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**Confirmed Minutes of the Public Health Wales
Audit and Corporate Governance Committee Meeting
10 May 2023 at 09:30, in 3.3 CQ2 and via Microsoft Teams**

Present		
Nick Elliott	(NE)	Committee Chair and Non-Executive Director
Mohammed Mehmet	(MM)	Non-Executive Director
Kate Young	(KY)	Non-Executive Director
In Attendance:		
John Baker	(JB)	Finance Contractor
Henry Bales	(HB)	Local Counter Fraud Specialist, Counter Fraud (joined at 09:35 for item 4)
Rhiannon Beaumont-Wood	(RBW)	Executive Director of Quality, Nursing and Allied Health Professionals (joined at 09:34)
Anne Beegan	(AB)	Audit Wales
Julie Bishop	(JB)	Director of Health Improvement (for item 8d)
Tracey Cooper	(TC)	Chief Executive (joined at 09:40 and left at 10:50)
Paul Dalton	(PD)	Head of Internal Audit, Audit and Assurance Services, NHS Wales Shared Services Partnership
Huw George	(HG)	Deputy Chief Executive, Executive Director of Operations and Finance
Claire Green	(CG)	Interim National Director of Financial Planning and Delivery, Financial Planning and Delivery, NHS Wales Executive (for item 3.1)
Gareth Lavington	(GL)	Lead Local Counter Fraud Specialist, Counter Fraud (joined at 09:35 for item 4)
Martyn Lewis	(ML)	Auditor, Audit and Assurance Services
Angela Jones	(AJo)	Acting Director of Health and Well-Being (for item 8d)
Jane Matthews	(JM)	Head of Financial Reporting and Control
Paul Veysey	(PV)	Board Secretary and Head of the Board Business Unit

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Angela Williams	(AW)	Deputy Director of Finance
Jan Williams	(JW)	Chair of the Board
Steve Wyndham	(SW)	Audit Wales

Apologies:		
Liz Blayney	(LB)	Deputy Board Secretary and Board Governance Manager

Secretariat		
Andrew Morton	(AM)	Board Support Officer

The meeting commenced at 09:30

ACGC 1/2023.05.10 Welcome and Apologies for Absence
NE opened the meeting and welcomed all present, noting that this meeting was held electronically and in person at CQ2.
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 next meeting in September 2023.
The apologies for absence received were noted .

ACGC 2/2023.05.10 Declarations of Interest
There were no declarations of interest in addition to those already declared on the Declarations of Interest Register.

ACGC 3/2023.05.10 Hosted Bodies Annual Assurance
ACGC 3.1/2023.05.10 Finance Delivery Unit Annual Assurance Statement

The Committee considered the NHS Wales Finance Delivery Unit Annual Statement.
NE welcomed CG from the Finance Planning and Delivery Directorate, (now part of the NHS Executive) to the Committee. The Finance and Delivery Unit Assurance Statement was provided to the Committee annually to provide assurance that the NHS Finance Delivery Unit, who were hosted by Public Health Wales until 31 March 2023, had complied with the requirements of the hosting agreement, including compliance with Public Health Wales’s standing orders and financial instructions, policies and procedures.
CG provided an overview which summarised the report and highlighted the work of the Unit over the previous 12 months. She noted that this would be the final Assurance Statement from the Unit; the Unit became a Directorate within the NHS Executive on 1 April 2023 and would report through the Executive’s Assurance Statement in 2023/24.

HG informed the Committee he regularly met with the Responsible Office for the Financial Delivery Unit throughout the year and that confirmed the accuracy of the Statement and that he looked forward to working with CG going forward.

The Committee thanked CG for the Statement and:

- Took **assurance** that the NHS Wales Finance Delivery Unit had complied with standing orders and financial instructions, policies and procedures;
- **Noted** that from 1 April 2023 the NHS Wales Finance Delivery Unit would form part of the NHS Executive. The Governance arrangements for oversight and accountability would form part of the NHS Executive Governance, and a revised hosting agreement had been agreed between the Public Health Wales Board and Welsh Government to clarify hosting responsibilities.

ACGC 4/2023.05.10 | Counter Fraud Deep Dive

The Committee **received** the Counter Fraud Progress Report; the Counter Fraud Annual Report 2022/23; the 2023/24 Counter Fraud Workplan; and the Public Health Wales Counter Fraud Arrangements.

The Progress Report showed a 10% increase in work for the Organisation resulting from the number of investigations undertaken and six awareness sessions (webinars). Two referrals had been received and both had been investigated and closed internally without the need to resort to criminal prosecution.

The Counter Fraud Annual Report documented the work undertaken in the year, it also provided a summary of Compliance to the Counter Fraud Authorities.

The Organisation had been graded overall amber in the report as it has not sufficiently recorded and reviewed its 14 counter fraud risks which were deemed inherent to the Organisation and reported to the Committee at its last meeting. Work within the team had started, and progress would be reported in each quarter's progress report, showing the total of fraud risk assessments completed; the measurements recorded; and suggestions for work needed to improve to achieve a lower scored risk.

The Committee asked for clarification regarding overall Risk Management within the Organisation. GL advised the Committee he worked with the Organisation to ensure that Counter Fraud Risks were recorded in the Organisation's Risk Register, a copy of all risk assessments conducted in Quarter 1 would be recorded in the Quarter 1 Progress Report to ensure that fraud risk within the Organisation could be accurately assessed, updated and recorded in the Risk Register.

The Committee asked how attendance at Counter Fraud training sessions could be encouraged, specifically, whether this should be considered for mandatory training to reduce fraud risk overall. GL and his team provided targeted Counter Fraud sessions for different teams on a regular basis, and monthly online sessions were advertised for staff to sign up to attend and his team always looked for new strategies to roll out.

The Committee suggested that key roles within the Organisations should undertake counter fraud training, and the Finance Team had looked for ways to ensure high levels of training. An update would be provided to the Committee at the next meeting.

Action: AW

The new Cardiff and Vale Counter Fraud team (which was set up in 2022) set out their Work Plan. The priorities for 2023/24 were e-learning; risk management; investigations arising from referrals, any investigations would take priority; education, awareness training; and proactive work.

The Committee **noted** the work plan and took **assurance** on the counter fraud arrangements in place for the Organisation.

GL summarised Counter Fraud paper detailing provision for the Organisation, noting a NHS Wales-wide review was under consideration. The Committee **considered** the Counter Fraud Arrangements for the Organisation and received **assurance** that the appropriate level of service was available to the Organisation at all times.

ACGC 5/2023.05.10	Annual Report (Accounts and Governance Statement)
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ACGC 5.1/ 2023.05.10	Draft Accounts 2022/23
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HG **advised** the Committee the Draft accounts were submitted to Welsh Government and gave **assurance** the Organisation had fulfilled its statutory duties throughout the year.

The Committee **received** a presentation of the accounts which detailed the key performance targets, statutory and administrative duties for the year 2022/23. The accounts were submitted on time and complied with the new International Financial Reporting Standard (IFRS 16) which now required building leases (a right of use asset) to be recorded as capital assets, showing depreciation. NHS Wales has undergone a revaluation exercise and noted a downward revaluation due mainly to the construction of IP5 during the COVID pandemic.

The Organisation's income decreased following changes as a result of a move away from pandemic working to normal working. Core income and pay funding had increased, and an increase in Welsh Government funding had promoted

work in obesity, early years prevention, online STI testing and had improved screening recovery.

Service transfers saw Laboratory Information Network Cymru (LINC) and Radiology Information System Procurement (RISP) move from the NHS Wales Health Collaborative to Digital Health and Care Wales on 1 January 2023. Local Public Health Teams transferred from Public Health Wales to their individual Health Boards on 1 October 2022. These transfers resulted in a reduction to core income.

The Organisation addressed the Audit findings from the 2021-22 Annual Accounts:

- confirmed salaries against contracts and letters;
- reconciled Public Dividend Capital to Welsh Government papers;
- consistency of income categorisation with 2021/22 conventions;
- correct calculation of prepayment amounts at year end;
- re-declaration of transactions at year-end for two related parties;
- implementation of grant templates ensuring accuracy of recording timeframes;
- improved calculation methods for Microbiology contract accruals and inclusion of accruals to year end closedown;
- confirmation from managers to ensure that capital projects did not cover more than one year.

Audit Wales had commenced their work and their report would be presented to the Audit and Corporate Governance Committee on 12 July 2023 and submitted to the Board meeting on 27 July 2023. The final Annual Report and Accounts would be submitted by Audit Wales to Welsh Government on 31 July 2023.

The Committee expressed their thanks to the finance team for delivering a comprehensive report and noted a smaller recorded surplus this year and an increased income as a result of rising bank interest rates.

The Committee **noted** the report.

**ACGC 5.2/
2023.05.10**

Accountability Report

The Committee **received** the draft Accountability Report confirming the Organisation met accountability requirements and **approved** its submission to Audit Wales and Welsh Government.

**ACGC 5.3/
2023.05.10**

**Draft Head of Internal Audit Opinion and
Annual Report 2022/23**

The Committee **received** and **noted** the Draft Head of Internal Audit Opinion and Annual Report 2022/23. The opinion of the Report gave reasonable assurance and summarised the work undertaken in the previous year, and

reported an External Quality Assessment in March 2023 - an independent report undertaken every five years - which confirmed the Organisation complied with all required standards.

	Break
ACGC 6/2023.05.10	Managing Risk
ACGC 6.1/2023.05.10	Update on Development of the Strategic Risk Register and the Corporate Risk Register

The Committee **received** the current Strategic Risk Register, new Risks would be submitted to the Board meeting in May, and brought to the next Committee meeting in September.

The Corporate Risk Register had been updated with an All-Wales Risk associated with the transfer of the Laboratory Information Network (LINC) to Digital Health Care Wales at the request of Welsh Government.

The Committee **noted** the Strategic and Corporate Risk Registers relevant to the Committee’s remit and took **assurance** that the Organisation’s Strategic and Corporate risks were being managed appropriately

ACGC 7/2023.05.10	External Audit
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The Committee **received** the Audit Wales Update Report and the Audit Wales Annual Plan.

- SW identified the areas of audit investigation for the year ahead:
- Risk and bias in reporting
 - Changes in reporting methods (IFR16)
 - Changes in staffing and remuneration
 - Follow up on identified issues in the 2021/22 Audit

SW confirmed Audit Wales had commenced their work and looked to bring the final report and findings to the Audit and Corporate Governance Committee in the week commencing 10 July.

- AB confirmed the performance elements for Audit in the year 2023/23:
- Board effectiveness,
 - systems of Assurance,
 - financial management
 - strategic planning
 - Deep Dive focus on digital investment

The Committee asked how digital would be defined for the purposes of the Deep Dive, and that the All-Wales aspect of digital inclusion would be included as digital access was recognised as a challenge in some areas.

The Committee asked how the work of Audit Wales could demonstrate the effect and impact on their work on the Organisation and improving outcomes.

Audit Wales asked for this request to be included in the Stakeholder Survey which had been circulated.

The Committee **noted** the Audit Wales workplan and the increase in Audit fees detailed in the letter received from the Auditor General.

ACGC 8/2023.05.10 Internal Audit

The Committee **considered** Internal Audit reports:

- Health Improvement (Population Health) (Limited Assurance)
- Information Governance Contract Management (Reasonable Assurance)
- Cyber Security (Substantial Assurance)
- Health Protection (Substantial Assurance)

The Committee **considered** and **accepted** the Health Protection Final Internal Audit Report.

The Committee **considered** and **accepted** the Information Governance Final Internal Audit Report. The Committee asked for presentation at a future meeting of the scale of contracts which were under £25,000, to confirm the assurance given in the Report.

Action: AW/RBW

The Committee **considered** and **accepted** the Cyber Security Final Internal Audit Report. The Committee agreed that Key Performance Indicators noted in the Report would be reported to this Committee on a regular basis.

The Committee **received** the Health Improvement (Population Health) Final Internal Audit Report. Key findings documented in the Report concerned the process for allocating, monitoring and risk management administration of the grants. The resulting comprehensive action plan acknowledged the recommendations and included timelines for improvement.

Management welcomed the findings, and acknowledged that post-pandemic working had not restored all routine monitoring systems, this was recorded in the Report's findings. The Committee suggested a proportionate and scaled, response would ensure that the scrutiny delivered the activity and the impact expected.

The Committee acknowledged that this Report was the result of an previous system of working, and the Organisation had moved to a new way of working post-pandemic and this Report allowed the Organisation to look at how it worked and how to develop processes to record outcomes of the grants.

The Committee welcomed the interest shown in this Report by the Welsh Government's Deputy Minister for Health and Social Care, who had discussed the issues with members of this Committee.

The Committee asked if the capacity existed in the Organisation to move from monitoring its processes to monitoring its outcomes as they required different skillsets, and whether this data was routinely collected at a Health Board level.

The Committee **accepted** the Health Improvement (Population Health) Final Internal Audit Report and **noted** it showed the Organisation commissioned audits to target areas for improvement and asked for an update at the next meeting to review the progress on implementation.

Action: JB/AJo

ACGC 9/2023.05.10	Finance and Procurement
ACGC 9.1/2023.05.10	Procurement Report

The Committee **received** the report and took **assurance** that procurement activity was undertaken in line with the requirements of the Standing Financial Instructions (SFIs).

ACGC 9.2/2023.05.10	Losses and Special Payments
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The Committee **noted** and took **assurance** that all losses and special payments had been made in accordance with the requirements of the Standing Financial Instructions (SFIs).

ACGC 10/2023.05.10	Committee Governance
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ACGC 10.1/2023.05.10	Minutes, Action Log and Matters Arising
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The Committee **considered** the Minutes and Action Log of the meeting held on 16 March 2023.

The Committee:

- **Approved** the minutes of the meeting on 16 March 2023 as an accurate record;
- **Approved** the closure of one completed action on the Action Log.

ACGC 10.2/2023.05.10	Annual Committee Governance
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The Committee **received** the Committee Annual Report and **approved** its submission to the May Board meeting subject to one amendment on page 9 to indicate that the Committee has been assured of progress and would consider the Structured Assessment and the All-Wales Annual Reports in meetings in this financial year 2023/24.

The Committee **received** and **approved** the revised Terms of Reference and the Work plan for submission to the May Board meeting.

ACGC 11/ 2023.05.10	Items to Note
ACGC 11.1/ 2023.05.10	Managing Risk
The Committee noted the Strategic and Corporate Risk Registers.	
ACGC 12/ 2023.05.10	Closing Administration
<p>The next ordinary Committee meeting would be held on Tuesday 19 September 2023, and an additional meeting would be held in July to approve the Annual Accounts and Report for submission to Board.</p> <p>The Committee noted that all Committee papers would be published, with the exception of:</p> <ul style="list-style-type: none"> • Procurement Report • Losses and Special Payments Report • Reports relating to Cyber Security. • Draft reports (to be published once approved) <p>Any Other Business</p> <p>The Committee asked for a discussion about Hosted Bodies. HG agreed a special session would be arranged to answer questions raised by the Committee.</p> <p>Action: HG</p> <p>The Committee was asked to e-mail feedback on the meeting to LB.</p> <p>NE thanked everyone for their contributions and closed the meeting.</p>	
The meeting closed at 12:20	