

# Board Assurance - Committee work planning

## Internal Audit Report

May 2024

Public Health Wales NHS Trust

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Auditors:	Paul Dalton – Head of Internal Audit Emma Samways – Deputy Head of Internal Audit Andrea Calise – Audit Manager
Executive sign-off:	Paul Veysey – Board Secretary and Head of Board Business Unit
Distribution:	Liz Blayney – Board Governance Manager
Committee:	Audit & Corporate Governance Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.

### Acknowledgement

NHS Wales Audit and Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

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## Executive Summary

### Purpose

The purpose of our review was to consider the structure and assess the operation of the committees to ensure effective and efficient reporting, scrutiny and decision making on areas of accountability.

### Overview

We have issued substantial assurance on this area.

The Trust has robust arrangements in place for mapping assurance across the Trust’s committees through their terms of reference and work plans.

Matters arising concerning the areas for refinement and further development are identified in Appendix A.

## Report Opinion



Few matters require attention and are compliance or advisory in nature.

**Low impact** on residual risk exposure.

## Assurance summary<sup>1</sup>

Objectives	Assurance
1 Committee terms of reference	Substantial
2 Committee work plans	Substantial
3 Committee operating effectively	Substantial
4 Alignment with strategic objectives	Substantial
5 Cross-cutting approach	Substantial

<sup>1</sup>The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

## 1. Introduction

- 1.1 Our audit review in relation to the Board assurance – Committee Work planning was completed in line with the 2023/24 Internal Audit Plan for Public Health Wales NHS Trust (the 'Trust').
- 1.2 A Board Assurance Framework (BAF) is designed to provide a structure and process that enables an organisation to focus on the risks that might compromise it achieving its strategic goals. The BAF is considered an integral element of corporate governance and is intrinsic to the risk management and control system. Over the last 18 months management has worked to further develop and improve the format of the Trust's BAF. The current version of the BAF was reviewed by Business Executive Team (BET) in November 2023, and approved by the Board in the same month.
- 1.3 One aspect of the BAF relates to the Trust's integrated governance model which comprises of the Board and five committees which draw delegated powers from the Board. Each committee has a key role in the system of governance and assurance, providing assurance to the Board through the scrutiny of functions, services and matters delegated to them.
- 1.4 Committees are responsible for contributing to the monitoring and evaluation of the progress towards achieving the Board's purpose, aims, values, corporate objectives, priorities and targets by providing the time, space and expertise to effectively scrutinise performance across the system.
- 1.5 In order to fulfil their duties and responsibilities each committee sets and agrees an annual programme of work and reports on its progress to the Board for assurance. It is important that committee members have an agreed plan of work for the year ahead and receive appropriate learning and development to deliver their responsibilities effectively.
- 1.6 Our review focused on the arrangements in place for mapping assurance across the Trust's committees through their terms of reference and work plans as set out within the Board Assurance Framework.
- 1.7 The relevant lead for the review is the Board Secretary and Head of the Board Business Unit.
- 1.8 The risk considered as part of the review relates to the Trust being unable to achieve its strategic objectives and deliver safe, effective services. We also note the following risk from the Trust's strategic risk register:
  - *There is a risk of weakness in our organisational health, including our culture, capacity, capabilities and governance caused by sub-optimal leadership, management and engagement.*

## 2. Detailed Audit Findings

**Objective 1: Terms of reference are in place for each committee which provide guidance and clear direction to members on managing Board expectations and to enable the committees to hold itself accountable for its activities.**

- 2.1 We held a number of meetings with the Board Governance Manager and reviewed governance documentation which was readily available via the Trust's website. We also accessed AdminControl, the Trust's portal for archiving Board and committee papers.
- 2.2 In line with requirements of section 3 of the Scheme of Delegation, the Trust Board has established the following committees:
- Audit and Corporate Governance Committee (ACGC).
  - Knowledge, Research and Information Committee (KRIC).
  - People and Organisational Development Committee (POD).
  - Quality, Safety and Information Committee (QSIC), and
  - Remuneration and Terms of Service Committee (RATSC).
- 2.3 All committees have an agreed Terms of Reference (ToR) and these are reviewed and approved by the Board at least annually. At the time of our fieldwork, the ToR for ACGC, KRIC, POD and QSIC were being reviewed and were expected to be presented to Board in May 2024. We note that included within these papers, for transparency, is a summary of all revisions/amendments.
- 2.4 Our review of the current ToR and the 'draft' ToR awaiting Board approval confirmed that the documents provide guidance and clear direction to committee members on the following:
- committee purpose and remit;
  - delegated powers to advise and assure the Board;
  - delegated decision-making ability on behalf of the Board;
  - committee membership, attendees and quorum;
  - frequency of meetings; and
  - relationship, accountability and reporting arrangements with the Board.

We have made one minor observation to better document the 'Chair's action on urgent matters' within the committee ToR. **(Matters Arising One – Low Priority)**

- 2.5 Committee ToR were found to capture comprehensive information on each committee's management of Board expectations and holding itself accountable by seeking the appropriate assurance on the functions within its remit. This information is clearly set out within Section 3 – 'Delegated Powers' of the ToR which mandates the provision of assurance to the Board as follows:

- Remit - Effective systems in place for areas within the Committee's remit. We also note that each ToR sets out the coverage areas for the relevant Committee.
- Assurance - The functions within Committee remit meet the required standards and are scrutinised for reliability and integrity. We note that each ToR sets out clear statements on what the Committees must seek assurance on.
- Delegated Decisions - Setting out how the Committee can support the Board by reviewing and approving decisions as appropriate.
- Comment/Recommendation to the Board - The Committee's role in providing advice to the Board recommending and commenting on items for approval.

#### Conclusion:

2.6 Our review found that a Terms of Reference is in place for all committees and these are reviewed annually and presented to the Board for scrutiny/approval. The ToR provide clear and comprehensive guidance which enable committee members to fulfil their remit and seek assurance as delegated by the Board. We have provided **Substantial Assurance** for this objective.

#### **Objective 2: Distinct work plans are in place for each committee with appropriate themes enabling members to obtain adequate assurance.**

2.7 Committee workplans ensure that committee members discharge their responsibilities in a planned manner. Workplans assist with agenda planning and should be updated throughout the year to ensure that a committee considers any additional items which may arise during the year.

2.8 Our review of the governance documentation confirmed that committee workplans cover a period of 12 months and are reviewed and updated at each committee meeting. We found that workplans were in place for all committees with the exception of RATS. **(Matter arising Two – Low Priority)**

2.9 The committee workplans for 2023/24 were presented to Board for approval in May 2023. We note that the workplans for 2024/25 have been reviewed by all committees and were awaiting approval by the Board, planned for May 2024. Our review of committee workplans for 2024/25 confirmed that the following information had been captured:

- Terms of reference theme/category (linked back to the remit for Committee) for each item to be discussed over the year.
- Title of item to be discussed.
- Executive Lead for item/report.
- Timeline for presentation to committee.
- Purpose of report and the Role of the Committee (whether it is to consider for assurance/recommend/approve on behalf of Board).

2.10 We confirmed that the process for developing committee workplans for 2024/25 appropriately involved:

- the Board Secretary and Head of the Board Business Unit and Board Governance Manager;
- the Business Executive Team; and
- were informed by discussions as part of the Committee Effectiveness Workshop, and with the Chairs of the Committees as part of the cross Committee working group.

2.11 Additional reporting mechanisms are in place to provide assurance to the Board that committees are fulfilling their remit and discharging their responsibilities in line with their ToR:

- Committees' Annual Report - summarises the key areas of business activity undertaken by each committee during the previous year. We confirmed that the committee annual report for 2022/23 was presented to Board in May 2023. the Committee Annual Report for 2023/24 is scheduled to be presented at Board in May 2024.
- Composite Committee Chairs' Report for Board - provides an overview of items considered by the committees and highlights any cross-committee issues/themes or items that require the Board's attention. We confirmed that the Composite Committee Chairs' Reports are a standing agenda item for each Board meeting.

#### Conclusion:

2.12 Distinct work plans are in place for each committee and these are reviewed periodically for relevancy. Workplans are shared with the Board and set out comprehensive information including themes/areas of assurance coverage that can be traced back to the respective committee ToR. We have provided **Substantial Assurance** for this objective.

#### **Objective 3: Committees are operating in line with their roles and responsibilities as set out within their terms of reference and work plans providing clear, effective and efficient decision making and scrutiny on areas of accountability.**

2.13 Our review of the governance documentation, confirmed that the Trust's committees operate in line with their ToR. We reviewed documentation for activity throughout 2023/24 and note the following:

- All meetings that we reviewed in our sample were attended in line with the requirements of the respective Terms of Reference. We note that for a period of time throughout 2023, the Trust was operating with a Non-Executive Director vacancy. However, non-executive directors provided cover for committees to ensure quoracy.

- Appropriate documentation of committee business (minutes, agenda of items, papers and action/decision logs).
- The committee work plans for 2023/24 were presented at each meeting providing members with a clear view on the areas of accountability for the year.
- Summaries of key decisions/actions taken by committees were regularly provided to the Board for transparency and assurance. (Composite Report from Committee Chairs)

2.14 As part of our review we considered the documentation presented to each committee, cross referencing this to the agreed work plan for the year. We did not identify any matters to report.

**Conclusion:**

2.15 We confirmed that the Trust's committees continue to operate in line with their ToR and work plans providing clear, effective and efficient decision making on the areas within their remit. We have provided **Substantial Assurance** for this objective.

**Objective 4: Committee work programmes are aligned to the Trust's strategic objectives and risks.**

2.16 Development work was undertaken at the Executive Integrated Medium Term Plan (IMTP) workshop session in February 2024 to re-focus the Trust's Strategic Risk Register. A report summarising the key changes was presented to Board in March 2024 for endorsing. We note that the next iteration of the Strategic Risk Register will be presented to Board in May 2024 and will include further recommendations to refine strategic risks in line with the Trust's new IMTP for 2024/27.

2.17 In line with the Trust's risk management protocol, and as identified within their ToR, committees are responsible for considering the corporate and strategic risks within their remit and for seeking and providing assurance to the Board that the risks within their remit are being managed appropriately. We note that committees are achieving this through the following ways:

- Strategic Risk Register and Corporate Risk Register are a standing agenda items at every committee meeting.
- Committees are nominated as the assurance group for each strategic risk.
- As part of committee cover papers, where relevant, there is a requirement to link in the content of each report to both the Trust's strategic objectives strategic/corporate risks.
- Committee chairs, through their composite reports, include references to the relevant corporate and strategic risk as part of their committee updates to the Board.

2.18 We also note that for the 2024/25 workplans, an assurance mapping exercise has been undertaken to provide a rationale as to why the item has been included in



the workplan linking this to the respective assurance remit statement for the committee ToR.

**Conclusion:**

2.19 There is documentation confirming that the committee work programmes are developed to take into account the Trust's strategic objectives and risks. We have provided **Substantial Assurance** for this objective.

**Objective 5: The cross-cutting approach proposed for 2024/25 is in line with the Board Assurance Framework, the Committee's terms of reference, and supports effective assurance reporting and escalation process between committees.**

2.20 Annually, the Trust undertakes a review of committee effectiveness to reflect on the previous 12 months of work and to identify any improvements and learning to take forward. As part of the effectiveness review for 2023/24, the Trust identified areas of improvement for documenting the committee cross working arrangements. Our review identified that there has not been an explicit reference on cross committee working. The Trust has relied on referral mechanisms recorded within committee action logs. This presented a risk of a lack of feedback mechanisms to report between committees where issues could be considered in isolation without timely update/outcomes being fed back to respective committees.

2.21 However, in early 2024 an approach for dealing with issues that fall within remits of more than one committee based on the risks identified has been developed. We note that this has been categorised within the workplans for each committee for 2024/25. We also note that as part of the development of the work plans, the Trust has mapped each item to the relevant section of the Terms of Reference, as well as the relevant section within the Board Assurance Framework.

**Conclusion:**

2.22 There is a new detailed approach to committee cross cutting issues, which will be presented to Board in May 2024. Workplans for 2024/25 have been mapped to the respective Committee Terms of Reference and also to the relevant sections within the Board Assurance Framework. We have provided **Substantial Assurance** for this objective.

## Appendix A: Management Action Plan

Matter Arising 1: Chair's action on urgent matters (Operation)		Impact	
<p>We reviewed the recently updated draft terms of reference for all committees. We note that all clearly state the reporting relationship between the Chair of each committee and the Board. However, occasionally there may be circumstances where decisions, which are normally made by the committee, need to be taken in between scheduled committee meetings. While arrangements are in place to manage Committee Chair's action on urgent matters, these are not clearly documented within committee terms of reference.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>Inappropriate decisions being made.</li> </ul>	
Recommendations		Priority	
1	<p>The Committees terms of reference should be amended to reflect the arrangements for obtaining Chair's action on urgent matters. In these circumstances, the Committee Chair should be supported by the Board Secretary and Head of Board Business as appropriate, to deal with the matter on behalf of the Committee, after first consulting with one other Independent Members of the Committee. The Board Secretary and Head of Board Business must ensure that any such action is formally recorded and reported to the next meeting of the Committee for consideration and ratification.</p>	<p><b>Low</b></p>	
Agreed Management Action		Target Date	Responsible Officer
1	<p>Accept this recommendation. The provision for Chairs action is covered within Standing orders and is contained within section 7 of the Standard terms of reference which apply to all Committees. We will update the wording in line with this recommendation to ensure it provides a clear outline of the mechanism in place for urgent items explicitly.</p>	30 May 2024	Board Secretary and Head of Board Business Unit

Matter Arising 2: Remuneration committee work plan (Design)		Impact
<p>A committee workplan ensures that the committee discharges its responsibilities in a planned manner. It assists with agenda planning and should be updated during the year to ensure that the committee considers any additional items which may arise.</p> <p>Our review found that the Trust's committees have yearly workplans in place with the exception of the Remuneration and Terms of Service (RATS) Committee. Whilst we acknowledge that the RATS Committee has a limited remit and scope in comparison to other Committees of the Trust, we note other NHS Wales organisations have created workplans for their RATS Committee.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>Committees are unable to discharge their function in a planned manner.</li> </ul>
Recommendations		Priority
2	Consideration be given to implementing a yearly work plan for the Remuneration and Terms of Service Committee.	<b>Low</b>
Agreed Management Action		Target Date
2	Accept this recommendation. The Remuneration and Terms of Service Committee operates differently to the other Committees in that it is not possible to plan for the items that will require approval due to the nature of the subject matter. We will look to produce a high level plan for the Committee to provide an overview of the matters that will be considered, and an indication of the types of items that come through as necessary in year.	30 May 2024
		Responsible Officer
		Board Secretary and Head of Board Business Unit

## Appendix B: Assurance opinion and action plan risk rating

### Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<b>Substantial assurance</b>	Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.
	<b>Reasonable assurance</b>	Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.
	<b>Limited assurance</b>	More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
	<b>Unsatisfactory assurance</b>	Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.
	<b>Assurance not applicable</b>	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

### Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

\* Unless a more appropriate timescale is identified/agreed at the assignment.



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Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
Shared Services  
Partnership  
Audit and Assurance Services

NHS Wales Shared Services Partnership  
4-5 Charnwood Court  
Heol Billingsley  
Parc Nantgarw  
Cardiff  
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)