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GIG Felindre
Velindre NHS Trust

Velindre NHS Trust Audit Committee for NHS Wales Shared Services Partnership

Annual Report 2017-2018

1. FOREWORD

I am pleased to present the Annual Report of the Velindre NHS Trust Audit Committee for NHS Wales Shared Services Partnership. It outlines the coverage and results of the Committee's work for the year ending 31 March 2018.

During the year, I was supported by Independent Members, Judge Ray Singh and Professor Jane Hopkinson, who offer considerable knowledge and wide-ranging experience to the Committee.

I would like to express my thanks to all the officers of the Committee who have supported and contributed to the work carried out and for their commitment in meeting important targets and deadlines. I also wish to record my appreciation for the support and contribution given by Internal Audit at NWSSP, Local Counter Fraud Services and by the Wales Audit Office.

2017/18's meetings have been well attended, and there was constructive dialogue and challenge throughout. Indeed, a characteristic of the Committee's work and its related meetings has been the willingness of all parties to raise issues, acknowledge shortcomings and put forward positive suggestions to help bring about meaningful improvements to services, systems and day-to-day working practices. This approach is to be welcomed and is very much appreciated by the Committee.

I am keen to foster and promote a culture of continual improvement and we introduced a number of new initiatives to the Committee during 2017/18, including a brief effectiveness review session at the end of each meeting, the issuing of electronic Committee papers, and the assurance mapping exercise carried out across the organisation, which accompanied an extensive review of risk management.



Going forward, the Committee intends to continue to pursue a full programme of work covering a wide range of topics and subject areas as part of its long-term aim to help further strengthen the governance arrangements of NWSSP, in order to achieve better value for money and high quality outcomes for NHS Wales.

Mr Martin Veale JP
Chair of the Velindre NHS Trust Audit
Committee for NWSSP

2. INTRODUCTION

The Committee's business cycle runs from the closure of the Annual Accounts in one financial year to the next. This reflects its key role in the development and monitoring of the Governance and Assurance framework for NWSSP, which culminates in the production of the Annual Governance Statement.

This report sets out the role and functions of the Audit Committee and summarises the key areas of business undertaken during the year. In addition, the report sets out some of the key issues, which the Committee will be focussing on over the next few years.

3. ROLE, MEMBERSHIP, ATTENDEES AND COMMITTEE ATTENDANCES

3.1 Role

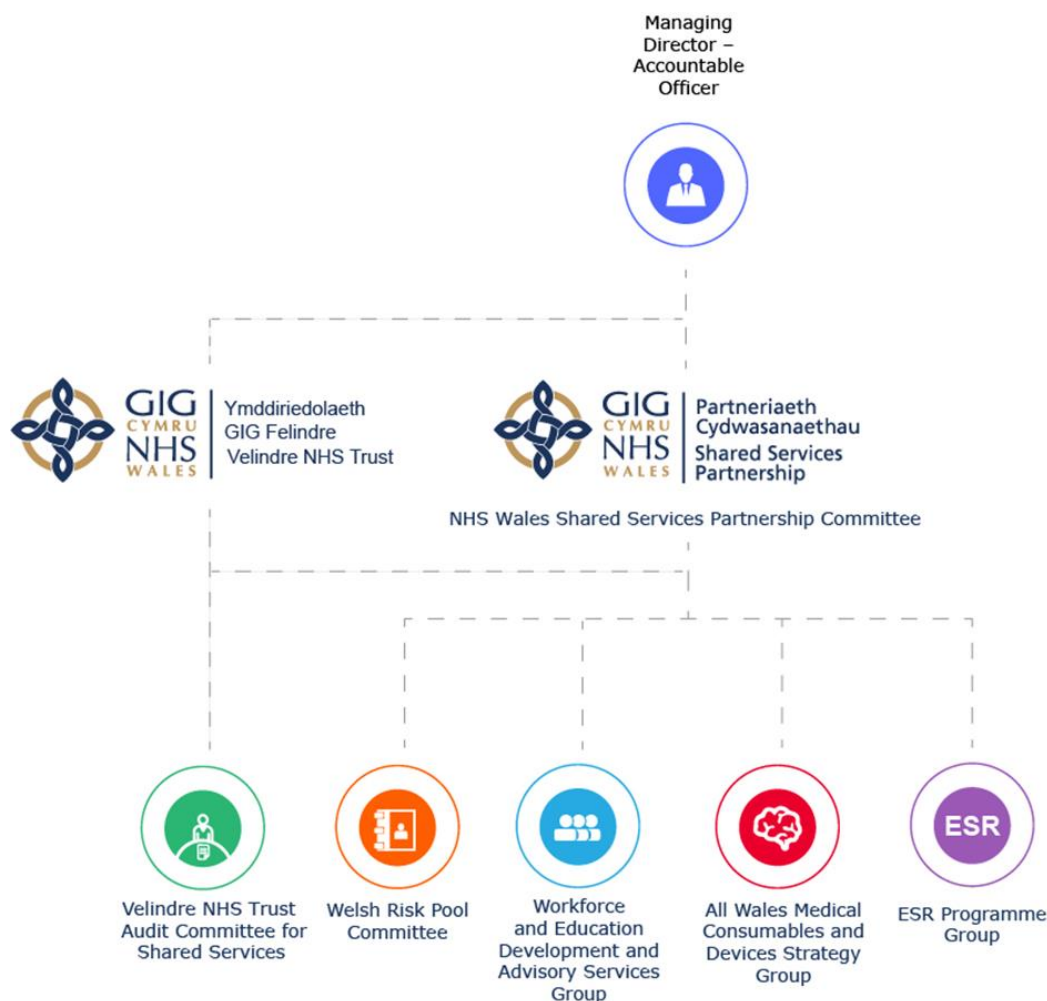
The Audit Committee advises and assures the Shared Services Partnership Committee (SSPC) on whether effective governance arrangements are in place through the design and operation of the SSPC assurance framework. This framework supports the SSPC in its decision-making and in discharging its accountabilities for securing the achievement of NWSSP's objectives in accordance with the standards of good governance determined for the NHS in Wales.

The Organisation's system of internal control has been designed to identify the potential risks that could prevent NWSSP achieving its aims and objectives. It evaluates the likelihood of the risks being realised, considers the impact should they occur and seeks to manage them efficiently, effectively and economically. Where appropriate, the Committee will advise the SSPC (and Velindre NHS Trust, where appropriate) and the Accountable Officer(s) on where and how the assurance framework may be strengthened and developed further.

The Committee's Terms of Reference are reviewed annually and are included within the Standing Orders for the SSPC and Velindre NHS Trust.

Details of the overall assurance framework are set out in **Figure 1** overleaf:

Figure 1: Overall Assurance Framework



Underpinned through the overarching Velindre NHS Trust legal and assurance framework

3.2 Membership

Given the hosting and specific governance responsibilities of Velindre in relation to NWSSP, Velindre NHS Trust's Audit Committee also acts as the Audit Committee for NWSSP. As such, the same three Independent Members sit on both Audit Committees.

3.3 Attendees

The Committee's work is informed by reports provided by the Wales Audit Office (WAO), Internal Audit, Local Counter Fraud Services and NWSSP personnel. Although they are not members of the Committee, auditors and other key personnel from both Velindre NHS Trust and NWSSP are invited to attend each meeting of the Audit Committee. Invitations to attend the Committee meeting are also extended where appropriate to staff where reports relating to their specific area of responsibility are discussed by the Audit Committee.

3.4 Attendance at Audit Committee 2017/2018

During the year, the Committee met on five occasions. All meetings were quorate and were well attended as shown in **Figure 2** below:

Figure 2: Meetings and Member Attendance 2017/2018

In Attendance	04/17	06/17	07/17	11/17	02/18	Total
Independent Members						
Martin Veale JP, Chair & Independent Member	✓	✓	✓	✓	✓	5/5
Judge Ray Singh, Independent Member	✓		✓	✓		3/5
Professor Jane Hopkinson, Independent Member	✓	✓	✓	✓	✓	5/5
Wales Audit Office						
Audit Team Representative	✓✓	✓	✓		✓	4/5
NWSSP Audit Service						
Director of Audit & Assurance	✓	✓	✓	✓	✓	5/5
Head of Internal Audit	✓	✓	✓	✓	✓	5/5
Audit Manager	✓	✓	✓	✓	✓	5/5
Counter Fraud Services						
Local Counter Fraud Specialist	✓	✓	✓	✓	✓	5/5
NWSSP						
Margaret Foster, Chair NWSSP	✓		✓	✓	✓	4/5
Neil Frow, Managing Director	✓	✓	✓		✓	4/5
Andy Butler, Director of Finance & Corporate Services	✓	✓	✓	✓	✓	5/5
Peter Stephenson, Head of Finance and Business Improvement	N/A	N/A	N/A	N/A	✓	1/1
Jacqui Maunder, Head of Corporate Services	✓	✓	✓	✓	✓	5/5
Roxann Davies, Compliance Officer	✓	✓	✓	✓	✓	5/5
Velindre NHS Trust						
Steve Ham, Chief Executive		✓				1/5
Mark Osland, Director of Finance	✓	✓	✓		✓	4/5
✓✓ - Denotes more than one attendee						

4. AUDIT COMMITTEE BUSINESS

The Audit Committee provides an essential element of the organisation's overall assurance framework. It has operated within its Terms of Reference in accordance with the guidance contained within the NHS Wales Audit Committee Handbook.

The Audit Committee agenda broadly follows a standard format, comprising four key sections; External Audit, Internal Audit, Counter Fraud Services and 'Internal Control and Risk Management'. These are discussed further below.

4.1 External Audit (Wales Audit Office)

The Wales Audit Office (WAO) provides an Audit Position Statement at each meeting, summarising progress against its planned audit work. The following additional reports were presented during the year:

- NWSSP Nationally Hosted NHS IT Systems Assurance Report 2016-17
- WAO Proposed Work 2016-2017
- Capital Expenditure Scheme Update
- Internal Audit Visit Update
- WAO Report of NWSSP 2016-17
- WAO Assurance Arrangements 2018

WAO have stated that the findings of their work enabled them to place reliance on the services provided by NWSSP.

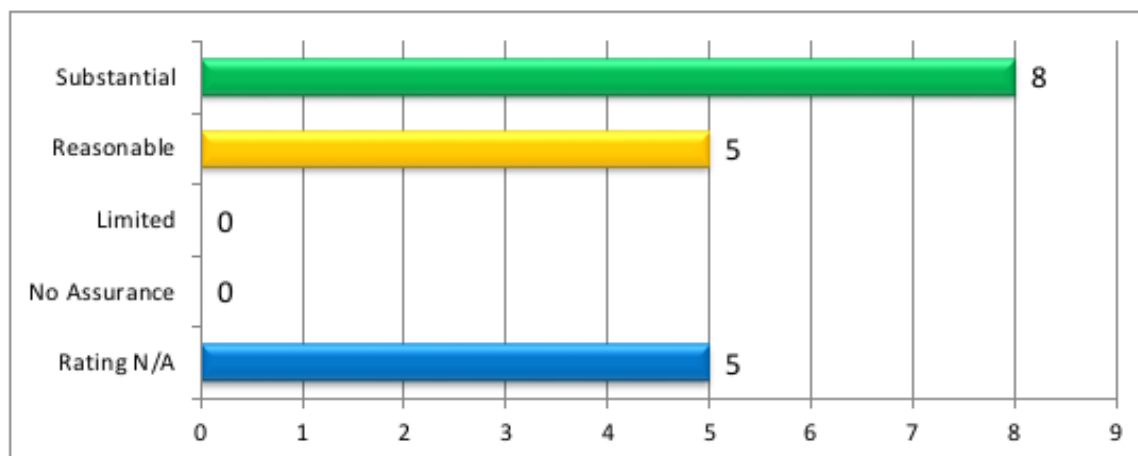
4.2 Internal Audit

Internal Audit have continued to support the organisation in the development and improvement of its governance framework by ensuring that the existing systems and processes of control are reviewed, weaknesses identified, and suggestions for improvement made.

18 Internal Audit reports were generated during 2017-18 and they achieved assurances as follows:

- **8** reports achieved substantial assurance
- **5** reports achieved a reasonable assurance
- **5** advisory reports (which do not include an assurance opinion)

Figure 3: Internal Audit Reports 2017-18 by Assurance Rating



During 2017-2018, the areas covered by Internal Audit's programme of work included:

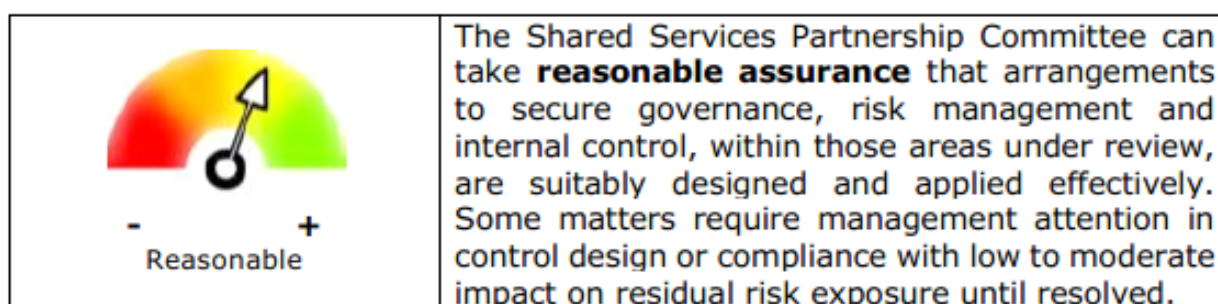
- Internal Audit Position Statement at each meeting
- Head of Internal Audit Opinion and Annual Report
- Quality Assurance and Improvement Programme Report
- Internal Audit Operational Plan
- 18 Internal Audit Reports, as detailed in **Appendix A**.

External Quality Assessment

During February and March 2018, Internal Audit were subject to a formal External Quality Assessment (EQA) by the Chartered Institute of Internal Auditors (IIA), that demonstrated their compliance with Public Sector Internal Audit Standards (PSIAS).

Head of Internal Audit Opinion and Annual Report

Figure 4: Head of Internal Audit Opinion: Reasonable Assurance



4.3 Local Counter Fraud Services

The work of the Local Counter Fraud Services is undertaken to help reduce and maintain the incidence of fraud (and/or corruption) within NWSSP to an absolute minimum.

Regular reports were received by the Committee to monitor progress against the agreed Counter Fraud Plan; including the following reports:

- Progress Update at each meeting
- Quality Assessment Final Report
- Velindre NHS Trust Annual Report 2016-17
- Counter Fraud Work Plan 2017-18
- Counter Fraud Self Review Tool Submission 2016-17
- Counter Fraud Press Release
- Counter Fraud Quarterly Newsletters

During 2017/18, **4** new investigations into possible fraudulent or corrupt activity were instigated together with the **5** cases that were brought forward from 2016/17. Out of the **4** new cases, **3** involved alleged false claims submitted to the NHS Student Awards Service and which are still under investigation.

As part of its work, there is a regular annual programme of raising fraud awareness, for which a number of days are then allocated and included as part of a an agreed Counter Fraud Work-Plan which is agreed by the Audit Committee, on an annual basis.

In addition to this and in an attempt to promote an Anti-Fraud Culture, a quarterly newsletter is produced which is then available to all staff on NWSSP's intranet; all successful prosecution cases are also publicised in order to obtain the maximum deterrent effect.

4.4 Internal Control and Risk Management

In addition to the audit reports dealt with by the Committee during the reporting period, a wide range of internally generated governance reports/papers were produced for consideration by the Audit Committee including:

Annual Governance Statement: During 2017-18 the NWSSP produced its Annual Governance Statement which explains the processes and procedures in place to enable NWSSP to carry out its functions effectively. The Statement was produced following a review of NWSSP's governance arrangements undertaken by the NWSSP Senior Management Team and the Head of Finance and Business Development. The Statement brings together all disclosures relating to governance, risk and control for the organisation.

Tracking of Audit Recommendations: Internal Audit has paid specific attention to auditing new areas of activity and to assessing on a risk approach basis. The Committee has continued focus on the timely implementation of audit recommendations; with any changes submitted, being challenged and/or approved by the Committee. The Audit Tracking process has also been subject to a review by Internal Audit, for which **substantial assurance** was provided.

As at year-end, the status of audit recommendations was as follows:

• 222 recommendations overall contained within the Audit Tracker
• 209 implemented recommendations
• 8 not yet due recommendations
• 2 revised deadline recommendations
• 3 revised deadline (not NWSSP action) recommendations
• There were no overdue recommendations

**The table above records the position in terms of the latest reports for each area (i.e. when an area is subject to a re-audit, details of the new recommendations are added and the numbers relating to the earlier review are removed from the table).*

Audit Committee Effectiveness Survey: An anonymised Committee Effectiveness Survey was undertaken in May 2018, to obtain feedback from Committee members on potential areas for development. The statements used in the survey were devised in accordance with the guidance outlined within the NHS Audit Committee Handbook and aligned with the statements used by Velindre NHS Trust for its Effectiveness Survey. The survey identified the following:

- All respondents felt that the Committee had been provided with sufficient authority and resource to perform its role effectively;
- All considered that the Committee meets sufficiently frequently to deal with planned matters and that sufficient time is made available for questions and discussion;
- All agreed that the atmosphere at Committee meetings is conducive to open and productive debate;
- All agreed that the behaviour of members and attendees was courteous and professional; and
- All agreed that the reports received by the Committee were timely and included the right format and content to enable the Committee to discharge its internal control and risk management responsibilities.
- Areas for further consideration included the use of the Welsh Language in meetings, and in promoting greater use of technology for Committee papers.

A full list of the internal reports/papers considered by the Audit Committee in 2017-18 is attached at **Appendix B** for information.

4.5 Private Meeting with Auditors

In line with recognised good practice, a private meeting was held on 6 February 2018, between Audit Committee members, Internal Audit, External Audit and the Local Counter Fraud Specialist. This provided an opportunity for any matters of concern to be raised without the involvement of Executives. No issues of concern arose from the meeting. All auditors are also aware that they can directly approach the Chair at any time with any matters that may be concerning them.

5. REPORTING AND COMMUNICATION OF THE COMMITTEE'S WORK

The Committee reports a summary of the key issues discussed at each of its meetings to the SSPC and to Velindre NHS Trust Board by way of a 'Highlight Report'. In addition, this Annual Report seeks to bring together in one simple document details of the work carried out during the reporting period, to review and test NWSSP's governance and assurance framework. The cumulative outcome of this work has helped to demonstrate the effectiveness of NWSSP's governance arrangements and underpins the assurance the Committee was able to provide to both the SSPC and Velindre NHS Trust.

6. CONCLUSION AND FORWARD LOOK

The work of the Audit Committee in 2017-18 has been varied and wide-ranging. The Committee has sought to play its part in helping to develop and maintain a more effective assurance framework, and improvements have been evidenced by the findings of internal and external audit.

Looking forward, the Audit Committee has identified the following priorities for 2018/19:

- A higher standard of assurance, through strengthening existing governance processes, particularly in relation to corporate risk management and assurance mapping
- A continued focus on the timely implementation of audit recommendations; and
- Better value for money and service improvement, through actions to improve the use of Committee software to issue papers electronically.

APPENDIX A
List of Internal Audits Undertaken and Assurance Ratings

Internal Audit Assignment	Assurance Rating 2017-18	Date Presented To Audit Committee
General Pharmaceutical Services (including Prescribing)	Substantial	24/04/2018
General Medical Services	Substantial	24/04/2018
General Ophthalmic Services	Substantial	07/11/2017
Audit Recommendation Tracker	Substantial	05/06/2018
Information Governance: GDPR	Substantial	06/02/2018
Non-Medical Health Education Budget	Substantial	05/06/2018
WfIS ESR OH Bi Directional Interface (Immunisations)	Substantial	06/02/2018
Corporate Governance; including Risk Management Follow-Up	Substantial	05/06/2018
General Dental Services	Reasonable	24/04/2018
Employment Services – Payroll Services All Wales	Reasonable	05/06/2018
Procurement Services - Accounts Payable All Wales	Reasonable	24/04/2018
Performance Management and Reporting	Reasonable	05/06/2018
Surgical Materials Testing Laboratory	Reasonable	05/06/2018
WAO Review – RKC Associates: Lessons Learned by NWSSP	Advisory Report Assurance Not Applicable	07/11/2017
ABMUHB CRC Payment Review	Advisory Report Assurance Not Applicable	06/02/2018
Primary Medical Care Advisory Team	Advisory Report Assurance Not Applicable	N/A
Exeter System Advisory Review	Advisory Report Assurance Not Applicable	N/A
Renewal of the NHS Building for Wales Frameworks	Advisory Report Assurance Not Applicable	N/A
Substantial Assurance Rating	8	
Reasonable Assurance Rating	5	
Limited Assurance Rating	0	
Assurance Not Applicable	5	
Total	18	

APPENDIX B
Internally Generated Assurance Reports/Papers

Report/Paper	Every Meeting	Annually	As Appropriate
Tracking of Audit Recommendations	✓		
Governance Matters	✓		
Corporate Risk Register	✓		
Audit Committee Forward Plan			✓
Health and Care Standards – Self Assessment		✓	
Health and Care Standards – Action Plan		✓	
Annual Governance Statement		✓	
Audit Committee Effectiveness Survey		✓	
Audit Committee Annual Report		✓	
Audit Committee Terms of Reference		✓	
Review of NWSSP's Standing Orders			✓
Integrated Medium Term Plan (IMTP)		✓	
Environmental Management System (ISO14001) External Audit Report		✓	
Assurance Mapping		✓	
NWSSP Working Relationship Briefing			✓
Electronic Staff Record (ESR) Hire 2 Retire Update			✓
Actions to Improve Governance around NWSSP Warehouse Stock Management			✓
Establishment of the Welsh Infected Blood Support Service			✓
Ensuring Value for Money in the use of Single Tender Actions			✓
Health & Safety Annual Report 2016-17		✓	
IT Strategy			✓
National Audit Office Cyber Security and Information Risk Guidance			✓
National Optical Fraud Update			✓
Replacement of Primary Care Services Payment System – National Health Application Infrastructure Service (NHAIS)			✓
Impact on Procurement Services as a result of the delayed award of 3 National Procurement Service (NPS) food frameworks			✓
Wales Audit Office Report on Public Procurement in Wales			✓
Wales Audit Office Report on RKC Associates – Lessons Learned by NWSSP			✓
Stores Losses Protocol Guidelines and Procedure			✓
Cyber Security and Information Risk Action Plan			✓