorities suggested in the original review.

DC thanked PD for the summary, and the Committee **noted** the report.

138.2/2021 External Audit Progress Report

VW provided a verbal update to the Committee in relevant External Audit activity:

- Audit Wales had recently appointed an engagement director with Public Health Wales, Claire James, who would be attending Committee meetings;
- Advised that a PPE report had been attached initiated by the Welsh Government, it highlighted a public bodies positive collaborative working. The report reflected the national stock levels.

The Committee sought clarification as to which organisation would be responding to this report. VW clarified that the report would be submitted to a Welsh Government Committee, who would determine whether further action was required.

DC thanked VW for the update; the Committee **noted** the update.

139.3/2021 Finance Delivery Unit Annual Assurance Statement

DE welcomed HJ and EW to the meeting, thanking them for their report. The Committee considered the Finance Delivery Unit (FDU) Annual Assurance Statement (ref 4.3 ACGC.050521). HR outlined that the Unit was required to provide an Annual Assurance Statement to Public Health Wales to confirm compliance with the hosting arrangements, highlighting any areas of concern, risk, or non-compliance.

HJ highlighted the following:

- The FDU had delivered a break-even position during the year;
- The Unit had performed well on matters of compliance during the year, maintaining our focus on budgetary control, compliance with statutory and mandatory training and ensuring adherence to the Managing Attendance policy;
- Throughout the pandemic period, the Unit had continued to focus on maintaining and developing relationships with stakeholders; with its key relationships spanning a breadth of nations, sectors, and organisations.
- The FDU had been awarded the Public Finance Team of the Year (Health) Award 2020; with the judges commenting on the FDU's strong focus on learning and development as well as its demonstration of local and national collaborations.

DE thanked HJ for the report, and the Committee took **assurance** of the Finance Delivery Units compliance with the hosting arrangements.

139.4/2021 Losses and Special Payments Report

The Committee considered the Losses and Special Payments Report (Ref 4.4 ACGC.050521). The Committee asked for clarification on 'fruitless payments' in the annexe, JM explained the definition, and note that the delegated limited was the figure in the report, but that no such payment had been made.

The Committee **took assurance** that all losses and special payments had been made in accordance with the requirements of the Standing Financial Instructions (SFIs).

139.5/2021 Procurement Report

The Committee considered the Procurement Report (Ref 4.5 ACGC050521).

VW asked whether there had been any trends identified with the increase in activity regarding single tender actions. HG noted there were increase in activity from the collaborative, due to the pandemic. It was anticipated that this increase would return to usual levels next year.

The Committee took **assurance** that procurement activity had been undertaken in line with the requirements of the Standing Financial Instructions (SFIs).

139.6/2021 Information Governance Performance Report – Quarter 3

The Committee considered the Information Governance Performance Report for Quarter 3 2020/21. JL highlighted that statutory and mandatory training levels were below the required level within the Corporate Team and within Public Health Services.

RBW noted that this matter was reported to, and was being monitored by the Business Executive Team (BET), and was being addressed with the relevant senior managers.

The Committee noted that the system to identify potential non-compliance was working well, and the Committee took **assurance** that the Information Governance Management System was working efficiently.

The Committee commented on the focus of the report, and suggested that a greater emphasis on risk and actions that had been taken to address any concerns or non-compliance raised should be embedded into the report. Further to this, it was suggested that management responses should be included within the report to give the Committee greater insight into the actions being taken and therefore the risk level of any non-compliance.

The Committee agreed to ask the Business Executive Team to consider this approach to provide more assurance on the action being taken, to determine the most appropriate action to be taken.

Action: Business Executive Team (HB)

The Committee requested an update on the progress with the statutory and mandatory training levels at its meeting in September.

Action: RBW/JL

139.7/2021 Corporate Risk Register

The Committee considered the Corporate Risk Register (ref 4.7 ACGC.050521). The Committee took **assurance** that the corporate risks of the organisation were managed appropriately.

139.8/2021 Welsh Health Circulars – Bi-Annual update

The Committee considered the Welsh Health Circular Bi Annual Update (ref 4.8 ACGC.050521). The Committee took **assurance** on the process for recording and monitoring the organisations compliance with Welsh Health Circulars.

140/2021 Items for Approval

140.1/2021 Internal Audit Log

The Committee considered the Internal Audit Action Log update (ref 5.1 ACGC.050521). The Committee **approved** the amendments to timescale and closures of actions as outlined within the covering report

140.2/2021 Minutes, Action Log and matters arising from the previous meeting

The Committee **approved** the Minutes (ref 4.1 ACGC.050521) and **noted** the updates to the action log.

141/2021 Items for Discussion

141.1 /2021 Annual Review of Risk Framework

The Committee received a presentation on the Annual Review of Risk (ref 6.1 ACGC.050521).

RBW and JL highlighted the following:

- The purpose of the presentation was to review the effectiveness of the risk management system over the previous year;
- An overview of the risk architecture: Strategic Risk Register; Corporate Risk Register; Directorate / divisional risk register; and team risk registers.
- Risk management in the context of COVID-19: threat assessment carried out in 2020; one new strategic risk added to the register; 10 new COVID related risks added to the corporate register;
- Distribution and scoring of the corporate risks;

- Current challenges: the four different systems being used for risk management; the move to the Once for Wales Concerns Management System; and the time and resources available to develop the discussion on risk as an organisation.

The Committee commented as follows:

- The risk architecture was clear and fit for purpose, it would benefit from greater clarity between an issue and a risk;
- Risk management should more directly support decision making;
- Identification of the risk should include the actions taken and any evidence of the risk being resolved or reduced. Actions should clearly demonstrate how the risk is being managed / mitigated.

DE thanked JL and RBW for the presentation, and **noted** that the Committee's feedback as part of the discussion would be reported to the Business Executive Team for Consideration.

142/2021 Items to Note

142.1/2021 Committee Look Forward

The Committee **noted** the Committee Look Forward (ref 7.1 ACGC.050521).

142.2/2021 Counter Fraud Progress Report

The Committee **noted** the Counter Fraud Progress Report (ref 7.2 ACGC.050521).

142.3/2021 Strategic Risk Register

The Committee **noted** the Strategic Risk Register (ref 7.3 ACGC.050521).

142.4/2021 Declaration of Interest – Bi Annual Update

The Committee **noted** the Declarations of Interest Bi-Annual Update (ref 7.4 ACGC.050521).

143/2021 Closing Administration

143.1 / 2021 Any Other Business

None.

143.2/2021 Publication of Papers

The Committee **approved** the publication of the papers with immediate effect, with the exception of the following due to either sensitive data or information being contained within them:

- Procurement;
- Losses and Special payments;
- Strategic Risk 4 Cyber Security;
- The draft Annual Report (whilst in draft form).

143.3/2021 Committee Feedback

The Committee provided the following feedback on the meeting:

- Assurance was sought that the papers in the 'to note' section were being monitored to ensure items were considered in the main section of meetings where appropriate; LB confirmed this was the case.
- Further context as an overview of the reports would be useful to consider within the cover report.
- Signalling of key items on the agenda would help support newer Members when reviewing the agenda.

143.4/2021 **Date of next meeting:**

7 June 2021 at 2pm.

The meeting concluded at 15:22pm