

# Y Pwyllgor Archwilio A Sicrwydd

Thu 06 May 2021, 15:00 - 16:45

Microsoft Teams

## Agenda

15:00 - 15:10

10 min

### 1. MATERION RHAGARWEINIOL

00 CYM Agenda AAC Draft Accounts May 2021 (Open) V1.pdf (2 pages)

#### 1.1 Croeso a Chyflwyniadau

Cyflwynydd: Cadeirydd/Llafar

#### 1.2 Ymddiheuriadau am Absenoldeb

Cyflwynydd: Cadeirydd/Llafar

#### 1.3 Datganiadau Diddordeb

Cyflwynydd: Cadeirydd/Llafar

#### 1.4 Cofnodion Drafft cyfarfod y Pwyllgor Archwilio a Sicrwydd a gynhaliwyd ar 7 Ebrill 2021

Cyflwynydd: Cadeirydd/Atodiad

1.4 - Unconfirmed Minutes AAC\_2021-04-07 (Open) V2-en-cy-C.docx cym.pdf (11 pages)

#### 1.5 Cofnod Camau Gweithredu o gyfarfod y Pwyllgor Archwilio a Sicrwydd a gynhaliwyd ar 7 Ebrill 2021

Cyflwynydd: Cadeirydd/Atodiad

1.5 - DRAFT - Action Log AAC\_2021-04-07 (Open) V1 cym.pdf (4 pages)

#### 1.6 Materion yn Codi

Cyflwynydd: Cadeirydd/Atodiad

15:10 - 16:40

90 min

### 2. MATERION I'W HYSTYRIED

#### 2.1 Archwilio Mewnol

Cyflwynydd: Archwilio Mewnol/Atodiadau

2.1a - Internal Audit Progress Report (AAC060521)\_cym.pdf (1 pages)

2.1b - Internal Audit Progress Report -May 2021.pdf (6 pages)

##### 2.1.1 Barn Pennaeth yr Archwiliad Mewnol ac Adroddiad Blynnyddol 2020/2021

Cyflwynydd: Archwilio Mewnol/Atodiadau

2.1.1a - IA Annual Report AAC 060521 - Cover Paper-en-cy-C.docx cym.pdf (1 pages)

2.1.1b - Draft - IA Annual Report and Opinion AAC 060521.pdf (32 pages)

#### 2.1.2 Adroddiadau Archwilio Mewnol

Cyflwynydd: Archwilio Mewnol/Atodiadau

English Cathedra  
04/30/2021 17:05:13

- 2.1.2 - IA Cover Paper (AAC 060521)-en-cy-C.docx cym.pdf (1 pages)
- 2.1.2(a) - Risk Management IA Report (AAC 060521).pdf (19 pages)
- 2.1.2(b) - Communication Engagement IA Report (060521).pdf (10 pages)
- 2.1.2(c) - Performance Management IA Report (AAC 060521).pdf (21 pages)

## 2.2 Adroddiad Blynyddol yr Uwch-berchennog Risg Gwybodaeth 2020/2021

Cyflwynydd: Ysgrifennydd y Bwrdd/Arodiadau

- 2.2a - SIRO Report AAC 060521 (ET) Cymraeg.pdf (3 pages)
- 2.2b - SIRO Report AAC 060521 (ET).pdf (19 pages)

## 2.3 Adroddiad Blynyddol ar Gydfymffurfio â Chaffael 2020/2021

Cyflwynydd: Cyfarwyddwr Cyllid/Pennaeth Caffael/Atodiadau

- 2.3a - HEIW Procurement Compliance Report\_May\_21-en-cy-C.docx cym.pdf (3 pages)
- 2.3b - Appendix 1 – Summary Information.pdf (1 pages)

## 2.4 Adolygiad o Gyfrifon Drafft 2020/2021

Cyflwynydd: Cyfarwyddwr Cyllid/Atodiadau

- 2.4a - Annual Accounts AAC 060521 Cover Paper \_en-cy-C.docx cym.pdf (3 pages)
- 2.4b - Annual Accounts AAC 060521.pdf (64 pages)

## 2.5 Pecyn Cymorth IG

Cyflwynydd: Cyfarwyddwr Digidol/Llafar

## 2.6 Adroddiadau blynyddol y Pwyllgor Archwilio 2020/2021

Cyflwynydd: Ysgrifennydd y Bwrdd/Arodiadau

- 2.6a - AAC Annual Report\_2020-2021 Cover Report-en-cy-C.docx cym.pdf (4 pages)
- 2.6b - AAC Draft Annual Report 2020 2021.pdf (12 pages)

## 2.7 Adolygu Prosesau a Systemau Caffael AaGIC

Cyflwynydd: Pennaeth Caffael Partneriaeth Cydwasanaethau GIC Cymru/Llafar

## 2.8 Adroddiad Tâl a Chyflog Staff

Cyflwynydd: Cyfarwyddwr Cyllid/Atodiadau

- 2.8a - Remuneration and Staff Report AAC 060521 cymraeg.pdf (3 pages)
- 2.8b - Remuneration and Staff Report AAC 060501 Att.pdf (15 pages)

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16:40 - 16:45

5 min

## 3. CAEEDIG

### 3.1 Unrhyw Fater Arall

Cyflwynydd: Cadeirydd/Llafar

### 3.2 Dyddiad y Cyfarfod Nesaf

Cyflwynydd: Cadeirydd/Llafar

English Catherine  
04/30/2021 17:05:03

## Y PWYLLGOR ARCHWILIO A SICRWYDD

**Dydd Iau, 6 Mai 2021 am 3pm**  
**Drwy gyfrwng Microsoft Teams/Telegynadleda**

### AGENDA

<b>RHAN 1</b>	<b>MATERION RHAGARWEINIOL</b>	<b>15:00 – 15:10</b>
1.1	Croeso a Chyflwyniadau	Cadeirydd/ Llafar
1.2	Ymddiheuriadau am Absenoldeb	Cadeirydd/ Llafar
1.3	Datganiadau Diddordeb	Cadeirydd/ Llafar
1.4	Cofnodion Drafft cyfarfod y Pwyllgor Archwilio a Sicrwydd a gynhaliwyd ar 7 Ebrill 2021	Cadeirydd/ Atodiad
1.5	Cofnod Camau Gweithredu o gyfarfod y Pwyllgor Archwilio a Sicrwydd a gynhaliwyd ar 7 Ebrill 2021	Cadeirydd/ Atodiad
1.6	Materion yn codi	Cadeirydd/ Atodiad
<b>RHAN 2</b>	<b>MATERION I'W HYSTYRIED</b>	<b>15:10 – 16:55</b>
2.1	Archwilio Mewnol <ul style="list-style-type: none"> <li>2.1.1 - Barn Pennaeth yr Archwiliad Mewnol ac Adroddiad Blynyddol 2020/2021</li> <li>2.1.2 - Archwilio Mewnol Rheoli Risg</li> <li>2.1.3 - Archwilio Mewnol Cyfathrebu ac Ymgysylltu</li> <li>2.1.4 - Archwilio Mewnol Rheoli Perfformiad</li> </ul>	Archwilio Mewnol/ Atodiadau/
2.2	Adroddiad Blynyddol yr Uwch-berchennog Risg Gwybodaeth 2020/2021	Ysgrifennydd y Bwrdd/ Atodiadau
2.3	Adroddiad Blynyddol ar Gydymffurfio â Chaffael 2020/2021	Cyfarwyddwr Cyllid/ Pennaeth Caffael Atodiadau
2.4	Adolygiad o Gyfrifon Drafft 2020/2021	Cyfarwyddwr Cyllid/ Atodiad
2.5	Pecyn Cymorth IG	Cyfarwyddwr Digidol/ Llafar
2.6	Adroddiadau blynyddol y Pwyllgor Archwilio 2020/2021	Ysgrifennydd y Bwrdd/ Atodiadau
2.7	Adolygu Prosesau a Systemau Caffael AaGIC	Pennaeth Caffael Partneriaeth Cydwasaethau GIG Cymru/ Llafar
2.8	Adroddiad Tâl a Chyflog Staff	Cyfarwyddwr Cyllid/ Atodiadau
<b>RHAN 3</b>	<b>CAEEDIG</b>	<b>16:55 - 17:00</b>
3.1	Unrhyw Fater Arall	Cadeirydd/ Llafar

English Catherine  
04/30/2021 17:05:03

3.2	Dyddiad y Cyfarfod Nesaf: <ul style="list-style-type: none"> <li><b>Cyfarfod Cyfrifon Blynnyddol</b>              Dydd Mercher 9 Mehefin 2021 am 1:30pm drwy              Microsoft Teams/Ystafell Gyfarfod 1 AaGIC, Tŷ              Dysgu</li> </ul>	
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Yn unol â darpariaeth Adran 1(2) Deddf Cyrff Cyhoeddus (Derbyn i Gyfarfodydd) 1960, penderfynir bod cynrychiolwyr y wasg ac aelodau eraill o'r cyhoedd yn cael eu heithrio o ran olaf y cyfarfod ar y sail y byddai'n niweidiol i'r buddiant cyhoeddus oherwydd natur gyfrinachol y busnes sy'n cael ei drafod. Cynhelir y rhan hwn o'r cyfarfod fel sesiwn breifat.

English Catherine  
04/30/2021 17:05:03



**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwellu Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

## HEB EI GADARNHAU

### Cofnodion DRAFFT y Pwyllgor Archwilio a Sicrwydd a gynhaliwyd ar 7 Ebrill 2021 am 13:40 Drwy Microsoft Teams/Telegynhadledd (drwy Dŷ Dysgu)

#### Yn bresennol:

Gill Lewis	Aelod Annibynnol (Cadeirydd)
John Hill Tout	Aelod Annibynnol (Is-gadeirydd)
Dr Ruth Hall	Aelod Annibynnol
Dr Heidi Phillips	Aelod Annibynnol

#### Yn bresennol:

Dafydd Bebb	Ysgrifennydd y Bwrdd
Eifion Williams	Cyfarwyddwr Cyllid
Martyn Pennell	Pennaeth Cyfrifyddu Ariannol
Paul Dalton	Pennaeth Archwilio Mewnol (NWSSP)
Ken Hughes	Rheolwr Archwilio (NWSSP)
Clare James	Arweinydd Archwilio Perfformiad, (Archwilio Cymru)
Nigel Price	Dirprwy Reolwr Gwrth Dwyll (Bwrdd Iechyd Prifysgol Caerdydd a'r Fro)
Christine Thorne	Pennaeth Caffael (NWSSP)
Urvisha Perez	Uwch Archwilydd (Archwilio Cymru) (Arsylwr)
Catherine English	Rheolwr Llywodraethu Corfforaethol (Ysgrifenyddiaeth)

RHAN 1	MATERION RHAGARWEINIOL	Gweithredu
<b>AAC:</b> <b>0704/1.1</b>	<b>Croeso a Chyflwyniadau</b>	
	Croesawodd y Cadeirydd bawb i'r cyfarfod.	
<b>AAC:</b> <b>0704/1.2</b>	<b>Ymddiheuriadau am Absenoldeb</b>	
	Ni chafwyd unrhyw ymddiheuriadau am absenoldeb.	
<b>AAC:</b> <b>0704/1.3</b>	<b>Datganiadau o Fuddiant</b>	
	Ni chafwyd unrhyw ddatganiadau o fuddiant.	
<b>AAC:</b> <b>0704/1.4</b>	<b>Cofnodion y Cyfarfod a gynhaliwyd ar 18 Ionawr 2020</b>	
	Derbyniwyd cofnodion y cyfarfod a gynhaliwyd ar 18 Ionawr 2020 a'u cymeradwyo fel cofnod cywir o'r cyfarfod.	
<b>AAC:</b> <b>0704/1.5</b>	<b>Log Gweithredu</b>	
	<b>Derbyniodd y Pwyllgor y Log Gweithredu a nododd fod y camau gweithredu naill ai wedi'u cwblhau, eu gohirio oherwydd effaith Pandemig COVID-19 neu faterion i'w hystyried ar yr agenda heddiw. Byddai'r eitemau hynny a oedd heb eu bodloni yn cael eu cadw ar y Log Gweithredu nes iddynt gael eu cwblhau. Cafodd y Pwyllgor y wybodaeth ddiweddaraf ganlynol:</b>	

	<ul style="list-style-type: none"> <li><b>18/012.1:</b> Mae'r Memorandwm Cyd-ddealltwriaeth a'r Cytundeb Rhannu Gwybodaeth (ISA) wedi cael eu hadolygu a'u cytuno gan y Rheolwr Llywodraethu Gwybodaeth.</li> </ul>	
<b>Datrys</b>	<b>Nododd</b> y Pwyllgor y Cofnod Gweithredu a'r wybodaeth ddiweddaraf a gafwyd.	
<b>AAC:</b> <b>18/01/1.6</b>	<b>Materion sy'n Codi</b>	
	Nid oedd unrhyw faterion yn codi.	
<b>RHAN 2</b>	<b>MATERION I'W HYSTYRIED</b>	
<b>AAC:</b> <b>0704/2.1</b>	<b>Gwrth Dwyll:</b>	
<b>AAC:</b> <b>0704/2.1.1</b>	<b>Adroddiad Cynnydd</b>	
	<p><b>Derbyniodd</b> y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, cadarnhaodd Nigel Price fod Gwrth Dwyll, ar 31 Mawrth 2021, wedi treulio 39 o'r 50 diwrnod arfaethedig ar waith gwrth-dwyll ar gyfer AaGIC. Deilliodd y diffyg hwn o 11 diwrnod o bandemig COVID-19.</p> <p>Ers mis Ionawr 2021, ni fu unrhyw ymchwiliadau'n gysylltiedig ag AaGIC. Yn ogystal, ni welwyd unrhyw wendidau yn y system a dysgwyd gwersi o ymchwiliadau yn ystod chwarter pedwar. Rhwng 1 Ebrill 2020 a 31 Mawrth 2021, roedd 16 o gyflwyniadau ymwybyddiaeth o dwyll wedi'u cyflwyno i 225 o gynrychiolwyr. Yn seiliedig ar adborth y cynrychiolwyr hynny, roedd 52% yn 'cytuno'n gryf' a 45% yn 'cytuno' bod y sesiynau wedi gwella eu gwybodaeth am dwyll.</p>	
<b>Datrys</b>	<p>Mae'r Pwyllgor:</p> <ul style="list-style-type: none"> <li>yn <b>nodi'r</b> adroddiad a'r cynnydd a wnaed yn erbyn Cynllun Gwrth Dwyll 2020/2021.</li> </ul>	
<b>AAC:</b> <b>0704/2.1.2</b>	<b>Y wybodaeth ddiweddaraf am Fentrau Twyll Cenedlaethol</b>	
	<p>Wrth roi'r wybodaeth ddiweddaraf am y Fenter Twyll Cenedlaethol, eglurodd Nigel Price fod y data wedi'i ryddhau ar 31 Ionawr 2021, ac roedd 122 o eitemau'n gysylltiedig ag AaGIC. Ystyrir bod 26 o'r rhain yn flaenoriaeth, gyda'r 96 sy'n weddill yn cael eu hystyried yn risg isel. Ymchwilir i'r holl eitemau blaenoriaeth a 10% o'r eitemau risg isel, er nad oes dyddiad cau ar gyfer hyn. Os ystyrir bod unrhyw un o'r eitemau yn destun pryder, bydd gwrth-dwyll yn cynnal ymholiadau pellach gyda'r canfyddiadau'n cael eu hadrodd yn ôl i AaGIC. Yn dilyn ymholiad gan y Pwyllgor, eglurodd Nigel Price holl eitemau AaGIC yn ymwneud â setiau data'r gyflogres ac fe'u nodwyd drwy gymharu'r gyflogres ar draws holl gyrff y sector cyhoeddus. Fodd bynnag, byddai canran uchel o'r eitemau hynny'n ddilys gan ei bod yn bosibl i gyflogeion ymddangos mewn mwy nag un sefydliad yn gyfreithlon. Cododd y Pwyllgor bryderon ynghylch y diffyg amserlenni ar gyfer cwblhau'r gwaith paru blaenoriaethau a nododd faterion yn ymwneud</p>	

	<p>ag adnoddau. Gofynnodd y Pwyllgor am adroddiad pellach yn amlinellu'r amserlenni ar gyfer cwblhau a rhwystrau y mae angen eu dileu er mwyn galluogi'r gwaith i symud ymlaen.</p> <p>Eglurwyd bod y cyflwyniadau ymwybyddiaeth o dwyll wedi'u teilwra i bob cynulleidfya er mwyn cadw'r wybodaeth yn berthnasol ac yn ddiddorol. Mae pecyn hyfforddiant ymwybyddiaeth twyll ar-lein hefyd ar gael i staff a nodweddion ymwybyddiaeth twyll mewn sesiynau anwytho staff newydd.</p>	
<b>Datrys</b>	<p><b>Mae'r Pwyllgor:</b></p> <ul style="list-style-type: none"> <li>yn <b>nodi'r</b> wybodaeth ddiweddaraf am Fenter Twyll Cenedlaethol 2020/21.</li> <li>i <b>dderbyn</b> y wybodaeth ddiweddaraf am yr amserlenni a'r rhwystrau ar gyfer cwblhau'r gemau blaenoriaeth yn eu cyfarfod nesaf.</li> </ul>	<b>NP</b>
<b>AAC: 0704/2.1.3</b>	<b>Cynllun Gwaith Gwrth Dwyll Blynyddol 2021/22</b>	
	<p>Derbyniodd y Pwyllgor y Cynllun Gwaith Gwrth Dwyll Blynyddol ar gyfer 2021/22.</p> <p>Tynnodd Nigel Price sylw at y ffaith bod y cynllun yr un fath yn y bôn â'r llynedd ac eithrio'r strategaeth gwrth-dwyll, sydd wedi'i diweddarau yn dilyn cyflwyno Safon Swyddogaeth y Llywodraeth GovS:013 Gwrth Dwyll. Yn flaenorol, roedd y strategaeth yn cynnwys pum cydran; ehangwyd hyn i 12 ac mae'n cyflwyno system goleuadau traffig. Mae'r unig gydran 'ambr' yn ymwneud â'r Cynllun Gwrth Dwyll Blynyddol, sy'n aros i gael ei gymeradwyo gan y Cyfarwyddwr Cyllid. Eglurwyd bod tair colofn gyntaf y tabl a gynhwysir o dan adran 4 o'r adroddiad yn darlunio; mae'r pedwerydd lliw yn ymwneud â safle AaGIC.</p>	
<b>Datrys</b>	<p>Mae'r Pwyllgor:</p> <ul style="list-style-type: none"> <li>yn <b>cymeradwyo'r</b> Cynllun Gwaith Gwrth Dwyll Blynyddol ar gyfer 2021/22.</li> </ul>	
<b>AAC: 0704/2.2</b>	<b>Archwiliad Mewnol</b>	
<b>AAC: 0704/2.2.1</b>	<b>Adroddiad Cynnydd</b>	
	<p><b>Derbyniodd y Pwyllgor yr adroddiad.</b></p> <p>Wrth gyflwyno'r adroddiad, eglurodd Paul Dalton fod yr adroddiad cynnydd yn amlinellu'r sefyllfa ar 18 Mawrth 2021 a chadarnhaodd y bu ychydig o ddiweddariadau ers ei ddrafftio ac aeth ati i dynnu sylw ato. Wrth adolygu tabl 1, cadarnhaodd Paul Dalton fod y prosiect Seiberddiogelwch bellach wedi'i gwblhau ac y byddai'n cael ei ystyried yn ystod y sesiwn yn y pwyllgor. Yn ogystal, mae'r Adolygiad Rheoli Perfformiad yn dod i ben a chaiff ei gwblhau cyn bo hir, tra bod y Strategaeth Gyfathrebu ac Ymgysylltu wedi'i chyhoeddi'n derfynol gyda sicrwydd sylweddol. Nodwyd bod y cynnydd gyda'r prosiect Cyn</p>	

	<p>Cofrestru Fferylliaeth yn arafach na'r disgwyl gan y bu oedi o ran gwybodaeth ddychwelyd AaGIC.</p> <p>Eglurodd Paul Dalton fod tarfu y gellir ei briodoli i COVID-19 wedi effeithio ar y rhaglen gwaith archwilio. Er nad oedd y pandemig wedi effeithio ar nifer yr adolygiadau arfaethedig ar gyfer AaGIC, bu llai o weithgarwch yn ystod rhan gyntaf y flwyddyn.</p> <p>Er bod rhai elfennau o'r rhaglen wedi'u gohirio, bwriedir cyhoeddi Barn Archwilio Mewnol lawn i'r Pwyllgor ar 9 Mehefin.</p> <p>Roedd y Pwyllgor yn siomedig bod nifer o'r archwiliadau yn dal heb eu bodloni. Penderfynodd barhau i adolygu'r sefyllfa a gofynnodd am sicrwydd y byddai'r adolygiadau sy'n weddill yn cael eu cyflymu i liniaru unrhyw effaith ar raglen y flwyddyn nesaf.</p>	
<b>Datrys</b>	<b>Nododd</b> y Pwyllgor yr adroddiad a'r cynnydd a wnaed.	
<b>AAC: 0704/2.2.2</b>	<b>Adroddiad Archwilio Mewnol Diwylliant y Gweithle</b>	
	<p><b>Derbyniodd</b> y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, eglurodd Ken Hughes, yn unol â Chynllun Archwilio Mewnol 2020/21, fod adolygiad o ddiwylliant y gweithle wedi'i gynnal i werthuso a phennu digonolrwydd y systemau a'r rheolaethau sydd ar waith mewn perthynas â diwylliant yn y gweithle. Amlygodd yr astudiaeth bwysigrwydd diwylliant yn y gweithle i AaGIC a nododd lawer o arferion da ar draws y sefydliad.</p> <p>Y lefel gyffredinol o sicrwydd oedd sicrwydd rhesymol, ac roedd 5 argymhelliad, ac roedd 1 flaenoriaeth ganolig a 4 blaenoriaeth isel ohonynt.</p> <p>Croesawodd y Pwyllgor yr adroddiad cadarnhaol ac ystyriodd y rôl y mae Aelodau Annibynnol y Bwrdd yn ei chwarae wrth ddelio â materion staff. Gofynnodd y Pwyllgor i'r Tîm Gweithredol ystyried sut y dylai Aelodau Annibynnol y Bwrdd fod yn rhan o'r gwaith o ddelio â materion staff.</p> <p>Ystyriodd y Pwyllgor y pwynt nad oedd AaGIC fel sefydliad hyfforddi wedi cael sicrwydd llawn mewn perthynas â hyfforddi staff a theimlodd y dylid trafod hyn yn y Bwrdd ynghyd â mater hyfforddiant i Aelodau Annibynnol ar ymdrin â materion a godwyd gan staff.</p> <p>Eglurwyd bod y cyfeiriad yn yr adroddiad at 'ofod ffisegol' yn ymwneud ag edrych ar gynllun y swyddfa a'r posibilrwydd o annog integreiddio timau'n well drwy symud staff o gwmpas yn fwy effeithiol yn y gofod.</p>	
<b>Datrys</b>	<p>Mae'r Pwyllgor:</p> <ul style="list-style-type: none"> <li>yn <b>nodi'r</b> adroddiad.</li> </ul>	<b>Dir o'r Gweithlu a DS</b>



	<ul style="list-style-type: none"> <li>• <b>a gofynnwyd</b> i'r Tîm Gweithredol ystyried sut y dylai Aelodau Annibynnol y Bwrdd fod yn rhan o'r gwaith o ddelio â materion staff.</li> <li>• <b>gofynnwyd</b> i'r Bwrdd ystyried y ffaith na chafodd AaGIC sicrwydd llawn mewn perthynas â hyfforddi staff.</li> </ul>	<b>Cyfarwyddwr y Gweithlu a'r CD</b>
<b>AAC: 0704/2.2.3</b>	<b>Adroddiad Archwilio Mewnol Trefniadau Llywodraethu</b>	
	<p><b>Derbyniodd</b> y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, eglurodd Ken Hughes fod y gwaith dilynol yn cadarnhau bod AaGIC wedi gweithredu bron yr holl flaenoriaethau a awgrymwyd gan yr adolygiad cynghori cyflym.</p> <p>Yr unig un sy'n weddill yw cofnodi cyfarfodydd bwrdd sy'n cael eu darparu i'r cyhoedd drwy wefan AaGIC. Cadarnhawyd nad oedd y recordiadau ar gael oherwydd nam technegol. Datryswyd hyn bellach, a byddai'r recordiadau'n cael eu hychwanegu at y wefan.</p>	
<b>Datryswyd 0704/2.2.4</b>	<b>Nododd</b> y Pwyllgor yr adroddiad.	
	<p><b>Cynllun Archwilio Blynnyddol 2021/22</b></p> <p><b>Derbyniodd</b> y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, eglurodd Paul Dalton mai diben archwilio mewnol yw rhoi barn flynyddol annibynnol a gwrthrychol i'r Swyddog Atebol a'r Bwrdd ar ddigonolrwydd ac effeithiolrwydd cyffredinol fframwaith llywodraethu, risg, rheolaeth a rheolaeth y sefydliad. Mae'r cynllun yn nodi'r dull seiliedig ar risg ar gyfer 2021/22 a chaiff ei gyflawni yn unol â'r Siarter Archwilio Mewnol a dangosyddion perfformiad allweddol y cytunwyd arnynt.</p> <p>Gan droi at Atodiad A, nododd Paul Dalton nad yw Llywodraeth Cymru bellach yn mandadu meysydd i'w hadolygu ac, wrth symud tuag at ddull mwy deinamig sy'n seiliedig ar risg, bod diwrnodau dangosol wedi'u dileu o'r bwrdd, gan sicrhau bod AaGIC yn cyd-fynd â chyrrff cyhoeddus eraill.</p> <p>Ni fu unrhyw newidiadau i'r Siarter Archwilio Mewnol.</p> <p>Nododd y Pwyllgor fod gan Archwilio Mewnol ac Archwilio Cymru waith wedi'i gynllunio o amgylch y fwrariaeth a gofynnodd am eglurder ynghylch a fyddai'r archwiliadau'n canolbwyntio ar wahanol agweddau ar y fwrariaeth ac a oedd y gwaith yn gysylltiedig. Dywedodd Paul Dalton y byddai'r archwiliadau'n canolbwyntio ar wahanol agweddau ar y fwrariaeth ac yn osgoi dyblygu.</p>	
<b>Datryswyd</b>	<b>Cymeradwyodd</b> y Pwyllgor Gynllun Archwilio Blynnyddol 2021/22.	
<b>AAC: 0704/2.3</b>	<b>Archwilio Cymru:</b>	
<b>AAC: 0704/2.3.1</b>	<b>Adroddiad Cynnydd</b>	
	<b>Derbyniodd</b> y Pwyllgor yr adroddiad.	

	<p>Wrth gyflwyno'r adroddiad, cadarnhaodd Clare James archwiliad Cyfrifon Blynnyddol 2020/21, roedd y cynllunio archwilio a'r asesiad risg wedi'u cwblhau a byddai'r archwiliad terfynol yn dechrau ar 4 Mai ar ôl derbyn y cyfrifon nas clywir ar 30 Ebrill. Byddai angen i'r cyflwyniad terfynol gyrraedd Llywodraeth Cymru erbyn 11 Mehefin.</p> <p>Gan droi at dudalen 5 yr adroddiad, nododd Clare James y byddai'r gwaith ar Asesiad Strwythuredig 2021 yn cael ei gwblhau mewn dau gam gan ganiatáu adroddiadau mwy hyblyg mewn amser real ar faterion. Mae Cam 1 bellach wedi dod i ben a bydd adroddiad yn amlinellu'r canfyddiadau yn cael ei gyflwyno yng nghyfarfod nesaf y Pwyllgor. At hynny, mae gwaith Prosiect Lleol 2021 bellach wedi dechrau, ac mae papur briffio prosiect drafft yn cael ei adolygu ar hyn o bryd.</p>	
<b>Datryswyd</b>	<p>Mae'r Pwyllgor:</p> <ul style="list-style-type: none"> <li>yn <b>nodi</b>'r adroddiad a</li> <li>byddai'n <b>derbyn</b> adroddiad yn amlinellu canfyddiadau Cam 1 Asesiadau Strwythur 2021 yn ei gyfarfod nesaf.</li> </ul>	<b>CJ</b>
<b>AAC:</b> <b>18/01/2.3.2</b>	<b>Cynllun Blynnyddol 2021 a Ffi Archwilio</b>	
	<p>Derbyniodd y Pwyllgor y Cynllun Archwilio Blynnyddol ar gyfer 2021/2022.</p> <p>Cyflwynodd Clare James yr adroddiad yn cadarnhau mai ychydig iawn o newidiadau a wnaed ers i'r Pwyllgor adolygu'r cynllun drafft ym mis Ionawr. Yr unig newid yw ychwanegu cynllun bwrsariaeth myfyrwyr a fydd yn gweld y tîm archwilio ariannol yn cynnal adolygiad o'r prosesau cyfrifo adfer bwrsariaethau.</p> <p>Cadarnhawyd bod Ann-Marie Harkin wedi cael ei dyrchafu i Gyfarwyddwr Gweithredol y Gwasanaethau Archwilio ac y byddai Clare James yn ymgymryd â rôl Ann-Marie Harkins fel Cyfarwyddwr Ymgysylltu AaGIC.</p> <p>Cadarnhawyd y byddai'r ffi archwilio ar gyfer 2021/22 yn parhau i fod yn £165,500.</p> <p>Llongyfarchodd y Pwyllgor Ann-Marie Harkin ar ei dyrchafiad a diolchodd i Clare James am ei diweddariad.</p>	
<b>Datryswyd</b>	<b>Nododd y Pwyllgor yr adroddiad.</b>	
<b>AAC:</b> <b>0704/2.3.3</b>	<b>Gwneud Pethau'n Wahanol, Gwneud Pethau'n Iawn?</b>	
	<p>Derbyniodd y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, eglurodd Clare James ei bod yn darparu crynodeb Cymru gyfan o waith asesu strwythuredig Archwilio Cymru i dynnu sylw at themâu allweddol, nodi cyfleoedd yn y dyfodol, a rhannu dysgu o fewn y GIG ac ar draws y sector cyhoeddus yng Nghymru yn</p>	

	<p>ehangach. Trafododd yr adroddiad bwysigrwydd cynnal llywodraethu da yn ystod argyfwng a'r gwersi allweddol y gellir eu dysgu wrth amlygu cyfleoedd posibl yn y dyfodol.</p> <p>Teimlai'r Pwyllgor fod yr adroddiad yn cynnig cyfleoedd dysgu allweddol i AaGIC a gofynnodd i unrhyw argymhellion a nodwyd gan adolygiad o'r adroddiad gael eu cynnwys fel elfen ar gyfer datblygu'r bwrdd.</p>	
<b>Datryswyd</b>	<p>Mae'r Pwyllgor:</p> <ul style="list-style-type: none"> <li>yn <b>nodi'r</b> adroddiad.</li> <li>ac yn <b>gofyn</b> am unrhyw argymhellion a nodwyd gan adolygiad o'r adroddiad Gwneud Pethau'n Wahanol, Gwneud Pethau'n lawn? yn cael ei gynnwys fel eitem ar gyfer datblygu'r bwrdd.</li> </ul>	<b>DB</b>
<b>AAC: 0704/2.4</b>	<b>Ymholiadau Archwilio Cymru i'r rhai sy'n gyfrifol am Lywodraethu a Rheoli</b>	
	<p>Derbyniodd y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, dywedodd Martyn Pennell ei bod yn ofynnol i Archwilio Cymru, fel rhan o'r archwiliad o gyfrifon statudol, adolygu'r trefniadau llywodraethu sydd ar waith yn AaGIC a chael sicrwydd ysgrifenedig yn gofyn am sicrwydd ar sawl maes penodol. Roedd yr adroddiad yn nodi ymateb drafft AaGIC i'r llythyr y mae'n ofynnol ei gyflwyno i Archwilio Cymru erbyn 30 Ebrill.</p> <p>Teimlai'r Pwyllgor fod yr ymateb yn gynhwysfawr ond awgrymodd y gallai'r ymateb sôn am reoleiddwyr AaGIC o ran y dystiolaeth a ystyriwyd.</p>	
<b>Datryswyd</b>	<b>Cymeradwyodd</b> y Pwyllgor gyflwyno'r llythyr i Archwilio Cymru yn amodol ar yr ymateb gan gynnwys mwy o fanylion am reoleiddwyr AaGIC o ran y dystiolaeth a ystyriwyd.	<b>AS</b>
<b>AAC: 0704/2.5</b>	<b>Adolygiad o'r Adroddiad Atebolrwydd Drafft</b>	
<b>AAC: 0704/2.5.1</b>	Datganiad Llywodraethu Blynyddol	
	<p><b>Derbyniodd</b> y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, eglurodd Dafydd Bebb fod y Datganiad Llywodraethu Blynyddol wedi'i ddatblygu yn unol â gofynion Llywodraeth Cymru ac mae'n rhoi crynodeb o'r gwaith llywodraethu a wnaed gan AaGIC yn ystod 2020/21, gan ffurfio rhan allweddol o'r Adroddiad Blynyddol.</p> <p>Croesawodd y Pwyllgor yr adroddiad cadarnhaol ond cododd ymholiadau ynghylch ei strwythur. Eglurwyd bod y Datganiad Llywodraethu Blynyddol yn unol â chanllawiau Llywodraeth Cymru yn arbennig Pennod 3 o'r [Llawlyfr Cyfrifon]. Teimlai'r Pwyllgor hefyd y gellid ychwanegu mwy at yr adran ar bartneriaethau er mwyn adlewyrchu cyfraniad a gwerth AaGIC yn well fel partner i Gymru</p>	

	gyfan. Cytunwyd i ddosbarthu'r Datganiad Llywodraethu Blynyddol drafft gydag aelodau'r Pwyllgor ar y sail bod yr aelodau'n rhoi sylwadau ar y Datganiad drafft erbyn dydd Gwener 16 Ebrill.	
<b>Datryswyd</b>	<p>Mae'r Pwyllgor:</p> <ul style="list-style-type: none"> <li>yn <b>nodi'r</b> adroddiad a'r Datganiad Llywodraethu Blynyddol.</li> <li>i <b>roi</b> sylwadau ar y Datganiad Llywodraethu Blynyddol erbyn dydd Gwener 16 Ebrill.</li> </ul>	<b>DB ALL</b>
<b>AAC: 0704/2.6</b>	<b>Adroddiad Blynyddol Drafft y Pwyllgor 2020/21</b>	
	<p><b>Derbyniodd</b> y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, eglurodd Dafydd Bebb mai prif ddiben Adroddiad Blynyddol y Pwyllgor Archwilio a Sicrwydd yw sicrhau'r Bwrdd bod y system sicrwydd yn addas i'r diben ac yn gweithredu'n effeithiol. Mae'r adroddiad yn crynhoi'r meysydd allweddol o weithgarwch busnes a gynhaliwyd gan y Pwyllgor yn ystod 2020/21 ac yn tynnu sylw at rai o'r materion y mae'r Pwyllgor yn bwriadu eu hystyried ymhellach dros y deuddeg mis nesaf.</p>	
<b>Datryswyd</b>	<b>Cymeradwyodd</b> y Pwyllgor Adroddiad Blynyddol 2020/21 i'w gyflwyno i'r Bwrdd i'w sicrhau yn amodol ar gynnwys canlyniad yr hunanasesiad blynyddol yn yr adroddiad.	
<b>AAC: 0704/2.7</b>	<b>Adolygiad Drafft o Effeithiolrwydd y Pwyllgor 2020/21</b>	
	<p><b>Derbyniodd</b> y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, eglurodd Dafydd Bebb fod hunanasesiad y Pwyllgor Archwilio a Sicrwydd yn cael ei gynnal yn flynyddol i sicrhau'r Bwrdd bod y Pwyllgor yn cyflawni ei ddyletswyddau'n effeithiol. Yn amodol ar gymeradwyaeth y Pwyllgor, byddai'r holiadur hunanasesu yn cael ei anfon at aelodau'r Pwyllgor i'w gwblhau ac, ar ôl ei gwblhau, ymatebion i ddod yn ôl i'r Pwyllgor i'w hystyried.</p> <p>Holodd y Pwyllgor a fyddai canlyniadau'r hunanasesiad yn bwydo i mewn i Adroddiad Blynyddol y Pwyllgor ac yn trafod eu dewis ddull o gwblhau'r hunanasesiad. Cytunwyd y byddai'r Pwyllgor yn cwblhau'r holiaduron hunanasesu yn annibynnol erbyn dydd Gwener 16 Ebrill, ac yna'n ystyried y canlyniadau yn y Pwyllgor Archwilio a Sicrwydd ar 6 Mai.</p>	
<b>Datryswyd</b>	<p>Mae'r Pwyllgor:</p> <ul style="list-style-type: none"> <li>yn <b>cymeradwyo</b> cynnwys Dogfen Adolygu Effeithiolrwydd y Pwyllgor (Atodiad 1).</li> <li><b>cytunwyd</b> i lenwi'r Holiadur Hunanasesu erbyn dydd Gwener 16<sup>eg</sup> Ebrill.</li> <li>i <b>adolygu</b> ymatebion yr Holiadur Hunanasesu yn y cyfarfod nesaf a bod hyn yn cael ei ymgorffori yn yr Adroddiad Blynyddol.</li> </ul>	<b>Holl DB</b>
<b>AAC:</b>	<b>Adroddiad Llywodraethu Gwybodaeth a Rheoli Gwybodaeth</b>	

<b>0704/2.8</b>		
	<p><b>Derbyniodd</b> y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, dywedodd Dafydd Bebb fod y Cynllun Gwaith yn cynnwys 30 o gamau gweithredu, ac aseswyd bod 24 ohonynt yn 'Wyrdd' a 6 yn cael eu hasesu fel 'Ambr'. Gofynnwyd i'r Pwyllgor nodi ymestyn yr amserlenni o amgylch y Gofrestr Asedau Gwybodaeth. Mae'r amserlenni wedi'u hymestyn gan fod rhywfaint o'r gwaith cwmpasu cychwynnol yn dangos bod angen gwneud rhagor o waith i ddeall yn llawn y wybodaeth a brosesir gan AaGIC.</p> <p>Yn ystod y cyfnod rhwng 1 Ionawr 2021 a 28 Chwefror 2021, derbyniodd AaGIC 7 cais Rhyddid Gwybodaeth, yr ymatebwyd i bob un ohonynt o fewn amser. Ni chafwyd unrhyw geisiadau am adolygiad, dim cwynion gan Swyddog y Comisiynwyr Gwybodaeth na Cheisiadau Gwrthrych am Wybodaeth.</p> <p>Nodwyd bod archwiliad mewnol Seiberddiogelwch wedi cael sicrwydd rhesymol.</p> <p>Holodd y Cadeirydd a oedd unrhyw amserlenni yn ymwneud â'r Gofrestr Asedau Gwybodaeth. Esboniodd Dafydd Bebb fod natur y Gofrestr Asedau Gwybodaeth yn ei gwneud yn anodd darparu amserlenni gan ei fod yn newid yn gyson. O ran yr ymarfer cwmpasu, byddai diweddariad yn cael ei ddarparu y tu allan i'r cyfarfod.</p>	
<b>Datryswyd</b>	<p>Mae'r Pwyllgor:</p> <ul style="list-style-type: none"> <li>• <b>nodi'r</b> adroddiad er sicrwydd.</li> <li>• <b>i dderbyn</b> y wybodaeth ddiweddaraf am amserlenni ymarfer cwmpasu'r Gofrestr Asedau Gwybodaeth y tu allan i'r cyfarfodydd.</li> </ul>	<b>DB</b>
<b>AAC: 0704/2.9</b>	<b>Adroddiad Cydymffurfio â Chaffael</b>	
	<p><b>Derbyniodd</b> y Pwyllgor yr adroddiad.</p> <p>Wrth gyflwyno'r adroddiad, eglurodd Eifion Williams mai diben yr adroddiad yw tynnu sylw at unrhyw gamau tendro unigol ac unrhyw weithgarwch caffael y tu allan i arfer arferol. Mae Atodiad 1 yn nodi'r gweithgareddau ar gyfer y cyfnod rhwng 1 Ionawr 2021 a 19<sup>eg</sup> Mawrth 2021 ac mae'r dull a gymerwyd ar gyfer yr holl weithgareddau a nodwyd wedi cael cymeradwyaeth gaffael.</p> <p>Nododd y Pennaeth Caffael (NWSSP), Christine Thorne, nad oedd unrhyw bryderon cyffredinol i dynnu sylw atynt ac awgrymodd y sefyllfa gyffredinol welliant yn y ffordd y mae AaGIC yn rheoli contractau caffael gyda phob cylch adrodd.</p>	
<b>Datryswyd</b>	<b>Nododd</b> y Pwyllgor yr adroddiad i'w sicrhau.	
<b>AAC: 0704/2.10</b>	<b>Cofrestr Risg Gorfforaethol</b>	

	<p><b>Derbyniodd y Pwyllgor yr adroddiad.</b></p> <p>Cyflwynodd Dafydd Bebb yr adroddiad gan nodi bod y Gofrestr Risg Gorfforaethol yn cynnwys cyfanswm o 9 risg, 1 risg statws coch ac 8 risg statws ambr. Mae'r risg goch yn ymwneud â seiberddiogelwch, ac mae cynnydd da yn parhau i gael ei wneud o ran gweithredu'r Cynllun Gweithredu Seiberddiogelwch. Nodwyd bod un risg wedi cynyddu mewn sgôr yn ystod y cyfnod adrodd.</p> <p>Ystyriodd y Pwyllgor Risg 19 ac fe'u cynghorwyd bod y sefyllfa wedi codi oherwydd bod AaGIC wedi etifeddu trefniadau ar gyfer darparu gwasanaethau a chysiau nad oeddent yn cael eu cefnogi gan contractau. Mae angen gweithio drwy'r trefniadau hyn a rhoi contractau ar waith, a dyma y mae Cam 2 yr Adolygiad Strategol o Addysg Iechyd yn bwriadu ei wneud. Fel rhan o'r adolygiad hwnnw, gall AaGIC ystyried a yw ein defnydd o'r gwasanaethau hynny'n ddigon mawr i gyfiawnhau contract ein hunain neu a oes cyfleoedd i bartneru â sefydliadau eraill.</p> <p>Eglurwyd bod y sgôr wedi cynyddu oherwydd bod AaGIC yn fwy ymwybodol o'r risg, yn hytrach nag mewn ymateb i unrhyw faterion sydd wedi codi.</p> <p>Ystyriodd y Pwyllgor Risg 16 a gofynnodd pam yr oedd y sgorau cynhenid a gweddilliol yr un fath ac a oedd y camau lliniaru yn gwneud unrhyw wahaniaeth. Eglurodd Eifion Williams, er nad oedd y risgiau wedi dod i'r amlwg a bod mesurau lliniaru ar waith, nad oedd AaGIC yn teimlo'n gyfforddus yn lleihau'r sgoriau risg. Eglurodd Dafydd Bebb ymhellach fod y Pwyllgor, yn y Pwyllgor Archwilio a Sicrwydd diwethaf, wedi cytuno i gyfuno Risg 1 ac 16, a bod hyn yn rhannol yn esbonio pam mae'r sgoriau yr un fath.</p> <p>Wrth adolygu Risg 8, nododd y Pwyllgor nad oedd unrhyw derfynau amser ar gyfer cwblhau'r camau lliniaru. Cadarnhaodd Dafydd Bebb fod 2 o'r 3 cham gweithredu wedi'u cwblhau ac er bod terfynau amser yn cael eu cynnwys fel arfer, roedd yn anodd pennu terfynau amser ar gyfer camau gweithredu oherwydd natur seiberddiogelwch sy'n esblygu'n gyson.</p>	
<b>Datryswyd</b>	<b>Nododd y Pwyllgor yr adroddiad.</b>	
<b>AAC: 0704/2.11</b>	<b>Argymhellion y Pwyllgor Archwilio</b>	
<div>English Catherine 04/30/2021 17:05:09</div>	<p><b>Derbyniodd y Pwyllgor yr adroddiad.</b></p> <p>Wrth gyflwyno'r adroddiad, eglurodd Dafydd Bebb fod Traciwr Argymhellion Archwilio (Tracker) yn cynnwys y camau y cytunwyd arnynt ar hyn o bryd mewn ymateb i'r argymhellion a'r ystyriaethau cynghori mewn adroddiadau archwilio a dderbyniwyd gan Archwilio Mewnol ac Archwilio Cymru. Ar hyn o bryd mae'r Traciwr Archwilio Mewnol yn cynnwys 29 o argymhellion, ac mae 17 ohonynt yn 'wyrdd' a 12 'ambr'. O'r 29 argymhelliad hynny, mae'n hen bryd cael 8 ac roedd</p>	

	<p>hyn yn adlewyrchu'n rhannol ôl-ffeithiau COVID ac ardaloedd lle mai dim ond aelodau staff allweddol y mae AaGIC wedi'u penodi'n ddiweddar.</p> <p>Mae Traciwr Archwilio Cymru yn cynnwys deg argymhelliad, 6 ohonynt yn wyrdd a 3 ohonynt yn hwyr.</p> <p>Cadarnhawyd bod y traciwr yn cynnwys sgôr sicrwydd gwreiddiol pob argymhelliad yng ngholofn D i ddangos gwell tryloywder.</p>	
<b>Datryswyd</b>	<p>Mae'r Pwyllgor:</p> <ul style="list-style-type: none"> <li>yn <b>nodi'r</b> adroddiad;</li> <li>ac yn <b>cytuno</b> bod yr argymhellion gwyrdd yr aseswyd eu bod wedi'u cwblhau yn cael eu dileu o'r Traciwr.</li> </ul>	<b>DB</b>
<b>RHAN 3</b>	<b>Cau</b>	
<b>AAC: 18/01/3.1</b>	<b>Unrhyw Fater Arall</b>	
	Nid oes unrhyw fusnes arall, penderfynodd y Pwyllgor fynd i sesiwn gaeedig.	
<b>AAC: 18/01/3.2</b>	<b>Dyddiad y Cyfarfod Nesaf</b>	
	Dyddiad y cyfarfod nesaf i'w gynnal ddydd Mercher, 6 Mai 2021 am 13:30 drwy Microsoft Teams/Ystafell Gyfarfod 1 yn AaGIC, Tŷ Dysgu, Nantgarw.	

.....  
Gill Lewis (Cadeirydd)

.....  
Dyddiad:

English Catherine  
04/30/2021 17:05:03

**Y Pwyllgor Archwilio a Sicrwydd (Agored)**  
**7 Ebrill 2021**  
**Cofnod Gweithredu**

(Mae'r Daflen Weithredu hefyd yn cynnwys gweithrediadau y cytunwyd arnynt yng nghyfarfodydd blaenorol y Pwyllgor Archwilio a Sicrwydd a sydd yn aros i gael eu cwblhau neu wedi'u hamserlennu i fod dan ystyriaeth y Pwyllgor yn y dyfodol. Mae'r rhain wedi'u graddliwio yn yr adran gyntaf. Yn dilyn cael eu cymeradwyo gan y Pwyllgor Archwilio a Sicrwydd, bydd y gweithrediadau hyn yn cael eu tynnu oddi ar y daflen weithredu dreigl.)

Cyfeirnod Cofnod	Gweithred Gytunedig	Arweinydd	Dyddiad Targed	Cynnydd/ Cwblhawyd
<b>AAC: 27/10/2.10</b>	<b>Datganiadau o Fuddiant – Adolygiad Arferion o fewn sefydliadau eraill</b>			
	<ul style="list-style-type: none"> <li>Y Pwyllgor i dderbyn adborth ar adolygiad 'ôl-weithredol' o'r eitemau hynny a ddatganwyd yn yr Adroddiad Cydymffurfio â Chaffael fel rhai 'heb eu hardystio' ym mherthynas unrhyw wrthdaro buddiannau.</li> </ul>	<b>Pennaeth Caffael</b>	I'w gadarnhau	Yn sgil y Pandemig Coronafeirws, bydd yr adolygiad hwn yn cael ei ymgymryd ag o unwaith y bydd 'busnes fel arfer' wedi ailgychwyn.
<b>AAC: 01/04/3.1</b>	<b>Disgwyliadau Gafael a Rheoli Llywodraeth Cymru</b>			
	<ul style="list-style-type: none"> <li>Bydd unrhyw gynigion arfer dda i'w mabwysiadu gan AaGIC yn cael eu cyflwyno mewn cyfarfod Pwyllgor yn y dyfodol.</li> </ul>	<b>Cyfarwyddwr Cyllid</b>	I'w gadarnhau	Mae'r Cynigion Arfer Dda yn cael eu hadolygu. Bydd unrhyw un sy'n galw am iddo gael ei fabwysiadu yn cael ei ychwanegu at Flaenraglen Waith y Pwyllgor fel 'angen ei ystyried'.

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Cyfeirnod Cofnod	Gweithred Gytunedig	Arweinydd	Dyddiad Targed	Cynnydd/ Cwblhawyd
<b>AAC: 0704/2.1.1</b>	<b>Adroddiad Cynnydd Atal Twyll</b>			
	<ul style="list-style-type: none"> <li>Y Pwyllgor i dderbyn diweddariad ar yr amserlenni parthed cwblhau gwaith paru data blaenoriaeth 2020/21 a'r rhwystrau i hynny.</li> </ul>	<b>Cyfarwyddwr Cyllid/ Rheolwr Atal Twyll</b>	Mehefin 2021	
<b>AAC: 0704/2.2.2</b>	<b>Adroddiad Archwiliad Mewnol Diwylliant Gweithlu</b>			
	<ul style="list-style-type: none"> <li>Y Tîm Gweithredol i ystyried sut y dylai Aelodau Annibynnol y Bwrdd ymwneud â'r gwaith o ddelio â materion staff.</li> </ul>	<b>Cyfarwyddwr Gweithlu a DS</b>	Mehefin 2021	Trafodaeth a gynhaliwyd gyda Chadeirydd AAC. Mae hyn a'r camau canlynol yn ymwneud â pholisi Codi Pryderon Cymru gyfan, a fabwysiadwyd gan AaGIC. Yr angen am eglurder ynghylch rôl Aelodau'r Bwrdd mewn perthynas â materion a ddygir o dan y polisi yn ogystal â'r angen i gyflwyno hyfforddiant a dangos tystiolaeth ohono ar gyfer y Bwrdd a'r staff. Hyfforddiant Aelodau'r Bwrdd i'w ymgorffori i mewn i ddigwyddiad BDS yn y dyfodol. Hyfforddiant gloywi staff i'w nodi fel rhan o ddigwyddiadau hyfforddi staff 2021-22
	<ul style="list-style-type: none"> <li>Y Bwrdd i ystyried y ffaith na chafodd AaGIC sicrwydd llawn ym mherthynas hyfforddi staff.</li> </ul>	<b>Cyfarwyddwr Gweithlu a DS</b>	Mehefin 2021	Fel uchod
<b>AAC: 0704/2.3.1</b>	<b>Adroddiad Cynnydd Archwilio Cymru</b>			
	<ul style="list-style-type: none"> <li>Y Pwyllgor i dderbyn adroddiad yn amlinellu canfyddiadau Cam 1 Asesiadau Strwythur 2021 yn ei gyfarfod nesaf.</li> </ul>	<b>Archwilio Cymru</b>	Mehefin 2021	Gyda'r Tîm Gweithredol i gael sylwadau. Bydd y Pwyllgor yn derbyn yr adroddiad ym mis Mehefin.
<b>AAC: 0704/2.3.3</b>	<b>Ei Wneud yn Wahanol, Ei Wneud yn lawn?</b>			

	<ul style="list-style-type: none"> <li>Unrhyw argymhellion a nodwyd gan adolygiad o'r adroddiad 'Ei Wneud yn Wahanol, Ei Wneud yn lawn?' yn cael eu cynnwys fel eitem ar gyfer datblygiad y Bwrdd.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	I'w gadarnhau	Ychwanegwyd y mater at agenda'r Bwrdd ar gyfer Sesiwn Datblygu'r Bwrdd ym mis Mehefin.
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Cyfeirnod Cofnod	Gweithred Gytunedig	Arweinydd	Dyddiad Targed	Cynnydd/ Cwblhawyd
<b>AAC: 0704/2.5.1</b>	<b>Datganiad Llywodraethu Blynyddol</b>			
	<ul style="list-style-type: none"> <li>Y Pwyllgor i roi sylwadau ar y Datganiad Llywodraethu Blynyddol erbyn dydd Gwener 16 Ebrill.</li> </ul>	<b>Pwyllgor</b>	16 Ebrill 2021	Cwblhawyd
<b>AAC: 0704/2.7</b>	<b>Drafft Adolygiad Effeithlonrwydd Pwyllgor 2020/21</b>			
	<ul style="list-style-type: none"> <li>Y Pwyllgor i lenwi'r Holiadur Hunanasesu erbyn dydd Gwener 16<sup>eg</sup> Ebrill.</li> </ul>	<b>Pwyllgor</b>	16 Ebrill 2021	Cwblhawyd
	<ul style="list-style-type: none"> <li>Pwyllgor i adolygu'r ymatebion i'r Holiadur Hunanasesu yn y cyfarfod nesaf.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mai 2021	Ar yr agenda heddiw
<b>AAC: 0704/2.8</b>	<b>Adroddiad Llywodraethu Gwybodaeth a Rheoli Gwybodaeth</b>			
	<ul style="list-style-type: none"> <li>Y Pwyllgor i dderbyn diweddariad ar yr amserlenni parthed ymarfer cwrmpasu'r Gofrestr Asedau Gwybodaeth y tu allan i'r cyfarfodydd.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	O fewn 1 mis	Ar y gweill
<b>AAC: 0704/2.11</b>	<b>Argymhellion y Pwyllgor Archwilio</b>			

	<ul style="list-style-type: none"> <li>Dileu'r argymhellion gwyrdd a aseswyd fel 'wedi'u cwblhau' oddi ar y Traciwr.</li> </ul>	<b>Ysgrifennydd y Bwrdd</b>	Mehefin 2021	Cwblhawyd
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Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad y Cyfarfod</b>	<b>6 Mai 2021</b>	<b>Eitem ar yr Agenda</b>	<b>2.1</b>
<b>Teitl yr Adroddiad</b>	<b>Adroddiad Cynnydd</b>		
<b>Awdur yr Adroddiad</b>	Archwilio Mewnol		
<b>Noddwr yr Adroddiad</b>	Pennaeth Archwilio Mewnol		
<b>Cyflwynwyd gan</b>	Archwilio Mewnol		
<b>Rhyddid Gwybodaeth</b>	Agored		
<b>Pwrpas yr Adroddiad</b>	Diweddariad ar y gweithgarwch Archwilio Mewnol		
<b>Materion allweddol</b>	Diweddariad ar y gweithgarwch Archwilio Mewnol		
<b>Cam Penodol i'w Gymryd</b> <i>(un ✓ yn unig)</i>	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
	✓		
<b>Argymhellion</b>	Amherthnasol		
<b>Atodiadau</b>	Amh.		

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Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
Shared Services  
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Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

## **Health Education and Improvement Wales**

### **INTERNAL AUDIT PROGRESS REPORT**

**Audit and Assurance Committee - May 2021**

**NHS Wales Shared Services Partnership**

**Audit and Assurance Services**

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Appendix A: Table 1 - Status of 2020/21 assignments

**Please note:**

This audit progress report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Internal Audit Charter and the Annual Plan, approved by the Audit and Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Health Education and Improvement Wales and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## 1. Introduction

- 1.1. This progress report provides the Audit and Assurance Committee (the 'committee') with the current position regarding the work undertaken by Internal Audit as at **23 April 2021**.
- 1.2. The report includes details of the progress made to date against individual assignments along with details regarding the delivery of the 2020/21 programme of work, and any required updates.

## 2. Outcomes from completed audit reviews

- 2.1 Since the April meeting of the committee three reports have been finalised. We also have ongoing fieldwork in two other reviews. The three reports that have been finalised are:

Assignments	Assurance rating
Communications and Engagement	Substantial
Risk Management	Substantial
Performance Management	Substantial

## 3 Delivery of 2020/21 Internal Audit plan

- 3.1 The detail of the scheduling and current progress of the audit work is outlined in the assignment status schedule, which is included at Appendix A, table 1.
- 3.2 The schedule includes the planned timing of the audits. These dates may be subject to change as the audit work progresses, and any alterations will be communicated to the committee via future progress reports.
- 3.3 This year has seen disruption caused by Covid-19 across our health bodies. The pandemic has not impacted on the number of planned reviews for HEIW. However, the first wave meant that there was less activity during this earlier part of the year across our work programmes than would be the case in a normal year as we, and others, adapted to new ways of working.
- 3.4 We have worked with our health organisations to deliver the agreed work programmes in these circumstances and, as we have previously reported, plan to issue a full opinion in our annual report.

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- 3.5 Our draft annual report, which includes the Head of Internal Audit opinion has been issued and will be discussed at the May committee.
- 3.6 The updated final report will be presented at the subsequent committee as part of HEIWs annual reporting programme.

#### **4 Delivery of 2021/22 Internal Audit plan**

- 4.1 Our plan was approved at the April committee and we are in the process of scoping out our reviews planned for quarter 1.

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**Table 1: Status of 2020/21 assignments**

Assignment	Indicative audit days	Status	Assurance	Timing	Notes
Annual Governance Statement	2	Complete	N/A	Q1	No formal report. Internal Audit feed into annual reporting process.
Medical commissioning monitoring	-	Final	Reasonable	-	-
Governance arrangements during Covid-19	-	Final	N/A	-	Advisory work.
Governance arrangements during Covid-19 – All Wales summary report	-	Final	N/A	-	For information.
Personal development process	12	Final	Reasonable	Q2	-
Financial systems	10	Final	Reasonable	Q3	-
Workplace culture	15	Final	Reasonable	Q2 Q4	-
Governance arrangements during Covid-19 – follow up	-	Final	N/A	-	Advisory work
Cyber security	15	Final	Reasonable	Q3	
Risk management	10	Final	Substantial	Q3	

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Assignment	Indicative audit days	Status	Assurance	Timing	Notes
Performance management	15	Final	Substantial	Q3	
Communication and engagement strategy	15	Final	Substantial	Q4	
Pharmacy – pre-registration	15	WIP	-	Q4	Has taken time to agree scope due to HEIW progress with pre-registration project.
Governance arrangements	15	WIP	-	Q4	Awaiting decision by HEIW on categories of key groups on which to base to our testing.

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Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad y Cyfarfod</b>	<b>6 Mai 2021</b>	<b>Eitem agenda</b>	<b>2.1.1</b>
<b>Teitl yr Adroddiad</b>	<b>Adroddiad Blynyddol yr Archwiliad Mewnol</b>		
<b>Awdur yr Adroddiad</b>	Archwiliad Mewnol		
<b>Noddwr yr Adroddiad</b>	Pennaeth Archwilio Mewnol		
<b>Cyflwynwyd gan</b>	Archwiliad Mewnol		
<b>Rhyddid Gwybodaeth</b>	Agored		
<b>Diben yr Adroddiad</b>	Y wybodaeth ddiweddaraf am weithgarwch Archwilio Mewnol		
<b>Materion Allweddol</b>	Y wybodaeth ddiweddaraf am weithgarwch Archwilio Mewnol		
<b>Camau Penodol sy'n Ofynnol</b> ( <i>un ✓ yn</i> unig os gwelwch yn dda)	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
			✓
<b>Argymhellion</b>	Er mwyn i'r pwyllgor dderbyn Adroddiad Blynyddol yr Archwiliad Mewnol ac		
<b>Atodiadau</b>			

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## **Health Education and Improvement Wales**

### **DRAFT HEAD OF INTERNAL AUDIT OPINION & ANNUAL REPORT**

**2020/21**

**April 2021**

**NHS Wales Shared Services Partnership**

**Audit & Assurance Services**

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Appendix E	Responsibility Statement

<b>Report status:</b>	Draft
<b>Draft report issued:</b>	April 2021
<b>Final report issued:</b>	May 2021
<b>Author:</b>	Paul Dalton, Head of Internal Audit
<b>Lead Executive:</b>	Dafydd Bebb, Board Secretary
<b>Audit and Assurance Committee:</b>	May/June 2021

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## 1. EXECUTIVE SUMMARY

### 1.1 Purpose of this Report


Health Education and Improvement Wales' (HEIW or the 'organisation') Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is also responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the Head of Internal Audit.

This report sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

As a result of the continued impact of COVID-19 our audit programme has been subject to some change during the year. In this report we have set out how the programme has changed and the impact of those changes on the Head of Internal Audit opinion.

### 1.2 Head of Internal Audit Opinion 2020/21

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Chief Executive as Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is focused towards risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement. The overall opinion for 2020/21 is that:

Reasonable assurance		<p>The Board can take <b>Reasonable Assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
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### 1.3 Delivery of the Audit Plan

Due to the considerable impact of COVID-19 on the organisation, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the organisation, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit and Assurance Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm

that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for 2020/21 year was presented to the Committee in April 2020.

There are, as in previous years, audits undertaken at NWSSP, NWIS, WHSSC and EASC that support the overall opinion for NHS Wales health bodies (see Section 3).

Our External Quality Assessment (EQA), conducted by the Chartered Institute of Internal Auditors, and our Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work 'generally conforms' to the requirements of the Public Sector Internal Audit Standards for 2020/21. For this year, our QAIP has considered specifically the impact that COVID-19 has had on our audit approach and programmes. We are able to state that our service 'conforms to the IIA's professional standards and to PSIAS.'

1.4 Summary of Audit Assignments

This report summarises the outcomes from our work undertaken in the year. In some cases, audit work from previous years may also be included and where this is the case, details are given. This report also references assurances received through the internal audit of control systems operated by other NHS Wales organisations (see Section 3).

The audit coverage in the plan agreed with management has been deliberately focused on key strategic and operational risk areas; the outcome of these audit reviews may therefore highlight control weaknesses that impact on the overall assurance opinion.

Overall, we can provide the following assurances to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the areas in the table below.

Where we have given Limited Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

In addition, and in part reflecting the impact of COVID-19, we also undertook a number of advisory and non-opinion reviews to support our overall opinion.

Figure 1: Summary of Audit Results

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"><li>Risk Management</li><li>Communications Engagement</li></ul> and	<ul style="list-style-type: none"><li>Medical Commissioning Monitoring</li><li>Personal Development Process</li></ul>

<ul style="list-style-type: none"><li>• Performance Management</li></ul>	<ul style="list-style-type: none"><li>• Financial Systems</li><li>• Workplace Culture</li><li>• Cyber Security</li></ul>
Limited Assurance	Advisory & Non-Opinion
N/A	<ul style="list-style-type: none"><li>• Governance during the Covid-19 Pandemic</li><li>• Covid-19 Governance – follow up</li></ul>
No Assurance	
N/A	

Please note that our overall opinion has also taken into account both the number and significance of any audits that have been deferred during the course of the year (see section 5.7) and also other information obtained during the year that we deem to be relevant to our work (see section 2.4.2).

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## 2. HEAD OF INTERNAL AUDIT OPINION

### 2.1 Roles and Responsibilities

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Standards; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Audit and Assurance Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Audit and Assurance Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

## 2.2 Purpose of the Head of Internal Audit Opinion

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Health Education and Improvement Wales which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement, and may also be taken into account by regulators including Healthcare Inspectorate Wales in assessing compliance with the Health & Care Standards in Wales, and by Audit Wales in the context of both their external audit and performance reviews.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of the risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

## 2.3 Assurance Rating System for the Head of Internal Audit Opinion

For 2020/21, the assurance rating framework for expressing the overall Head of Internal Audit annual opinion that was agreed in 2013/14 has been amended to formally remove the eight assurance 'domains based' approach to forming the opinion for health organisations. The domains approach has been removed to ensure that work in 2020/21 reflected the significant change in the risk profile for NHS Wales' organisations due to the impact of COVID-19. There are no changes to the approach to forming the opinion for Trusts and other Health Bodies. The professional judgement of the Head of Internal Audit also remains key in determining the appropriate overall opinion. This change does not impact upon our assessment of our compliance with the requirements of PSIAS.

The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions as clarified in 2013/14 has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.

This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix D**.

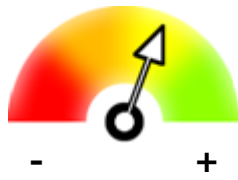
The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight assurance domains that were used to frame the audit plan at its outset (see section 2.4.2 and Appendix B). We will consider whether changes need to be made to how we present our findings in this report for the 2021/22 Head of Internal Audit Opinion.

As in previous years, a quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting process to ensure the overall opinion is consistent with the underlying audit evidence.

## 2.4 Head of Internal Audit Opinion

### 2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk-based audit plan which has been agreed with senior management and approved by the Audit and Assurance Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

Reasonable assurance		The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any Limited Assurance reports issued during the year and the significance of the recommendations made.

The audit work undertaken during 202/21 and reported to the Audit and Assurance Committee has been aggregated at **Appendix B**.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit and Assurance Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).

Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).

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- Other knowledge and information that the Head of Internal Audit has obtained during the year including: cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of *ad hoc* work and support provided; liaison with other assurance providers and regulators; and research. Cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

As stated above, these detailed results have been aggregated to build a picture of assurance across the organisation.

In reaching this opinion we have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the reports issued during the year, three were allocated Substantial Assurance and five were allocated Reasonable Assurance. No reports were allocated Limited or No assurance. In addition, two Advisory and Non-opinion reports were also issued.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit and Assurance Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

A summary of the findings in each of the domains as per the structure of the plan for 20/21, is shown below, whilst noting the overall opinion for the Health Board is based on an overall aggregated position.

### Corporate Governance, Risk Management and Regulatory Compliance

This year we have undertaken five reviews within this domain. **At the time of this draft report our fieldwork in relation to governance arrangements is ongoing.**

**Covid-19 governance review** – This work was advisory and so we did not issue an opinion. We reported observations made during our fieldwork and suggested priorities that could be considered by management for future peaks. Overall, the HEIW's temporary governance arrangements operated effectively during the first peak of the pandemic, which is the period that our fieldwork covered. We also reported that the organisation complied with the guidance and the principles issued by Welsh Government.

This review looked at the governance arrangements put in place across a range of functions. These arrangements have been considered across the domains within this section of our report. Specifically, the areas that we reviewed during the fieldwork were:

- Board and committee meetings
- Scheme of Delegation and decision-making arrangements
- Risk management
- Annual accounts and reporting
- Financial systems and processes
- Covid-19 expenditure (revenue and capital)
- Workforce
- Budget and savings
- Partnership arrangements
- Information governance

**Covid-19 governance review – follow up** - Our follow-up work confirmed that the HEIW had implemented almost all the priorities suggested in our original review. There were practical reasons where suggestions had not been taken forward.

**Risk Management** – We issued a **substantial assurance** opinion related to our work in this area. We identified one medium and two low priority recommendations. It was encouraging to note that recommendations raised in our review of risk management last year have largely been implemented and that the procedures in place have been built on and continued to be strengthened.

**Workplace Culture** - HEIW appears keen to develop a supportive workplace culture that allows staff to develop and grow, whilst delivering services to its partners and stakeholders. Our review identified one medium, relating to the need to build on its use of exit questionnaires for staff, and four low priority recommendations. We issued a **reasonable assurance** opinion.

**Governance arrangements** – [to be updated]

Our review of the Annual Governance Statement confirmed that on the whole it was consistent with our knowledge of the organisation through the work we performed in the Internal Audit plan and our review of other organisational documents.

### Strategic Planning, Performance Management & Reporting

**Performance Management** - Since our previous audit of performance management the performance management framework has been further developed and improved. The integrated performance report continues to develop, and we made a small number of recommendations to support this continued improvement. We issued a **substantial assurance** opinion.

**Communication and Engagement** - Sound structures and processes were in place that underpin the delivery of the Communication and Engagement Strategy. This has been enabled by the identification of appropriate stakeholders and establishment of regular and ongoing engagement with them via a variety of

media platforms. The organisation maintains a list of its current stakeholders and the initial work to identify them is subject to ongoing review to ensure completeness. We issued a **substantial assurance** opinion.

### Financial Governance and Management

**Financial Systems** – We identified one high, three medium and three low priority recommendations. The high priority recommendation related to the need to produce an inventory list for individual assets and for asset managers to be named. We issued a **reasonable assurance** opinion.

The audits of Payroll and Accounts Payable, undertaken at NWSSP, received Reasonable Assurance.

### Clinical Governance, Quality & Safety

**Medical Commissioning Monitoring** – We looked at the controls in place to monitor the quality of post graduate medical training in Wales. We issued two medium priority recommendations relating to responding to concerns raised by trainees, and the need to review and consider the need for individual trainee agreements. We issued a **reasonable assurance** opinion.

### Information Governance & IT Security

**Cyber Security** - HEIW is a relatively new organisation, and the cyber security processes are still being developed. The organisation was established without internal IT support and no cyber security resource. Subsequently a Head of Cyber Security has been appointed and has started to lead the development of a cyber security framework. Our **reasonable assurance** report identified three medium priority recommendations and four low priority recommendations.

### Operational Service and Functional Management

We did not plan to undertake any reviews in this domain during 2020/21.

### Workforce Management

**Personal Development Process** - Significant work has been undertaken by HEIW to develop and implement a Personal Development Review process which is based on its values and behaviours framework and complies with the new all Wales pay progression policy. We raised four medium priority recommendations in this review. These included recommending that some discrepancies between the electronic staff records system (ESR) and appraisal records are investigated. We issued a **reasonable assurance** opinion in relation to the objectives of our review.

### Capital & Estates Management



We did not plan to undertake any reviews in this domain during 2020/21.

### **2.4.3 Approach to Follow Up of Recommendations**

As part of our audit work we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance.

In addition, audit committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit committee meetings and observe the quality and rigour around these processes.

This year, due to the impact of COVID-19, we are aware that it has been more difficult than usual for NHS organisations to implement recommendations to the timescales they had originally agreed. In addition, we also recognise that for new recommendations it may be more difficult to be precise on when exactly actions can be implemented by. However, it remains the role of audit committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management. Where appropriate, we have adjusted our approach to follow-up work to reflect these challenges.

Going forward, given that it is very likely that the number of outstanding recommendations will have grown during the course of the pandemic, audit committees will need to reflect on how best they will seek to address this position.

We have considered the impact of both our follow-up work and where there have been delays to the implementation of recommendations, on both our ability to give an overall opinion (in compliance with the PSIAS) and the level of overall assurance that we can give.

There were no limited assurance opinion reports in 2019/20 so we did not need to formally report back on the progress made by the organisation. However, we have reviewed the management of the internal audit action tracker during the year and confirmed that it is being appropriately monitored and scrutinised by the Audit and Assurance committee. We also tested a sample of completed agreed actions from the tracker and agreed with the conclusion reported to the committee in the tracker documentation.

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#### 2.4.4 Limitations to the Audit Opinion

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

As mentioned above the scope of the audit opinion is restricted to those areas which were the subject of audit review through the performance of the risk-based Internal Audit plan. In accordance with auditing standards, and with the agreement of senior management and the Board, Internal Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems. In addition, the impact of COVID-19 on this year's (and to an extent last year's) programme makes any comparison even more difficult.

#### 2.4.5 Period covered by the Opinion

Internal Audit provides a continuous flow of assurance to the Board and, subject to the key financials and other mandated items being completed in-year, the cut-off point for annual reporting purposes can be set by agreement with management. To enable the Head of Internal Audit opinion to be better aligned with the production of the Annual Governance Statement a pragmatic cut-off point has been applied to Internal Audit work in progress.

By previous agreement with the organisation, audit work reported to draft stage has been included in the overall assessment, with all other work in progress rolled-forward and reported within the overall opinion for next year.

The majority of audit reviews will relate to the systems and processes in operation during 2020/21 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

### 2.5 Required Work

There is one piece of work that Welsh Government has required previously that Internal Audit should review each year, this is the Annual Governance Statement.

Where appropriate, our work is reported in Section 5 – Risk based Audit Assignments and at **Appendix B**.



Please note that following discussions with Welsh Government we are not being mandated to audit this area from 2021/22. Future work will be determined on the basis of risk or specific requests from the organisation.

## 2.6 Statement of Conformance

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of Internal Audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Internal Auditors (IIA) in February and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Audit and Assurance Committee that it has conducted its audit at HEIW in conformance with the Public Sector Internal Audit Standards for 2020/21. Our conformance statement for 2020/21 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2020/21 which will be reported formally in the Summer of 2021; and
- the results of the work completed by Audit Wales.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2020/21 QAIP report. There are no significant matters arising that need to be reported in this document.

## 2.7 Completion of the Annual Governance Statement

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to take into account other assurances and risks when preparing their statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- direct assurances from management on the operation of internal controls through the upward chain of accountability;
- results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management; and

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- reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales.

### 3. OTHER WORK RELEVANT TO THE HEIW

As our internal audit work covers all NHS Wales organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation's audit programme, will cover activities relating to other Health bodies. These are set out below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership;
- NHS Wales Informatics Service;
- Welsh Health Specialised Services Committee; and
- Emergency Ambulance Services Committee.

Please note that, in response to COVID-19, we have altered our approach this year and undertaken additional testing on a number of the national NWSSP run systems and produced separate reports for each NHS Wales organisation where appropriate.

#### NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre University NHS Trust, a number of audits were undertaken which are relevant to the organisation. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the HEIW, derived the following opinion ratings:

Audit	Opinion	Comments
Accounts Payable	Reasonable	A summary report will be produced for the health board
Payroll	Reasonable	A summary report will be produced for the health board
Covid-19 financial governance	N/A	-

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

The reports on Accounts Payable and Payroll are also included in the table at Appendix B (as they have been in previous years).

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**NHS Wales Informatics Service (NWIS)**

As part of the internal audit programme at NHS Wales Informatics Service (NWIS), a hosted body of Velindre University NHS Trust in 2020/21, a number of audits were undertaken which are relevant to the organisation. These audits derived the following opinion ratings:

Audit	Opinion	Comments
IT Cyber Security	Substantial	-
GDPR Follow-Up	Substantial	-
Operational Resilience	Reasonable	-
Supplier Management Follow-Up	Reasonable	-

Please note that other audits of NWIS activities are undertaken as part of the overall NWIS internal audit programme. All reports are received by the Velindre University NHS Trust Audit Committee. No formal Head of Internal Audit Opinion is currently given for the work at NWIS.

For 2020/21, NWIS will become a Special Health Authority under the name of Digital Health and Care Wales and will have a separate Audit Committee, Internal Audit plan and annual Head of Internal Audit Opinion.

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report. NWIS audits are summarised in the Velindre University NHS Trust Head of Internal Audit Opinion and Annual Report.

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## **4. DELIVERY OF THE INTERNAL AUDIT PLAN**

### **4.1 Performance against the Audit Plan**

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit and Assurance Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit and Assurance Committee during the year.

The audit plan approved by the Audit and Assurance Committee in April 2020 contained ten planned audits. During the year changes have been made to the plan with two audits added, relating to Covid-19 governance, and one deferred to 2021/22 relating to IG toolkit, with us therefore planning to deliver 11 audits. One review relating to medical commissioning monitoring was started in 2019/20 but reported in this year.

The assignment status summary is reported at section 5 and **Appendix B**.

In addition, we may respond to requests for advice and/or assistance across a variety of business areas across the organisation. This advisory work, undertaken in addition to the assurance plan, is permitted under the standards to assist management in improving governance, risk management and control. This activity is reported during the year within our progress reports to the Audit and Assurance Committee.

### **4.2 Service Performance Indicators**

In order to be able to demonstrate the quality of the service delivered by Internal Audit, a range of service performance indicators supported by monitoring systems have been developed. The key performance indicators are summarised in Appendix C.

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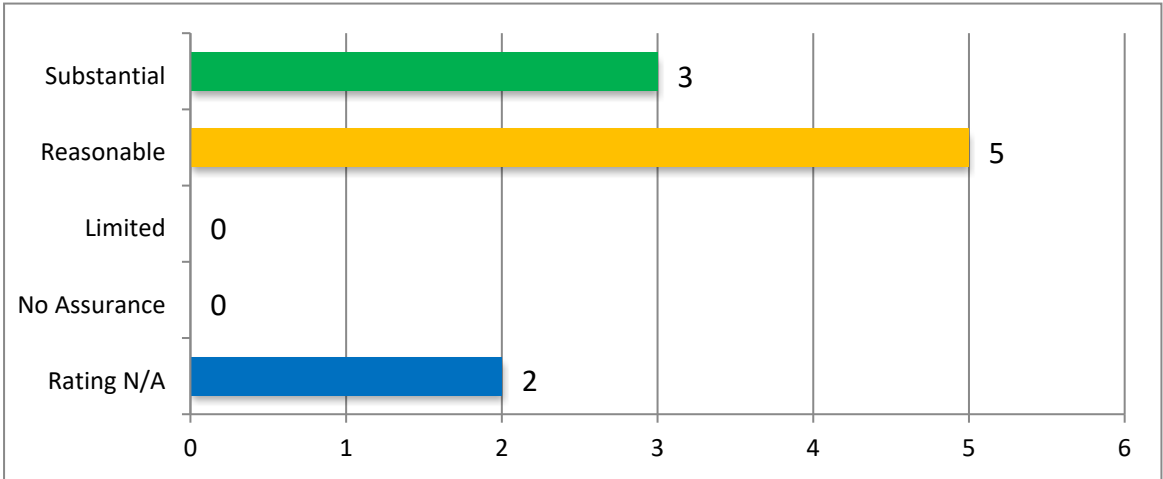
5. RISK-BASED AUDIT ASSIGNMENTS

The overall opinion provided in Section 1 and our conclusions on individual assurance domains is limited to the scope and objectives of the reviews we have undertaken, detailed information on which has been provided within the individual audit reports.

5.1 Overall summary of results

In total 10 audit reviews were reported during the year. Figure 1 below presents the assurance ratings and the number of audits derived for each.

Figure 1 Summary of audit ratings



The assurance ratings and definitions used for reporting audit assignments are included in **Appendix D**.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

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5.2 Substantial Assurance



In the following review areas, the Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Those few matters that may require attention are compliance or advisory in nature with low impact on residual risk exposure.

Review Title	Objective
Risk Management	The overall objective of the audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the organisation’s risk management arrangements, and the progress made towards embedding risk management and the Board Assurance Framework into business operations.
Communications and Engagement	Our review sought to determine the adequacy of the systems and controls in place in relation to the organisation’s communication and engagement arrangements, including how timely and relevant communication takes place in line with the communication and engagement strategy, with identified stakeholders.
Performance Management	Our review built on our previous year’s work and considered how performance management, including the framework, has developed and become more embedded within the organisation. We also reviewed the Integrated Performance Report, the accuracy of the data and the links to the organisation’s strategic aims and objectives.

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5.3 Reasonable Assurance



In the following review areas, the Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Some matters require management attention in either control design or operational compliance and these will have low to moderate impact on residual risk exposure until resolved.

Review Title	Objective
Medical Commissioning Monitoring	Our review focussed on the arrangements HEIW has in place for monitoring the quality of the training places it commissions from Local Education Providers.
Personal Development Process	The objective our audit was to look at the adequacy of the systems and controls in place in relation to the organisation’s personal development process, including ensuring existence of relevant policies, appropriate training and completion of meaningful appraisal reviews in line with required timeframes.
Financial Systems	Our audit work focussed on the Asset Register, Cash Management, General Ledger, Income and Debtors and Manual Payments.
Workplace Culture	The overall objective of the audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the organisation’s workplace culture. We looked at the existence of documented values, the mechanisms in place to evaluate, monitor and report on culture and relevant policies including raising concerns.
Cyber Security	The objective of our audit was to evaluate and determine the adequacy of the systems and controls in place for ensuring cyber security, which provide protection from malicious acts and software and appropriately protects HEIW information.

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## 5.4 Assurance 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.

Review Title	Objective
Governance During Covid-19 Pandemic	We undertook a rapid advisory review following a request from the All Wales Finance Directors group, to assess the adjusted financial and overall governance arrangements that were put in place to enable health organisations to maintain appropriate governance during the onset of the Covid-19 pandemic.
Governance During Covid-19 Pandemic update	The objective of our follow up review was to determine the actions that had been our initial Covid-19 Governance review.

## 5.5 Deferred Audits

Subsequent to the approval of the plan in April 2020, the following audit was deferred. The reason for deferment is outlined below together with any impact noted on the Head of Internal Audit Opinion.

Review Title	
Information Governance Toolkit	Following a decision by Welsh Government not to launch the toolkit as planned in 2020/21, our review in this area has been deferred to 2021/22.

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## **6. ACKNOWLEDGEMENT**

In closing I would like to acknowledge the time and co-operation given by directors and staff of HEIW to support the delivery of the Internal Audit assignments undertaken within the 2020/21 plan.

**Paul Dalton**

**Head of Internal Audit**

**Audit & Assurance Services**

**NHS Wales Shared Services Partnership**

**April 2021**

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ATTRIBUTE STANDARDS:	
<b>1000 Purpose, authority and responsibility</b>	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing Orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit and Assurance Committee on an annual basis.
<b>1100 Independence and objectivity</b>	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit and Assurance Committee chair.
<b>1200 Proficiency and due professional care</b>	Staff are aware of the Public Sector Internal Audit Standards and Code of Ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is a professionally qualified.
<b>1300 Quality assurance and improvement programme</b>	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
PERFORMANCE STANDARDS:	
<b>2000 Managing the internal audit activity</b>	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk-based strategic

	<p>and annual operational plan is developed for the organisation. The operational plan gives detail of specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit and Assurance Committee.</p> <p>Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with Audit Wales and LCFS.</p>
<b>2100 Nature of work</b>	The risk-based plan is developed, and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
<b>2200 Engagement planning</b>	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and each report is quality reviewed before issue.
<b>2400 Communicating results</b>	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit Committee.</p> <p>An annual report and opinion is produced for the Audit and Assurance Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>

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<b>2500 Monitoring progress</b>	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit and Assurance Committee. In addition, audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.
<b>2600 Communicating the acceptance of risks</b>	If Internal Audit considers that a level of inappropriate risk is being accepted by management, it would be discussed and will be escalated to Board level for resolution.

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### **AUDIT RESULTS GROUPED BY ASSURANCE DOMAIN**

Assurance domain	Report Number		Not rated	No	Limited assurance	Reasonable assurance	Substantial assurance
Corporate governance, risk and regulatory compliance	4		<ul style="list-style-type: none"> <li>● Covid-19 Governance</li> <li>● Covid-19 Governance – follow up</li> </ul>	-	-	● Workplace Culture	● Risk Management
Strategic planning, performance management and reporting	2		-	-	-	-	<ul style="list-style-type: none"> <li>● Performance Management</li> <li>● Communication and Engagement</li> </ul>
Financial governance and management *	1		-	-	-	<ul style="list-style-type: none"> <li>● Financial Systems</li> <li>▣ Payroll (NWSSP)</li> <li>▣ Accounts Payable (NWSSP)</li> </ul>	-
Clinical governance quality and safety	1		-	-	-	● Medical Commissioning Monitoring	-
Information governance and security	1		-	-	-	● Cyber Security	-

Assurance domain	Report Number		Not rated	No	Limited assurance	Reasonable assurance	Substantial assurance
Operational service and functional management	-		-	-	-	-	-
Workforce management	1		-	-	-	● Personal Development Process	-
Capital and estates management	-		-	-	-	-	-
<b>Total</b>	<b>10</b>		<b>2</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>3</b>

\* This domain includes the outcome of two financial system audits undertaken through the audit of NWSSP as they include transactions processed on behalf of the organisation.

**Key to symbols:**

- Audit undertaken within the annual Internal Audit plan
- Italics* Reports not yet finalised but have been issued in draft
- Audits undertaken as per of the NWSSP Internal Audit Plan.

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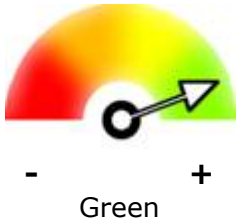

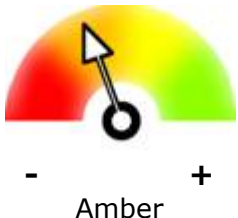
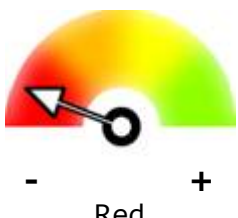
### **PERFORMANCE INDICATORS as at 23 April 2021**

<b>Indicator Reported to Audit &amp; Assurance Committee</b>	<b>Status</b>	<b>Actual</b>	<b>Target</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>
Operational Audit Plan agreed for 2020/21	<b>G</b>	April 2020	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2020/21	<b>A</b>	83% (10/12)	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	<b>G</b>	100%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	<b>G</b>	90%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	<b>G</b>	100%	80%	v>20%	10%<v<20%	v<10%

Key: v = percentage variance from target performance

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## 2020/21 Audit Assurance Ratings

RATING	INDICATOR	DEFINITION
Substantial Assurance		The Board can take <b>substantial assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with <b>low impact on residual risk</b> exposure.
Reasonable Assurance		The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with <b>low to moderate impact on residual risk</b> exposure until resolved.
Limited Assurance		The Board can take <b>limited assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with <b>moderate impact on residual risk</b> exposure until resolved.
No Assurance		The Board has <b>no assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with <b>high impact on residual risk</b> exposure until resolved.

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## Confidentiality

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

The Health Board shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

## Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the Health Board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies, procedures and regulatory requirements and guidance as appropriate.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

## Responsibilities

Responsibilities of management and Internal Auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.

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**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad y Cyfarfod</b>	<b>6 Mai 2021</b>	<b>Eitem ar yr agenda</b>	<b>2.1.2</b>
<b>Teitl yr Adroddiad</b>	<b>Adroddiadau Archwilio Mewnol</b>		
<b>Awdur yr Adroddiad</b>	Archwilio Mewnol		
<b>Noddwr yr Adroddiad</b>	Pennaeth Archwilio Mewnol		
<b>Cyflwynwyd gan</b>	Archwilio Mewnol		
<b>Rhyddid Gwybodaeth</b>	Agored		
<b>Diben yr Adroddiad</b>	Rhoi'r wybodaeth ddiweddaraf i'r Pwyllgor Archwilio a Sicrwydd am Weithgarwch Archwilio Mewnol ar gyfer 2020/21		
<b>Materion Allweddol</b>	Ystyried yr adroddiadau canlynol er gwybodaeth: <ul style="list-style-type: none"> <li>• Adroddiad Archwilio Mewnol ar Reoli Risg</li> <li>• Adroddiad Archwilio Mewnol ar Gyfathrebu ac Ymgysylltu</li> <li>• Adroddiad Archwilio Mewnol ar Reoli Perfformiad</li> </ul>		
<b>Camau Penodol sy'n Ofynnol</b> ( <i>un ✓ yn</i> unig os gwelwch yn dda)	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
	✓		
<b>Argymhellion</b>	Bod yr aelodau'n nodi'r wybodaeth ddiweddaraf am Weithgarwch Archwilio Mewnol.		
<b>Atodiadau</b>	2.1.2(a) – Adroddiad Archwilio Mewnol Rheoli Risg 2.1.2(b) – Adroddiad Archwilio Mewnol Cyfathrebu ac Ymgysylltu 2.1.2(c) – Adroddiad Archwilio Mewnol Rheoli Perfformiad		

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## **Risk Management**

### **Internal Audit Report**

**HEIW 2020/21**

**April 2021**

**NHS Wales Shared Services Partnership**

**Audit and Assurance Services**

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Appendix A  
Appendix B

Management Action Plan  
Assurance opinion and action plan risk rating

<b>Review reference:</b>	HEIW-2021-02
<b>Report status:</b>	Internal Audit Report
<b>Fieldwork commencement:</b>	14 January 2021
<b>Fieldwork completion:</b>	10 March 2021
<b>Draft report issued:</b>	18 March 2021
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<b>Auditors:</b>	Geoffrey Woolley, Principal Auditor Ken Hughes, Audit Manager
<b>Executive sign off:</b>	Dafydd Bebb, Board Secretary
<b>Distribution:</b>	Alex Howells, CEO Nicola Johnson, Director of Planning, Performance and Corporate Services Julie Rogers, Director of Workforce and OD Angela Parry, Interim Director of Nursing Push Mangat, Medical Director

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**Committee:**

Eifion Williams, Director of Finance  
Sian Richards, Director of Digital  
Audit and Assurance Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

**ACKNOWLEDGEMENT**

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

**Disclaimer notice - Please note:**

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Internal Audit Charter and the Annual Plan, approved by the Audit and Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Health Education and Improvement Wales, no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## 1. Introduction and Background

In line with the 2020/21 Internal Audit Plan for Health Education and Improvement Wales ('HEIW' or 'the organisation') a review of risk management was undertaken. The review sought to provide assurance to the Audit and Assurance Committee that there are effective processes in place to manage the organisation's risks.

HEIW has been in existence for two years and we have reviewed their risk management arrangements each year to see how a risk management culture and principles have started to embed within the organisation. Following our last review, and recommendations by Audit Wales, in July 2020 the Board of HEIW approved the organisation's updated risk management policy. Amendments included the process for escalating risks from directorates to the Corporate Risk Register (CRR), the requirement for directorates to use a standardised risk register template, and the inclusion of fraud risk assessments within the risk management framework.

In line with the policy, the CRR is underpinned by directorate and departmental risk registers. Up to the end of March 2020 the CRR was aligned to the strategic objectives set out in the 2019/20 Annual Plan. However, following an exercise undertaken by the Executive Team in July 2020, the CRR has been re-aligned to the 2020/23 Integrated Medium Term Plan (IMTP) strategic objectives and the risks posed by the ongoing Covid-19 pandemic.

The relevant lead for the review is the Board Secretary.

## 2. Scope and Objectives

The overall objective of the audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the organisation's risk management arrangements, and the progress made towards embedding risk management and the Board Assurance Framework into business operations. Our review sought to provide assurance to the Audit and Assurance Committee that risks material to the system's objectives are managed appropriately.

The areas that the review sought to provide assurance on are:

- Staff are aware of the organisation's risk management policy and the wider risk management arrangements, and these have been embedded throughout the organisation, with staff and members having received appropriate training and have access to risk management guidance.
- There are clearly defined procedures in place to identify and assess new operational risks at directorate and departmental level, including guidance on the application of HEIW's risk appetite.
- Risk management across the organisation is led and supported by Managers, who ensure a consistent approach is applied across all directorates.



- Risk registers are maintained throughout the organisation at corporate, directorate and departmental level. There is a defined process for escalating and de-escalating risk between levels and for the removal of risks from a register.
- Controls and actions designed to mitigate risks are fully recorded in the risk registers.
- The directorate and departmental implications of strategic risks are considered.
- Risk is actively monitored and scrutinised by an appropriate committee and at an appropriate level within the organisation.
- A framework is in place that allows the organisation to have oversight on the sources of assurance that are in place to mitigate against the risks associated with key strategic objectives.

### **3. Associated Risks**

The potential risks considered in the review were as follows:

- Risk becomes an issue as risks are not managed in line with the approved policy.
- Risk becomes an issue as staff are unaware of the process for managing them.
- Strategic objectives are not met as risks relating to the achievement of the objectives are not effectively managed.


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## **OPINION AND KEY FINDINGS**

### **4. Overall Assurance Opinion**

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with established controls for risk management is **Substantial Assurance**.

RATING	INDICATOR	DEFINITION
<b>Substantial Assurance</b>		The Board can take <b>substantial assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with <b>low impact on residual risk</b> exposure.

Our review of risk management in 2019/20 was issued in March 2020, at which time the overall assurance opinion was assessed as 'Reasonable Assurance'. It is encouraging to note that recommendations previously raised have largely been implemented and that the procedures in place have been built on and continued to be strengthened.

The risk management policy was updated in July 2020 to incorporate recommendations from the previous audit regarding directorate risk registers, escalation of risks, and to ensure greater consistency across the organisation. Furthermore, risk management training has been provided by a specialist external provider to the senior leadership team, and this was supported by internal training to other staff.

Many of the directorates have regular, typically monthly, procedures in place where their risk registers are formally reviewed and monitored to consider and update their operational risks and add any new risks which have been identified. For the other smaller directorates, risk management issues are likely to emerge from their general 'catch up' sessions. Each month, the Senior Leadership Team collectively review and consider the corporate risk register which covers the most significant risks across all directorates.

However, mechanisms could be further developed to share best practice and support consistency between directorates regarding their individual risk

management procedures. In addition, while each directorate's risk register followed the key structural requirements of the risk management policy, we note a number of minor inconsistencies between them.

We note two risks which were removed from the CRR at the start of the pandemic, which were not subsequently reinstated, and it is unclear if their omission from subsequent risk registers was appropriate.

The risk management policy requires that risk registers include a section to address mitigating actions for each risk. These generally included sufficient explanation to address clearly how this had been achieved. However, where risks have been escalated to the CRR, a note is not kept on the directorate risk register, and so the operational implications may not be kept in view but may be overlooked.




The development of the Board Assurance Framework (BAF) has continued. The approach was initially presented to the Audit and Assurance Committee in October 2020 which clearly set out what the BAF should do and the processes which are involved. Following on from this, HEIW is in the process of creating the assurance map required to identify and map the controls and key sources of assurance against the principle risks to achieving its strategic objectives. We understand that this will be presented to the Audit and Assurance Committee in July 2021.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

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## 5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
1	Risk Management Policy				✓
2	Defined procedures				✓
3	Risk Management Leads			✓	
4	Risk Registers			✓	
5	Controls to mitigate risks				✓
6	Implications of strategic risks				✓
7	Risk are appropriately monitored				✓
8	Risk framework				✓

\* The above ratings are not necessarily given equal weighting when generating the audit opinion.

### Design of Systems/Controls

The findings from the review have highlighted one issue that is classified as weaknesses in the system control/design for risk management.

### Operation of System/Controls

The findings from the review have highlighted three issues that are classified as weaknesses in the operation of the designed system/control for risk management.

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## 6. Summary of Audit Findings

In this section, we highlight areas of good practice that we identified during our review. We also summarise the findings made during our audit fieldwork. The detailed findings are reported in the Management Action Plan (Appendix A).

**Objective 1: Staff are aware of the organisation's risk management policy and the wider risk management arrangements, and these have been embedded throughout the organisation, with staff and members having received appropriate training and have access to risk management guidance.**

We note the following areas of good practice:

- An updated Risk Management Policy was implemented in July 2020 which incorporated a number of previous audit recommendations. These included providing clarity on the need for directorate risk registers, together with programme and project registers, escalation of risks from directorate risks registers into the Corporate Risk Register and providing a cross reference to the guidance on the risk scoring system to ensure consistency across the organisation.
- The updated Risk Management Policy was uploaded to SharePoint, and so was initially highlighted as a new document to all staff. In particular, the Risk Management Leads for each of the six Directorates within HEIW confirmed that they were familiar with its requirements.
- Risk training was provided in late 2019 to the Senior Leadership Team by an external provider. At the end of 2019 and into early 2020 training was then provided internally to other staff.

We identified the following finding:

- Risk training was completed in February 2020, with a few cases of non-attendance identified. Refresher training may be beneficial, and more detailed training should be provided for all staff who did not attend the previous sessions (Finding 2 - Low).

**Objective 2: There are clearly defined procedures in place to identify and assess new operational risks at directorate and departmental level, including guidance on the application of HEIW's risk appetite.**

We note the following areas of good practice:

- Many of the directorates have regular, typically monthly, procedures in place where their risk registers are formally reviewed to consider and update their operational risks and add any new risks which have been identified. For the other smaller directorates, risk management issues are likely to emerge from their general catch up sessions.

- Assessment of risks generally follows the guidance and structures included in the Risk Management Policy.

We did not identify any findings under this objective.

**Objective 3: Risk management across the organisation is led and supported by Managers, who ensure a consistent approach is applied across all directorates.**

We note the following areas of good practice:

- The Directors of each of the directorates collectively review and consider the overall Corporate Risk Register which covers all directorates.
- Within each directorate, Directors are supported by managers who identify and control departmental risks, review and address them and feed them into their directorate risk register.

We identified the following finding:

- There is no clear mechanism to raise issues, share best practice and support consistency between the directorates regarding their individual risk management procedures and risk registers (Finding 3 - Low).

**Objective 4: Risk registers are maintained throughout the organisation at corporate, directorate and departmental level. There is a defined process for escalating and de-escalating risk between levels and for the removal of risks from a register.**

We note the following areas of good practice:

- Directorate level risk registers exist for each of the directorates and, where appropriate, for some directorates, departmental risk registers were also maintained.
- Each month the Corporate Risk Register is circulated to each Director to submit any new risks or changes which require escalation. The Corporate Risk Register is collectively reviewed monthly by each Director which indicates any risks which can be de-escalated back to the directorate. In doing so, this also acts as a prompt to consider whether any changes are required to the directorate risk register.
- The Risk Management Policy includes guidance regarding scoring risks so that escalation, de-escalation and removal of risks from a register is consistently applied.

We identified the following findings:

- Two risks which were removed from the Corporate Risk Register at the start of the pandemic, were not subsequently reinstated and it is unclear that their omission from subsequent risk registers is appropriate (Finding 1 - Medium).

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- While each directorate's risk register followed the key structural requirements of the Risk Management Policy, a number of minor inconsistencies between them existed (Finding 4 - Low).

**Objective 5: Controls and actions designed to mitigate risks are fully recorded in the risk registers.**

We note the following areas of good practice:

- The Risk Management Policy requires that risk registers include a section 'Mitigating Action - Summary of action to date or proposed action to reduce risk impact or proximity', for each risk.
- For the Corporate Risk Register and directorate risk registers that we tested generally included sufficient explanation on how the risks had been mitigated, although occasionally the explanations were a little brief.

We did not identify any findings under this objective.

**Objective 6: The directorate and departmental implications of strategic risks are considered.**

We identified the following finding:

- Where risks have been escalated to the Corporate Risk Register, a note is not kept on the directorate risk register so that the operational implications of the strategic risks are kept in view and are not overlooked (Finding 4 - Low).

**Objective 7: Risk is actively monitored and scrutinised by an appropriate committee and at an appropriate level within the organisation.**

We note the following areas of good practice:

- The Corporate Risk Register is reviewed monthly by the Directors at their Executive Team meetings and quarterly by the Audit and Assurance Committee.
- Many of the directorates have regular, typically monthly, procedures in place where their risk registers are formally reviewed to consider and monitor their risks. For the other smaller directorates, risk monitoring is likely to emerge from their general catch up sessions.

We did not identify any findings under this objective.

**Objective 8: A framework is in place that allows the organisation to have oversight on the sources of assurance that are in place to mitigate against the risks associated with key strategic objectives.**

We note the following areas of good practice:

- The Annual Review of the Board Assurance Framework (BAF) which was presented to the Audit and Assurance Committee in October 2020 sets out clearly what a BAF should do and the processes which will be



involved. Following on from this, HEIW is in the process of creating an assurance map required to identify and map the controls and key sources of assurance against the principle risks to achieving its strategic objectives, and is planning to present this to the Audit and Assurance Committee in April 2021.

We did not identify any findings under this objective.

## 7. Summary of Recommendations

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	0	1	3	4

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<b>Finding 1 - Risk coverage on the Corporate Risk Register due to the pandemic (Operating effectiveness)</b>	<b>Risk</b>
<p>When the pandemic took hold in March 2020 the Corporate Risk Register, which was aligned with the annual plan, was set aside and a 'Covid-19 Prioritising' Corporate Risk Register was set up. Over the subsequent months, risks were added back to the Corporate Risk Register where considered appropriate. However, two risks from the March 2020 Corporate Risk Register relating to Welsh Language Legislation and the relationship with Social Care Wales were not reinstated and it is unclear that their omission from subsequent risk registers is appropriate.</p>	<p>Risks may be incorrectly excluded from the Corporate Risk Register.</p>
<b>Recommendation</b>	<b>Priority level</b>
<p>The Corporate Risk Register should be reviewed to ensure that relevant risks have been included.</p>	<p><b>Medium</b></p>
<b>Management Response</b>	<b>Responsible Officer/ Deadline</b>
<p>In Q1 the Corporate Risk Register was amended from being aligned to the 19/20 Annual Plan to be primarily aligned to the risk created by the response to the COVID-19 pandemic. The approach and updated CRR was considered by the Audit Committee in April. Following the first wave of the pandemic, the Executive Team Development Session on 9 July carried out a deep dive of the Corporate Risk Register and aligned it to the objectives of the approvable IMTP, taking into account the continued impact of the pandemic. The CRR was accordingly updated</p>	<p>Dafydd Bebb, Board Secretary Completed</p>

and the two risks identified above were removed from the register. The deep dive was referenced in the paper to the Audit Committee in October. More detailed notes of the deep dive should have been recorded and reported to the Audit Committee in October to reference and seek approval of the removal of the two risks. Going forward we will ensure that the Committee's approval is sought to remove any risks from the agenda.

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Finding 2 – Risk management training (Operating effectiveness)	Risk
Training has been provided to the Senior Leadership Team by an external provider. Training was then provided to other staff by the Board Secretary. We note that the training concluded in February 2020 and there were a few cases of non-attendance.	Not all staff may be sufficiently familiar with HEIW's Risk Management Policy requirements.
Recommendation	Priority level
Refresher risk management training may be beneficial for some staff and more detailed training should be provided for all staff who did not attend the previous sessions. This provides an opportunity to provide staff with an update on the changes made to the risk management policy.	Low
Management Response	Responsible Officer/ Deadline
We have a risk management training timetable in place. Going forward we will arrange a timetable of training sessions to include both refresher and introductory courses.	Dafydd Bebb – Board Secretary June 2021

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<b>Finding 3 – Sharing best practice and support consistency between directorates (Control design)</b>	<b>Risk</b>
The Directors of each of the directorates collectively review and consider the overall Corporate Risk Register, which covers all directorates. However, there is no clear mechanism to raise issues, share best practice and support consistency between the directorates regarding their individual risk management procedures and risk registers.	An inconsistent approach may exist between directorates to risk management procedures and risk registers.
<b>Recommendation</b>	<b>Priority level</b>
Management should consider developing a mechanism to raise issues, share best practice and support consistency between the directorates regarding their individual risk management procedures and risk registers.	<b>Low</b>
<b>Management Response</b>	<b>Responsible Officer/ Deadline</b>
A consistent approach to risk management can be achieved through the regular training session on risk which will include both refresher and induction training on our risk management policy.	Dafydd Bebb -Board Secretary June 2021

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<b>Finding 4 – Inconsistencies between directorate risk registers (Operating effectiveness)</b>	<b>Risk</b>
<p>While each directorate's risk register follows the key structural requirements of the Risk Management Policy, we identified a number of minor inconsistencies between them, including:</p> <ul style="list-style-type: none"> <li>• Named risk owners are not included consistently throughout the risk registers.</li> <li>• The date a risk is added is not always included, although the Risk Management Policy and Corporate Risk Register show this, and progress updates are not always dated.</li> <li>• One directorate has added a column to indicate whether a risk is also included on the Corporate Risk Register.</li> <li>• One directorate separates out green low rated risks to the end of the register.</li> <li>• One directorate includes a column for 'Risk Treatment' decisions (Accept, Avoid, Reduce and Transfer).</li> <li>• Most directorates use Word to maintain their risk register as does the Corporate Risk Register, whereas others use Excel.</li> </ul>	<p>Inconsistencies between directorate risk registers may impede the smooth management of risks within the organisation including their escalation and de-escalation.</p>
<b>Recommendation</b>	<b>Priority level</b>
<p>A review of directorate risk registers should be undertaken to consider best practice and ensure consistency between them.</p>	<p><b>Low</b></p>

Management Response	Responsible Officer/ Deadline
The importance of ensuring that risk owners are named and that the dates that risks are entered onto the CRR will be highlighted to the directorates. The other minor inconsistencies highlighted within the report are not deemed to be material and therefore deemed to be low risk.	Dafydd Bebb – Board Secretary June 2021

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

### Audit Assurance Ratings



**Substantial assurance** - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.



**Reasonable assurance** - The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.



**Limited assurance** - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.



**No assurance** - The Board can take **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **high impact on residual risk** exposure until resolved.

### Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
<b>High</b>	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

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

# **Communication and Engagement**

## **Internal Audit Report**

**HEIW**

**2020/21**

**March 2021**

**NHS Wales Shared Services Partnership  
Audit and Assurance Services**

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Appendix A	Assurance opinion and action plan risk rating

<b>Review reference:</b>	HEIW-2021-05
<b>Report status:</b>	Final Internal Audit Report
<b>Fieldwork commencement:</b>	16 February 2021
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<b>Draft report issued:</b>	30 March 2021
<b>Management response received:</b>	30 March 2021
<b>Final report issued:</b>	31 March 2021
<b>Auditors:</b>	Stuart Bodman, Principal Auditor Emma Samways, Deputy Head of Internal Audit
<b>Executive sign off:</b>	Julie Rogers, Deputy CEO / Director of Workforce & Organisational Development
<b>Distribution:</b>	Angharad Price, Head of Communications
<b>Committee:</b>	Audit and Assurance Committee

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## 1. Introduction and Background

In line with the 2020/21 Internal Audit Plan for Health Education and Improvement Wales ('HEIW' or 'the organisation') a review of communication and engagement was undertaken.

Changes in technology are constantly affecting how organisations are expected to engage with their employees and other stakeholders who now demand a culture of transparent, frequent and high-quality communications. To successfully navigate the changes ahead, it is important that HEIW communicates clearly and effectively so that it can successfully engage with all stakeholders, both internal and external to the organisation.

A one-year Communication and Engagement Strategy was approved by the Board and implemented in 2019/20. This was due to be refreshed for 2020/21 and extended to align with the three-year period covered by the organisation's Integrated Medium-Term Plan (IMTP), but this has been delayed due to the Covid-19 pandemic. Coupled with this, the workload for the Communications and Engagement Team also increased as a direct impact of the pandemic.

Our audit focused on the implementation of the key components of the 2019/20 Communication and Engagement strategy, primarily reviewing related activity during the pandemic. This work may inform a more in-depth review in later years.

The relevant lead for the review is the Deputy CEO / Director of Workforce and Organisational Development.

## 2. Scope and Objectives

The overall objective of our audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the organisation's communication and engagement arrangements. Our review sought to provide assurance to the Audit and Assurance Committee that risks material to the system's objectives are managed appropriately.

The areas that our review sought to provide assurance on were:

- The organisation has identified all stakeholders and a baseline position of engagement has been established for each category of stakeholder.
- An appropriate implementation plan linked to the Communication and Engagement Strategy is in place.
- Risks relating to poor stakeholder engagement have been considered and are captured and monitored.

There are suitable measures to enable the organisation to assess the level of engagement with stakeholders.

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- There is active and timely engagement with all stakeholders, and that engagement is being used to influence the development and delivery of the organisation's business.
- Key engagement activity and outcomes are being reported to the Board to enable Members to assess whether the organisation is successfully and effectively communicating and engaging with stakeholders.

### 3. Associated Risks

The potential risks considered in the review are as follows:


- Failure to effectively communicate and engage with stakeholder groups may lead to the organisation's strategic objectives not being achieved.
- Reputational damage due to a lack of effective communication and engagement.

## OPINION AND KEY FINDINGS

### 4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the communication and engagement is Substantial assurance.

RATING	INDICATOR	DEFINITION
<b>Substantial Assurance</b>		The Board can take <b>substantial assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with <b>low impact on residual risk</b> exposure.

In summary, sound structures and processes are in place that underpin the delivery of the Communication and Engagement Strategy.

This have been enabled by the identification of appropriate stakeholders and establishment of regular and ongoing engagement with them via a variety of media platforms. The organisation maintains a list of its current

stakeholders and the initial work to identify them is subject to ongoing review to ensure completeness.

The Communication and Engagement Strategy contains an implementation workplan. The plan is structured around eight priority areas and includes actions such as using social media to engage more and working with the engagement teams in partner organisations. Our review and testing of a range of objectives from across the eight priority areas identified that delivery work has continued throughout the pandemic. We note that often the engagement has had more of a Covid-19 focus, and the approach to communication may have changed to take account of the current environment. For example, the use of online events instead of face to face stakeholder events.

A robust risk management process is in place that enables departmental risks to be captured and the regular review, reporting and monitoring of risks, including escalation of key communication and engagement related risks to the directorate risk register if necessary.





There is regular monitoring and assessment of stakeholder engagement and feedback, and this is reported to the HEIW Board as part of the performance dashboard. This helps to inform organisational planning, and it is clear that stakeholder engagement is being used to influence the development and delivery of the organisation's business objectives.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

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## 5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
1	Stakeholder Identification				✓
2	Communication and Engagement Strategy Workplan				✓
3	Risk Management of Risks relating to Stakeholder Engagement				✓
4	Measures to Assess Engagement with Stakeholders				✓
5	Stakeholder Engagement - Influence & Delivery of Business				✓
6	Reporting of Engagement Activity to the Board				✓

\* The above ratings are not necessarily given equal weighting when generating the audit opinion.

### Design of Systems/Controls

We did not identify any issues that are classified as weaknesses in the system control/design for Communication and Engagement.

### Operation of System/Controls

We did not identify any issues that are classified as weaknesses in the operation of the designed system/control for Communication and Engagement.

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## 6. Summary of Audit Findings

In this section, we highlight areas of good practice that we identified during our review. We did not identify any findings during our audit fieldwork that we need to detail in this report.

### **Objective 1: The organisation has identified all stakeholders and a baseline position of engagement has been established for each category of stakeholder.**

We note the following areas of good practice:

- The organisation has held a number of events both before its inception and since, to identify relevant and appropriate stakeholders and to establish the level of required engagement with each category of stakeholder.
- The organisational stakeholder list is current and is monitored to ensure it is complete and accurate.

We did not identify any findings under this objective.

### **Objective 2: An appropriate implementation plan linked to the Communication and Engagement Strategy is in place.**

We note the following areas of good practice:

- The strategy contains a detailed plan of work linked to the organisation's priorities. Each priority has a number of actions outlining what the organisation wishes to communicate and engage on, and how it will do this.
- From our review of a sample of actions from each objective, we saw evidence that HEIW was actively communicating and engaging with stakeholders. We note that where practicable, work continued to deliver the workplan objectives throughout the pandemic.

We did not identify any findings under this objective.

### **Objective 3: Risks relating to poor stakeholder engagement have been considered and are captured and monitored.**

We note the following area of good practice:

- A comprehensive Communication and Engagement department risk register is in place. Risks relating to stakeholder engagement are considered, captured and subject to regular monitoring. Where necessary, there has been escalation to the Workforce and OD directorate risk register.

We did not identify any findings under this objective.

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**Objective 4: There are suitable measures to enable the organisation to assess the level of engagement with stakeholders.**

We note the following areas of good practice:

- Stakeholder engagement and feedback is assessed, recorded and reported to HEIW's Board via the performance report and in turn informs organisational IMTP planning.
- Data in relation to press and media coverage is collected and is regularly reviewed to identify the types of coverage and commentary. Feedback is provided accordingly to interested parties.

We did not identify any findings under this objective.

**Objective 5: There is active and timely engagement with all stakeholders, and there is evidence that engagement is being used to influence the development and delivery of the organisation's business.**

We note the following area of good practice:

- Through our audit fieldwork we saw evidence that the organisation actively engaged with its stakeholders, and clear evidence that this engagement is being used to influence the development and delivery of the organisation's business objectives, for example through the Local Partnership Forum.

We did not identify any findings under this objective.

**Objective 6: Key engagement activity and outcomes are being reported to the Board to enable Members to assess whether the organisation is successfully and effectively communicating and engaging with stakeholders.**

We note the following area of good practice:

- Key engagement activity and outcomes such as for social media are regularly reported to the Board to enable members to assess whether the organisation is successfully and effectively communicating and engaging with stakeholders.

We did not identify any findings under this objective.

## **7. Summary of Recommendations**


We include this table for completeness, but we did not identify any findings that need to be reported. The summary table is outlined below.


Priority	H	M	L	Total
Number of recommendations	0	0	0	0





## Appendix A - Assurance opinion and action plan risk rating

### Audit Assurance Ratings

 **Substantial assurance** - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.

 **Reasonable assurance** - The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.

 **Limited assurance** - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.

 **No assurance** - The Board can take **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **high impact on residual risk** exposure until resolved.

### Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
<b>High</b>	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

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

# **Performance Management**

## **Internal Audit Report**

**HEIW**

**2020/21**

**April 2021**

**NHS Wales Shared Services Partnership**  
**Audit and Assurance Services**

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<b>Review reference:</b>	HEIW-2021-06
<b>Report status:</b>	Internal Audit Report
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<b>Auditors:</b>	Ken Hughes, Audit Manager Emma Samways, Deputy Head of Internal Audit
<b>Executive sign off:</b>	Nicola Johnson, Director of Planning, Performance and Corporate Services
<b>Distribution:</b>	Chris Payne, Assistant Director, Planning, Performance and Corporate Services
<b>Committee:</b>	Audit and Assurance Committee

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Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

### **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.

### **Disclaimer notice - Please note:**

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the Internal Audit Charter and the Annual Plan, approved by the Audit and Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership - Audit and Assurance Services and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Health Education and Improvement Wales, no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## 1. Introduction and Background

In line with the 2020/21 Internal Audit Plan for Health Education and Improvement Wales ('HEIW' or 'the organisation') a review of Performance Management was undertaken. The review sought to provide assurance to the Audit and Assurance Committee that there are effective processes in place to manage any performance risks.

Since its formation in 2018, HEIW has been continuously developing its performance monitoring arrangements and now produces a quarterly, organisation wide Integrated Performance Report and dashboard that remains under continuous review.

Up until March 2020 the Integrated Performance Report was aligned to the strategic aims and associated objectives contained within the 2019/20 annual operational plan. From April 2020, HEIW were required to produce a three-year IMTP to replace their annual operational plan, and the Integrated Performance Report was to be realigned to the IMTP strategic aims and objectives.

However, the onset of the Covid-19 pandemic in March 2020 resulted in a delay to the implementation of the IMTP and the production of a quarterly operational plan in line with the Welsh Government Covid-19 Operating Framework.

This audit built on the audit work undertaken in the last two years and focused on the development and implementation of a performance management framework, the re-alignment of the Integrated Performance Report with the IMTP and the Operating Framework and the impact on performance management of Covid-19.

The relevant lead for the review is the Director of Planning, Performance and Corporate Services.

## 2. Scope and Objectives

The overall objective of the audit was to evaluate and determine the adequacy of the systems and controls in place in relation to the organisation's performance management arrangements. The review sought to provide assurance to the Audit and Assurance Committee that risks material to the system's objectives were managed appropriately.

The areas that the review sought to provide assurance on were:

- The Integrated Performance Report is aligned to the strategic aims and their associated objectives recorded in the IMTP and the Operating Framework.
- For each strategic objective the organisation has defined 'what success will look like' so that performance can be measured against it. Key performance measures have been identified that are Specific, Measurable, Achievable, Realistic and Time-bound (SMART) and are reported via the dashboard.

- There has been input on the development of the performance management framework including the Integrated Performance Report and dashboard from the Board and members of the Executive Team.
- The Integrated Performance Report and dashboard are clear, concise and user friendly and allow readers to understand the performance of the organisation at a point in time and the direction of travel.
- Responsibility for each performance measure has been specifically assigned to an executive lead and responsible officer.
- There are clear processes in place to capture and validate the data required to produce performance information, whilst maintaining its integrity.
- Individual staff, department and directorate objectives, performance measures and indicators are aligned with those of the organisation.
- Performance is monitored at individual staff and department / directorate level as well as at an organisational level with appropriate reporting. The Integrated Performance Report identifies area for improvement.

We have also followed up on the progress that the organisation has made in implementing the agreed actions relating to the recommendations made in our 2019/20 Performance Management report.

### **3. Associated Risks**

The potential risks considered in the review were as follows:

- Failure to achieve objectives due to limited monitoring and reporting of performance information.
- Poor decisions made by the Executive Team as a result of receiving inaccurate performance data.


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## **OPINION AND KEY FINDINGS**

### **4. Overall Assurance Opinion**

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the Performance Management system is Substantial Assurance.

<b>RATING</b>	<b>INDICATOR</b>	<b>DEFINITION</b>
<b>Substantial Assurance</b>		The Board can take <b>substantial assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with <b>low impact on residual risk</b> exposure.

Good progress has been made since our previous audit of performance management, with the Performance Management Framework being further developed and approved by the Board. There was evidence that the performance management framework had been developed with input from the Senior Leadership Team, Executive Team and Board, and responsibility for each performance measure has been specifically assigned to an executive lead and responsible officer.

The Integrated Performance Report is aligned with the organisation's strategic aims and objectives, and key performance measures have been identified that fit the SMART criteria. We did note that a number of strategic objectives have been classified within the performance report as deferred, however the report provides no explanation or rationale as to why they have been deferred.

There are also well established, clear processes, in place to capture performance data for the Integrated Performance Report.

However further improvements could be made by amending the performance report to ensure a RAG rating is recorded against each individual strategic objective and removing inconsistencies between the narrative report in section two of the Integrated Performance Report and the dashboard. We also identified a number of performance measures within the dashboard that had no performance target attributed to them, therefore making it difficult to determine if a reported performance was in

fact good or poor. Furthermore, most of the performance measures in the dashboard did not report previous achievements, so direction of travel could not be determined.

Our follow up review of last year's performance management report confirmed that of the seven recommendations raised, four had been fully implemented whilst work was ongoing to complete the remaining three recommendations, of which two were a medium priority recommendation and one was a low priority. Progress in fully implementing the three outstanding recommendations will be monitored through the Audit Tracker.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

## 5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
<b>1</b>	Strategic aims and objectives				✓
<b>2</b>	Performance goals and success factors			✓	
<b>3</b>	Input to the performance management framework				✓
<b>4</b>	Clear reporting of organisational performance			✓	
<b>5</b>	Assignment of responsibility				✓
<b>6</b>	Data validation				✓
<b>7</b>	Alignment of objectives and performance measures				✓

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Assurance Summary					
8	Performance monitoring				✓

\* The above ratings are not necessarily given equal weighting when generating the audit opinion.

### Design of Systems/Controls

The findings from the review have not highlighted any issues that are classified as a weakness in the system control/design for Performance Management.

### Operation of System/Controls

The findings from the review have highlighted four issues that are classified as weaknesses in the operation of the designed system/control for Performance Management.

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## 6. Summary of Audit Findings

In this section, we highlight areas of good practice that we identified during our review. We also summarise the findings made during our audit fieldwork. The detailed findings are reported in the Management Action Plan (Appendix A).

### **Objective 1: The Integrated Performance Report is aligned to the strategic aims and their associated objectives recorded in the IMTP and the Operating Framework.**

We note the following area of good practice:

- The strategic aims and objectives in the Integrated Performance Report align with those in the Annual Operational Plan and what would have been the 2020/23 IMTP.

We identified the following finding:

- The Integrated Performance Report provides a RAG rated summary status for the progress of the strategic objectives under each strategic aim, but does not identify the individual status of each strategic objective in the report, so it can be difficult to determine which specific objectives are green, amber or red and therefore on or off track (Finding 1 - Medium Priority).

### **Objective 2: For each strategic objective the organisation has defined 'what success will look like' so that performance can be measured against it. Key performance measures have been identified that are Specific, Measurable, Achievable, Realistic and Time-bound (SMART) and are reported via the dashboard.**

We note the following areas of good practice:

- The organisation has established 'what success will look like in 2023' and this has been defined for each strategic objective within the 2020/23 IMTP.
- Where performance measures have been included within the Integrated Performance Report, they complied with the SMART criteria.

We identified the following findings:

- Although the organisation has defined 'what success will look like' for each of their strategic objectives, this is recorded in the 2020/23 IMTP, but not in the Integrated Performance Report (Finding 4 - Low Priority).
- A number of the performance measures reported on the dashboard do not contain performance targets (Finding 2 - Medium).

### **Objective 3: There has been input on the development of the performance management framework including the Integrated Performance Report and dashboard from the Board and members of the Executive Team.**

We note the following area of good practice:

- The performance management framework has been subject to ongoing review and development with input from the Senior Leadership Team, Executive Team and Board.

We did not identify any findings under this objective.

**Objective 4: The Integrated Performance Report and dashboard are clear, concise and user friendly and allow readers to understand the performance of the organisation at a point in time and the direction of travel.**

We note the following areas of good practice:

- A narrative commentary and RAG rating are used to report progress against the organisation's strategic aims and objectives.
- A narrative commentary and dashboard are used to report on organisational performance.
- The dashboard includes performance against a range of KPIs.

We identified the following findings:

- There were inconsistencies, such as different categories of fill rates, between the narrative report in section two of the Integrated Performance Report and the dashboard (Finding 2 - Medium Priority).
- Where strategic objectives were recorded in the performance report as being 'deferred', no reasons were provided for the deferment in the report we reviewed (Finding 3 - Low Priority).

**Objective 5: Responsibility for each performance measure has been specifically assigned to an executive lead and responsible officer.**

We note the following areas of good practice:

- Responsibility for each of the strategic objectives arising from the Annual Operational Plan and reported in section one of the Integrated Performance Report had been assigned to a Senior Responsible Officer via a performance reporting template.
- Responsibility for each of the performance measures reported in section two of the Integrated Performance Report and dashboard had been assigned to a responsible officer via the data glossary.

We did not identify any findings under this objective.

**Objective 6: There are clear processes in place to capture and validate the data required to produce performance information, whilst maintaining its integrity.**

We note the following areas of good practice:

- There are well established, clear processes in place to capture the performance data required for the Integrated Performance Report.

- Where appropriate data was subject to checking prior to inclusion in the Integrated Performance Report.
- A data glossary is maintained that details the executive owner and responsible officer for each data set in the Integrated Performance Report.

We did not identify any findings under this objective.

**Objective 7: Individual staff, department and directorate objectives, performance measures and indicators are aligned with those of the organisation.**

We note the following area of good practice:

- PADR template forms have recently been updated to show how individual and team objectives are aligned to the organisation's strategic aims and objectives.

We did not identify any findings under this objective.

**Objective 8: Performance is monitored at individual staff and department / directorate level as well as at an organisational level with appropriate reporting. The Integrated Performance Report identifies area for improvement.**

We note the following areas of good practice:

- Performance at department and directorate level is recorded in the narrative within section one of the Integrated Performance Report which reports on progress against the organisation's strategic objectives, and also through the performance dashboard.
- The Integrated Performance Report identifies areas for improvement.

We did not identify any findings for this objective.

## **7. Summary of Recommendations**

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	0	2	2	4

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<b>Finding 1 – Reporting progress against strategic objectives (Operating effectiveness)</b>	<b>Risk</b>
<p>Section one of the Integrated Performance Report, which sets out performance against objectives, provides a RAG rating summary status of the progress in achieving the strategic objectives under each strategic aim. However, the report does not clearly identify the status of each individual strategic objective and it can be difficult to easily determine from the accompanying narrative which strategic objectives are 'on track' or 'off track'.</p> <p>For example, strategic aim 4 has 14 strategic objectives. In December 2020 the RAG summary status shows three amber and nine green, with the remaining two objectives deferred. However, the summary for each strategic aim does not include the number of deferred objectives, and it is not clear which of the objectives are amber or green.</p>	<p>Strategic objectives are not achieved as they have not been clearly identified when off track and have not been appropriately scrutinised.</p>
<b>Recommendation</b>	<b>Priority level</b>
<ol style="list-style-type: none"> <li>1. For clarity, the status / RAG rating of each individual strategic objective should be recorded in the Integrated Performance Report.</li> <li>2. Management should review the report to ensure that the summary status of strategic objectives for each strategic aim includes the number of deferred objectives, and the summary total agrees to the total number of strategic objectives for each strategic aim.</li> </ol>	<p><b>Medium</b></p>

Management Response	Responsible Officer/ Deadline
Agreed – In future reports to be considered by the Board, the status of each Objective will be given. We will also ensure that the summary status and total includes deferred Objectives.	Assistant Director of Planning & Performance May 2021

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Finding 2 - Performance report data (Operating effectiveness)	Risk
<p>Section two of the Integrated Performance Report sets out organisational performance across key areas. The narrative is generally clear and concise, although at some points it appears inconsistent with the data in the dashboard, which is an appendix to the report.</p> <p>For example, in the December 2020 report the narrative refers to recruitment rates and fill rates for six areas namely: Foundation Training, Secondary Care, GP, Dental, Pharmacy and Physician Associates. However, the dashboard includes recruitment rates for four groups (Medical, Primary Care, Dental and Pre-Reg Pharmacy), and fill rates for four groups (Nursing &amp; Midwifery, AHPs, Healthcare scientists and Physician Associates). Only three groups are common to both section two of the performance report and the dashboard.</p> <p>The dashboard includes some performance targets and KPIs, which are mandatory and set by the Welsh Government, for example the sickness rate, statutory and mandatory training compliance rates and PADR completion rates. Whilst other, internally developed performance targets and KPIs generally followed the SMART principles, not all performance measures had targets. For example, agency spend as a percentage of total pay, the number of medical appraisals completed, the percentages for information governance training, the number of twitter followers or number of page 'likes' on Facebook.</p> <p>We also note that the 'direction of travel' from the previous performance report and dashboard for each strategic objective and performance measure is not</p>	<p>Lack of clarity of the performance reported.</p>

recorded. This would help demonstrate where improvements are happening, or if there is a more negative trend.	
<b>Recommendation</b>	<b>Priority level</b>
<ol style="list-style-type: none"> <li>1. The data reported in the narrative of section two of the Integrated Performance Report should be consistent with that reported in the dashboard. If appropriate, a narrative report should be provided in section two of the performance report for all measures included in the dashboard. There should be a clear reconciliation between the body of the Integrated Performance Report and the dashboard appendix.</li> <li>2. Where possible targets should be developed for all the data sets reported in the dashboard, which should also show the direction of travel from the previous performance report and comparative data from the previous year where this is relevant.</li> </ol>	<b>Medium</b>
<b>Management Response</b>	<b>Responsible Officer/ Deadline</b>
<ol style="list-style-type: none"> <li>1. Agreed – We agree there should be a clear reconciliation between the body of the Integrated Performance Report and the dashboard. In line with best practice, we also seek to ensure that the Board's attention is concisely drawn to relevant matters, risks and KPIs that have changed. We will continue to seek a balance between the completeness of the report and a level of detail which could obscure the pertinent messages. We will appropriately consider the inclusion of narrative on indicators that may not have changed or are low</li> </ol>	Assistant Director of Planning & Performance September 2021



<p>risk.</p> <p>2. Agreed – As part of our agreed programme of work, during 2021/22 work will be undertaken to agree targets (where relevant) and indicate trends in data movement where not provided currently.</p>	<p>Assistant Director of Planning &amp; Performance December 2021</p>
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Finding 3 - Deferred strategic objectives (Operating effectiveness)	Risk
<p>HEIW has 39 strategic objectives. At the end of December 2020, five were rated as amber and 34 as green, with none rated as red. During 2020, a further seven objectives were deferred. Four of which related to strategic aim two; this accounts for nearly half of all of the strategic objectives for this strategic aim.</p> <p>We have been informed that the onset of the Covid-19 pandemic is the reason for all deferrals and that an explanation was provided in the July 2020 Integrated Performance Report. However, that explanation has not be re-stated in future versions of the report and as such the reader of the more recent reports would not be aware of the reason for the deferrals.</p> <p>it is therefore unclear if the rationale for deferral is sound or if Red RAG rating would have been more appropriate.</p>	<p>Strategic aims of the organisation are not achieved where objectives are deferred and no longer monitored.</p>
Recommendation	Priority level
<p>Where action to achieve strategic objectives has been deferred, for clarity and completeness, consideration should be given to recording the deferral reasons against the relevant objective.</p>	<p><b>Low</b></p>

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Management Response	Responsible Officer/ Deadline
Agreed – The Objectives were deferred with the approval of the Board as part of the organisation's review of its plans to support the system response to Covid-19. An explanation of this reason for the deferral of Strategic Objectives will be included in the upcoming end of year performance report, and future performance reports if this should reoccur.	Assistant Director of Planning & Performance May 2021

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Finding 4 - Success factors (Operating effectiveness)	Risk
<p>The organisation has defined 'what success will look like' for each of their strategic objectives, which is recorded in the 2020/23 IMTP. However, the information is not in the 2020/21 Annual Operational Plan or the Integrated Performance Report.</p> <p>Whilst the 2020/23 IMTP had been approved by the Board and was submitted to the Welsh Government, approvals were paused due to the Covid-19 pandemic and HEIW were instead required to continue working to an annual plan during 2020/21. As such, the IMTP and 'success' factors for each of the strategic objectives are not currently in the public domain.</p>	<p>The organisation is undertaking work and not mindful of what it is trying to achieve overall.</p>
Recommendation	Priority level
<p>The success factors, as defined in the organisation's IMTP, should also be included in the integrated performance report with progress monitored and reported quarterly.</p>	<p><b>Low</b></p>


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Management Response	Responsible Officer/ Deadline
Agreed - For the Annual Plan 2021-22, success measures have been identified for each objective and the Plan will be Board-approved and submitted to Welsh Government by the end of June (and will therefore be in the public domain). The inclusion of quantifiable success factors in the report and dashboard will be tested with the Leadership programme (Strategic Aim 3), with the aim of rolling out across the rest of our Strategic Aims through the planning/performance cycle.	Assistant Director of Planning & Performance  May 2022


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

### Audit Assurance Ratings

 **Substantial assurance** - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.

 **Reasonable assurance** - The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.

 **Limited assurance** - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.

 **No assurance** - The Board can take **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **high impact on residual risk** exposure until resolved.

### Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
<b>High</b>	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

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



**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad Cyfarfod</b>	6 Mai 2021	<b>Eitem Agenda</b>	<b>2.2</b>
<b>Teitl yr Adroddiad</b>	Adroddiad Blynyddol Uwch-berchnogion Risg Gwybodaeth (SIRO) 2020/21		
<b>Awdur yr Adroddiad</b>	Catherine English, Rheolwr Llywodraethu Corfforaethol		
<b>Noddwr yr Adroddiad</b>	Dafydd Bebb, Ysgrifennydd y Bwrdd		
<b>Cyflwynir gan</b>	Dafydd Bebb, Ysgrifennydd y Bwrdd		
<b>Rhyddid Gwybodaeth</b>	Agored		
<b>Pwrpas yr Adroddiad</b>	<p>Mae'r adroddiad hwn yn cyflwyno, i AaGIC, Adroddiad Blynyddol Perchnogion Risg Gwybodaeth (SIRO) 2020/21.</p> <p>Ystyrir yr adroddiad hwn yn genedlaethol fel arfer dda o ran hysbysu aelodau'r Bwrdd am heriau Llywodraethu Gwybodaeth ac o ran bodloni gofynion rheoliadol.</p>		
<b>Materion Allweddol</b>	<p>Mae'r adroddiad yn ceisio profi cydymffurfriad â'r gofynion cyfreithiol a rheoliadol sy'n ymwneud â Llywodraethu Gwybodaeth gan gynnwys cydymffurfio â Deddf Diogelu Data 2018 a Deddf Rhyddid Gwybodaeth 2010.</p> <p>Mae'r adroddiad yn manylu ar gyflawniadau ac amcanion allweddol gan gynnwys:</p> <ul style="list-style-type: none"> <li>Gwelliant parhaus a chydymffurfriad â gofynion Deddf Diogelu Data 2018 a'r Rheoliad Cyffredinol ar Ddiogelu Data.</li> <li>Cyflawni cydymffurfriad o 97% â cheisiadau Rhyddid Gwybodaeth.</li> <li>Cyflwyno Pecyn Cymorth Llywodraethu Gwybodaeth Cymraeg cyntaf AaGIC</li> <li>Mabwysiadu gwasanaethau'r Ganolfan Seiberddiogelwch Genedlaethol (NCSC);</li> <li>Blaenoriaethau a chynlluniau Llywodraethu Gwybodaeth a Seiberddiogelwch ar gyfer 2021/22.</li> </ul>		
<b>Gweithred Benodol a Fynnir</b>	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
(✓ un yn unig, os gwelwch yn dda)			✓
<b>Argymhelliad</b>	<p>Gofynnir i aelodau'r pwyllgor:</p> <ul style="list-style-type: none"> <li><b>nodi'r</b> adroddiad at ddiben <b>sicrwydd</b></li> </ul>		

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# ADRODDIAD BLYNYDDOL UWCH-BERCHNOGION RISG GWYBODAETH (SIRO)

## 1. CYFLWYNIAD

Mae'r adroddiad hwn yn cyflwyno, i AaGIC, Adroddiad Blynyddol Uwch-berchnogion Risg Gwybodaeth (SIRO) 2020/21.

## 2. CEFNDIR

Ystyrir adroddiad SIRO yn genedlaethol fel arfer dda o ran hysbysu aelodau'r Bwrdd am heriau Llywodraethu Gwybodaeth ac o ran bodloni gofynion rheoliadol.

## 3. CYNNIG

Mae adroddiad SIRO yn darparu trosolwg o'r agenda Llywodraethu Gwybodaeth ac yn cynnwys diweddariad ar berfformiad AaGIC yn y maes hwn yn ystod 2020/21 ynghyd â braslun o'r cynlluniau ar gyfer 2021/22.

Mae'r adroddiad hefyd yn ceisio dangos cydymffurfiaid â'r gofynion cyfreithiol a rheoliadol sy'n ymwneud â Llywodraethu Gwybodaeth ac mae'n cwmpasu cydymffurfiaid â Deddf Diogelu Data 2018 a Deddf Rhyddid Gwybodaeth 2010.

## 4. MATERION LLYWODRAETHU A RISG

Rhaid i'r SIRO hyrwyddo lleihau risg gwybodaeth trwy sicrhau defnydd effeithiol o adnoddau a chyfathrebiad priodol gyda'r holl staff. Y nod yw creu diwylliant lle mae gwybodaeth yn cael ei gwerthfawrogi fel ased a lle y rheolir risg gwybodaeth mewn modd realistig ac effeithiol o fewn y fframweithiau deddfwriaethol sy'n berthnasol i'r Awdurdod Iechyd Arbennig.

## 5. GOBLYGIADAU ARIANNOL

Nid oes unrhyw oblygiadau ariannol uniongyrchol.

## 6. ARGYMHELLIAD

Gofynnir i aelodau'r pwyllgor nodi'r adroddiad at ddiben **sicrwydd**.

Llywodraethu a Sicrwydd			
<b>Cyswllt â nodau strategol IMTP</b> ( <i>os gwelwch yn dda</i> )	<b>Nod Strategol 1:</b> Arwain cynlluniad, datblygiad a lles gweithlu cymwys, cynaliadwy a hyblyg i gefnogi cyflawniad 'Cymru Iachach'	<b>Nod Strategol 2:</b> Gwella ansawdd a hygyrchedd addysg a hyfforddiant ar gyfer holl staff gofal iechyd gan sicrhau ei fod yn diwallu anghenion i'r dyfodol	<b>Nod Strategol 3:</b> Gweithio gyda phartneriaid i ddylanwadu ar newid diwylliannol o fewn GIG Cymru trwy adeiladu galluedd arweinyddiaeth dosturiol a chyfunol ar bob lefel



	<b>Nod Strategol 4:</b> Datblygu'r gweithlu i gefnogi darpariad diogelwch ac ansawdd	<b>Nod Strategol 5:</b> Bod yn esiampl o ran cyflogwr ac yn lle gwyh i weithio	<b>Nod Strategol 6:</b> Cael ein cydnabod fel partner, dylanwadwr ac arweinydd rhagorol
	✓	✓	
<b>Ansawdd, Diogelwch a Phrofiad y Claf</b>			
Rhaid i'r SIRO hyrwyddo lleihau risg gwybodaeth trwy sicrhau defnydd effeithiol o adnoddau a chyfathrebiad priodol gyda'r holl staff. Y nod yw creu diwylliant lle mae gwybodaeth yn cael ei gwerthfawrogi fel ased a lle y rheolir risg gwybodaeth mewn modd realistig ac effeithiol o fewn y fframweithiau deddfwriaethol sy'n berthnasol i'r Awdurdod Iechyd Arbennig.			
<b>Goblygiadau Ariannol</b>			
Dim			
<b>Goblygiadau Cyfreithiol (gan gynnwys asesiad cydraddoldeb ac amrywiaeth)</b>			
Dim			
<b>Goblygiadau Staffio</b>			
Dim			
<b>Goblygiadau Tymor Hir (gan gynnwys effaith Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015)</b>			
Mae'r defnydd diogel a chadarn o dechnoleg a gwybodaeth yn gyson â nodau Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015.			
<b>Hanes Adroddiadol</b>	Ystyriwyd gan y Tîm Gweithredol		
<b>Atodiadau</b>	Atodiad 1 - Adroddiad Blynnyddol SIRO 2020/21		

Health Education and Improvement Wales

# Risk Owner (SIRO) Report

Draft Document

2020/21

**Author:** Dafydd Bebb, Board Secretary

English: Catherine  
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**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwellu Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

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## Introduction from the Senior Information Risk Owner

It is a great pleasure to present HEIW's second annual report from its Senior Information Risk Owner (SIRO). The SIRO is responsible for advising the Board and the Accountable Officer about Information Risk and takes ownership of the organisation's information risk processes. The SIRO must advocate at the Board the reduction of information risk by ensuring effective use of resources and through appropriate communication to all staff. The aim is to create a culture in which information is valued as an asset and information risk is managed in a realistic and effective manner within the legislative frameworks that pertain to the Special Health Authority.

There is a requirement for robust governance to comply with legislation whilst also achieving a balance with operational effectiveness so that progress is not undermined or damaged by poor Information Governance (IG) and Cyber Security practices. To achieve this there is a comprehensive range of national guidance and legislation with which HEIW must comply, including:

- General Data Protection Regulation (2018)
- UK GDPR
- Data Protection Act (2018)
- Public Records Act (1958)
- Freedom of Information Act (2000)
- Computer Misuse Act (1990)
- Common Law duty of confidentiality
- Wales Accord on the Sharing of Personal Information (WASPI)
- (\*) Network and Information Systems Regulations 2018 (NIS)
- Other appropriate legislation

HEIW was established as a Special Health Authority on 1 October 2018. During 2020/21 the governance models and structures for the management of IG in HEIW have continued to be established and developed.

The SIRO report is divided into two sections – IG and Cyber Security. Each section of the SIRO report considers the progress and achievements in 2020/21 and sets out the priorities and plans for 2021/22. A summary is provided below. The report also identifies areas that have been impacted by the COVID-19 crisis.

(\*) Although HEIW is not designated as an "Operator of Essential Services" under the NIS, Welsh Government as Competent Authority expect that HEIW comply with all associated requirements and guidance as if we are an "Operator of Essential Services"

The key achievements within the report can be summarised as follows:

**Section 1 Information Governance (IG):** Information Governance Officer:

(IG) provides comprehensive evidence of the work programme undertaken to ensure the organisation is achieving compliance and demonstrating on-going improvement and achievement against the requirements of the Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR).

**Section 2 Cyber Security:** Ricky Hartland (Head of Cyber Security):

The cyber security section of this report provides evidence of the cyber security programme and work implementation plan undertaken to appropriately address cyber security risk and improve cyber security and resilience throughout HEIW.

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# 1. Information Governance

## 1.1. Accountability / Responsibilities and Governance Structures

The Information Governance and Information Management Group (IGIM) was established in August 2019, and is chaired by the Senior Information Risk Owner (SIRO) to oversee IG compliance, support best practice, and ensure that all HEIW information is:

- Confidential and secure;
- Accurate and of high quality;
- Relevant and available; and
- Processed fairly.

The IGIM meets quarterly and supports the provision of the quarterly IG and IM reports to the Audit and Assurance Committee.

## 1.2. Accountable Officer and SIRO

### 1.2.1. The Accountable Officer

The Chief Executive is the Accountable Officer of HEIW and has overall accountability and responsibility for IG. The Accountable Officer is required to provide assurance, through the Annual Governance Statement, that all risks to the Organisation, including those relating to information, are effectively managed and mitigated.

### 1.2.2. The Senior Information Risk Owner (SIRO)

The SIRO has responsibility for advising the Accountable Officer and Board about information risk. The SIRO has a key understanding of how the strategic goals of HEIW may be impacted by information risk, across all types of information acquired, stored, shared and/or destroyed. The SIRO provides an essential role in ensuring that identified information security risks are followed up and incidents managed. The Board Secretary is the SIRO.

### 1.2.3. Information Governance Function

The Information Governance Officer (IG Officer) undertakes IG management together with managing compliance with the DPA. During most of 2020/21 the IG Manager reported to the Board Secretary. Since March 2021 the IG Officer has reported to the Director of Digital. The Board Secretary was the Data Protection Officer (DPO) and designated contact with the Information Commissioner's Office (ICO) since the establishment of HEIW until the Director of Digital was appointed as the DPO in April 2021. The IG Officer will ensure that the HEIW's annual Data Protection Registration is

maintained and kept up to date in coordination with the Digital Director. The IG Officer provides expert advice, guidance and training on GDPR issues.

The IG Manager role was initially undertaken on a part time basis and through the secondment of the IG Manager from NHS Wales' Shared Services Partnership (NWSSP) until September 2020 when a full time IG Officer was appointed by HEIW.

### **1.3. Data Protection Act 2018**

HEIW uses a formal and informal structure around the governance responsibilities for information. It has been proactive in ensuring that staff are aware of their responsibilities regarding the protection of personal information.

It is always necessary for HEIW to provide assurance to the ICO that compliance is continually reviewed and maintained at a high level going forward.

#### **1.3.1. Information Asset Register (IAR)**

An information asset is defined as:

*'An identifiable asset owned or contracted by an organisation which is of value to the business. It will include databases, applications, technical computing infrastructure, paper record stores, and policy/process/ educational related materials'.*

The Information Asset Register was completed in draft form in Q3. In order for HEIW to be fully compliant with this requirement, further work has been scoped which will allow for a more extensive document to be completed, to include those functions that have recently become the responsibility of HEIW.

#### **1.3.2. Subject Access Compliance**

A Subject Access Request (SAR) is a written request to an organisation made by or on behalf of the individual for access to information that the organisation holds about the individual in accordance with section 7 of the DPA.

In line with the DPA, the department has implemented a new way of working to ensure compliance with the new provision timescale of 28 days. No fee is charged for this process in line with the DPA.

The total number of Data Subject Access Requests (SARs) for the financial year 2021/20 was one. The compliance rate for meeting the 28 day provision requirement at March 2021 was 100%.



## 1.4. Information Governance Training

E-learning training is mandatory for all staff, to be completed when employment with HEIW commences and is refreshed every 2 years thereafter.

In line with ICO requirements, at least 95% of all staff, including new starters, locums, temporary, students and staff contracted to work in the organisation have completed their annual IG training. Currently this figure is 59% and it is a priority to increase the rate of compliance. Appropriate IG training is mandatory for all staff, but further action is required to improve compliance and improve regular reporting and monitoring of progress. Specific areas of further training for individuals and teams will be identified.

## 1.5. IG Audits

The Audit Wales Structured Assessment for 2020, which was received in September, set out that it expected progress in the areas of both cyber security and IG to increase following the appointment of full time specialists to the roles of Head of Cyber Security and IG Officer.

With the appointment of the Head of Cyber Security in June 2020 and of the full time IG Officer in September 2020 there has been increased resource, focus and a step change in activity in these areas. The details of this information governance and cyber security activity for 20/21 are detailed in this report.

## 1.6. Information Governance Incident Reporting

Under the DPA personal data breaches (as defined by the Act) are considered a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. Incidents resulting in a data breach are reported in accordance with HEIW's statutory requirements and documented under the confidentiality breach protocol.

Personal data breaches (as defined in the DPA) are required to be risk assessed to determine the risk to living individuals and the risks to the rights and freedoms of living individuals. Personal data breaches resulting in likely risk to living individuals and a high risk to individuals rights and freedoms must be reported to the Information Commissioners Office (ICO), and to data subjects where the breach is likely to result in a high risk to the rights and freedoms of individuals.

All data breaches are appropriately investigated and are reported to the Audit and Assurance Committee. Where appropriate or mandated, data breaches are reported to Welsh Government.

During 2020/21, HEIW recorded a total of 3 cyber security incidents resulting in potential personal data breaches. Of these incidents, 1 incident met the assessment criteria for reporting to the Information Commissioners Office (ICO). Welsh Government were notified and updated regarding

the 3 incidents. The third incident was an NHS Wales wide incident which was reported to the ICO [by NWIS] acting on behalf HEIW together with all other NHS Wales organisations.

Both formal ICO responses regarding the reported incidents indicated that no formal enforcement action would be taken and consider the matters to be closed.

## 1.7. Information Governance Risk Register

During 2020/21 IG risks were reviewed and IG related risk matters were maintained on a risk register. No risks were identified as requiring escalation to the Corporate Risk Register. The Information Risk Register will be monitored on an ongoing basis at the Information Governance and Information Risk management group. Where risks are identified as requiring further escalation, they will be allocated to the Corporate Risk Register where necessary in accordance with HEIW's Risk Management policy.

## 1.8. Policy and Procedure Updates

During 2021/22 the following policies and procedures that have IG content have been developed and/or reviewed, and (where confirmed) then approved:

- The three All Wales policies which are pertinent to information governance are in the process of being adopted by the organisation. These are the All Wales Information Governance Policy, All Wales Information Security Policy and the All Wales Internet Use Policy. These policies have been developed by All Wales subject matter expert groups for mandatory adoption by NHS organisations in Wales. This approach ensures consistency of policy across NHS Wales and that organisations are adhering to best practice and regulatory requirements;
- HEIW has also adopted local Acceptable Use Policy. This ensures that HEIW has guidance around use of IT equipment, services, systems, and networks.

Policies, procedures, and guidance documents will continue to be developed or updated during 2021/22 to further support the IG agenda. Members of the Information Governance and Information Management Group are currently reviewing IG and Cyber Security related policies to identify any gaps in policies that will need to be addressed in 21/22.

## 1.9. Information Sharing

The Wales Accord on the Sharing of Personal Information (WASPI) has been endorsed by the Welsh Government as the 'single' information sharing framework for Wales. The purpose of the framework is to enable service-providing organisations directly concerned with the health, welfare, safeguarding, and protection of individuals and the public to share personal information between

them in a lawful, safe and informed way. The framework consists of two elements: the Wales Accord on the Sharing of Personal Information and supporting local Information Sharing Agreements (ISAs). A range of guidance documents, templates and approved ISAs have been developed to assist partner organisations in implementing the framework.

During 2020/21 HEIW has signed up to WASPI. It has been identified that further work is required on the usage and development of local Information Sharing Agreements (ISAs) between HEIW and partner organisations from health and education. Further overarching documentation will be developed in 2021/22.

## **1.10. Data Protection Impact Assessments (DPIAs)**

DPIAs are mandatory for organisations when processing is likely to result in a high risk to the rights of the data subjects. DPIAs are fundamental to developing a privacy by design approach. The benefits of this approach include:

- Minimising privacy risks, building trust and having a robust risk management-based approach to achieve effective information security and governance;
- Increasing awareness of privacy and data protection;
- Meeting legal obligations and be less likely to breach data protection legislation; and
- Developing projects which are less likely to be privacy intrusive or have a negative impact on individuals.

DPIAs are completed at the early stages of projects or proposed major new flows of information and will then be reviewed throughout its lifecycle or when a system change occurs. This allows HEIW to find and fix problems early on, reducing the associated costs and damage to reputation that might otherwise accompany a breach of data protection legislation. Nine DPIAs were carried out by HEIW in 2020/21. A need has been identified for further guidance in relation to the completion of DPIAs, and the IG Officer will further develop this in 2021/22. The IG Officer has introduced a Data Protection Impact screening Assessment which is utilised during the business case process and where it is not clear whether a full DPIA is needed. Full DPIAs are completed where necessary.

## **1.11. Freedom of Information Act (FOIA)**

### **1.11.1. Performance**

The FOIA team set an internal 10 working-day timescale to provide the required information so that the responses can be reviewed and drafted, and appropriate exemptions applied if necessary to ensure a response can be provided to the applicant within 20 working days.

HEIW received **38** FOIA requests in 2020/21. HEIW answered 37 (**97%**) of these requests on time (within the 20 working days). There were two appeals or requests for internal reviews about HEIW's responses in 2020/21.

### **1.11.2.Potential for Monitoring by the Information Commissioner**

The Information Commissioners Office (ICO) currently monitors public authorities that repeatedly or seriously fail to respond to FOIA requests within the appropriate timescales. HEIW has not been subject of any form of compliance monitoring by the ICO.

### **1.11.3.Internal Reviews**

When any expression of dissatisfaction in relation to the response to an FOIA request is received, this is considered as a request for an internal review. An independent re-assessment of how the request was handled is conducted by someone who was not involved with the original request. HEIW has received two requests for internal review in 2020/21. There have been no investigations carried out by the Information Commissioners Office (ICO) during 2020/21.

### **1.11.4.Request Trends and Subjects of Requests and Source of Requests**

The overall number of FOIs are low. The type of information being requested is diverse and the complexity of enquires varies. The sources of the requests are varied, including individuals, organisations, and the media.

### **1.11.5.Transparency**

The FOIA carries an inherent presumption in favour of disclosure; information must be released unless one or more of the FOI exemptions are engaged. There have been 11 occasions where such an exemption has been applied by HEIW during 2020/21.

## **1.12. Welsh Information Governance Toolkit**

HEIW has completed its first submission of the Welsh Information Governance Toolkit (Toolkit). The Toolkit is a robust and comprehensive online system which includes a self-assessment and reporting tool to enable organisations to measure their compliance against the law, recognised standards and policies, and to ascertain whether information is handled appropriately and protected from unauthorised access, loss, damage and destruction.

This year (2021/22) is a voluntary submission for the Toolkit; however, completion is encouraged in order that a baseline can be drawn and improvement plans can be drafted. The assessment will become mandatory in 2022/23.

As a result of the process, a revised IG development plan is being drafted and ongoing and regular updates will be provided to the Executive Team, IGIM and the Audit and Assurance Committee.

### 1.13. HEIW's Priorities

Through the completion of the IG Toolkit, and in line with the previous IG workplan, the following priorities have been identified. These are in addition to those already highlighted within this report.

**Development of an audit programme** – Under the 7<sup>th</sup> principle of GDPR, there is a statutory need for an organisation to provide reassurance that it is actively evaluating its data protection compliance throughout the organisation with evidence. The ICO guidance states that the Data Protection Officer's role (legal requirement) is tasked with monitoring compliance with the UK GDPR and other data protection laws, including data protection policies, awareness-raising, training, and audits. Suitable IG audits do not currently exist in HEIW. There is a need to establish the resources and processes to undertake regular reviews, assessments, and audits of how information is recorded, held and used. The outcomes will be used to identify good practice and opportunities for improvement. Benchmarking against other organisations will be used to inform our continual strive for the best achievable IG compliance.

**Improved reporting to IGIM** – standard reporting items will be added to the agenda for IGIM to ensure evidence is available for the completion of the self-assessment next year. This will enhance IGIM's function to monitor compliance with IG processes and provide suitable escalation mechanisms. In addition, work will commence to define and report standard IG Key Performance Indicators. This will ensure that the key deliverables and performance measures for information governance provision within HEIW can be identified and reported upon. Examples may include the number of Information Assets added to the Information Asset Register, the number of Data Protection Impact Assessments undertaken, and the percentage compliance with mandatory IG training.

**Communications** – under the Privacy Electronic Communications Regulations (PECR) for all electronic marketing messages (by phone, email, text, etc.) and for the management of websites, there is a requirement for documented policies and procedures. Currently, whilst the communication department follows lots of good practice, written policies and procedures need to be developed that set out clear responsibilities. Work to develop these will be a priority and the completed documents will then be shared with staff.

**Review of corporate records procedure** – procedures will need to be drafted and clarity on roles and responsibilities in this area will be required.

**Improved processes for starter movers and leavers** in relation to information access and management will be an area of focus to ensure good governance. In particular, this relates to processes around new starters obtaining access to appropriate information and systems. This access should then be audited regularly to ensure it is up to date.

**Development of Subject Access guidance and training** – under GDPR data subjects have a range of rights in relation to their information. HEIW should have processes and procedures in place to facilitate and comply with these. These rights include access to personal data, deletion of personal data, the rectification of inaccurate data, together with the requirement to provide the data electronically in a commonly used format. These procedures will need to be developed and training provided to staff.

**Retention** – In order to comply with the GDPR, HEIW must be clear about the length of time it holds information. Much of this work will be included within the other priorities mentioned, but this is an important area which will require support from all the Directorates. As HEIW is formed from many teams which existed prior to the establishment of HEIW, it is important that any legacy information is identified, and that there are clear retention periods for information assets which are created and used.

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## 2. Cyber Security

### 2.1. Introduction

Cyber security refers to the practice of protecting the devices, electronic systems, networks and services we all use. This includes preventing the unauthorised access, destruction, disclosure, loss, or modification of the data information HEIW processes.

Cyber attacks and cyber threats are an existent and persistent danger to HEIW, health boards and trusts, NHS Wales and beyond in today's increasingly connected and technology-enabled world. As such, cyber security and good security practices have become a critical element for all organisations.

At the same time, new cyber security challenges and risks have presented themselves making it increasingly challenging to ensure the security of the devices, electronic systems, networks and services we use and the protection of data-information. This is related among other things to the extended use of cloud computing and online services, the expansion of the Internet beyond conventional devices (e.g. desktops, laptops, mobile phones) into the Internet of Things (IoT) and the ever-increasing number of damaging and disruptive cyber-attacks.

The emergence of COVID-19 and the on-going pandemic has also presented cyber security challenges and risks. As part of HEIW's continued response to the COVID-19 pandemic, we are now primarily operating as a physically dispersed and remotely enabled workforce and as such our day-to-day reliance on information and communications technology has increased.

### 2.2. Cyber Security Risk

Cyber Security risk has been added to HEIW's corporate risk register and assessed as a 'red' risk. It remains a high priority.

### 2.3. HEIW's Response

#### 2.3.1. Vision

HEIW's cyber security vision is to ensure that HEIW is resilient and secure in a digital world to enable its vision in transforming the workforce for A Healthier Wales.

#### 2.3.2. Cyber Security Programme

HEIW's cyber security programme is ambitious and sets out HEIW's plan to ensure that HEIW is resilient and secure. HEIW's cyber security programme is subtly aligned with the principles set out in the U.K. National Cyber Security Strategy 2016-2021.

### 2.3.3. Cyber Security Objectives

To realise our vision, HEIW will work to achieve the following high-level cyber security objectives:

#### 2.3.3.1. Defend

The **Defend** objective focuses primarily on protecting HEIW from evolving cyber threats and ensuring that HEIW's:

- data-information is appropriately safeguarded.
- users are adequately protected.
- devices, infrastructure, networks, services and systems are resilient and secure.

#### 2.3.3.2. Respond

The **Respond** objective focuses primarily on HEIW's ability to effectively respond to cyber security incidents. Cyber-attacks and cyber security incidents in an interconnected and technology-enabled world are inevitable. HEIW must work on the assumption that our networks, services and systems will be compromised sooner or later, and as such it is a strategic imperative that a coherent and efficient approach to managing, responding, recovering and learning from cyber security incidents is developed, maintained and continuously improved.

#### 2.3.3.3. Develop

The **Develop** objective focuses primarily on building and promoting a cyber-aware culture. Almost all successful cyber-attacks will have a contributing human factor (e.g. a user clicking on a malicious link in an email or opening an attachment weaponised with malware). It is essential for HEIW to promote and drive forward a culture of cyber security awareness and provide necessary awareness and training to its employees surrounding cyber security risk.

## 2.4. Key Achievements in 2020/21

This section describes some of the key cyber security achievements for the period 2020/21. The Head of Cyber Security has been in post since June 2020 and has set out an ambitious cyber security programme and work implementation plan. The cyber security programme aims to appropriately address cyber security risk and improve cyber security and resilience throughout HEIW.

The delivery of activities documented in the work implementation plan are underway. Good progress has been made during the 2020/21 period, including but not limited to:



- adoption of National Cyber Security Centre (NCSC) services (e.g. early warning (alpha service), web check).
- documenting a cyber incident response policy and plan.
- rollout of endpoint advanced threat protection.
- employee induction cyber security awareness and training.
- procurement of a cyber security eLearning and simulation service.
- access to the national Security Information and Event Management (SIEM) service granted.
- NCSC Cyber Information Sharing Partnership (CiSP) membership approved.
- creation of role-profile and job description for additional cyber security resource.

## 2.5. Cyber Security Direction 2021/22

### 2.5.1. Network and Information Systems Regulations

Following on from domestic and international cyber-attacks targeting public sector bodies including the Health sector, the European Parliament adopted and implemented the EU Directive on the Security of Network and Information Systems (NIS Directive). The NIS Directive was adopted by the European Parliament on the 6<sup>th</sup> July 2016.

The U.K. Government has since implemented the requirements of the NIS Directive through the Network and Information Systems Regulations 2018 (NIS Regulations); a UK-wide set of Regulations which came into effect on the 10<sup>th</sup> May 2018. The NIS Regulations aim to elevate the levels of cyber security and resilience across essential sectors. The Health sector is considered a relevant essential sector under the regulations. Organisations in the Health sector identified as “Operators of Essential Services” are required to take appropriate and proportionate security measures to manage risks to their network and information systems, and they are required to notify serious network and information incidents to the relevant authority.

The NIS Regulations require organisations identified as “Operators of Essential Services” to take appropriate and proportionate measures to:

- Manage risks posed to the **security** of the network and information systems on which their essential services rely.
- Prevent and minimise the **impact** of incidents on the delivery of essential services and
- **Report** serious network and information incidents that impact on the provision of the essential service.

Welsh Government is the Competent Authority for the Health sector in Wales and is responsible for overseeing the operation of the NIS Regulations. Although HEIW has not been designated as an

“Operator of Essential Services” under the Network and Information Systems Regulations (NIS), Welsh Government as Competent Authority expects HEIW to comply with all associated requirements and guidance as if we are an “Operator of Essential Services”.

Ensuring that HEIW is secure and resilient against cyber-attacks is a strategic imperative. The impending enforcement of the Network and Information Systems Regulations and rollout of the Cyber Assessment Framework (CAF) for Health in Wales will contribute to, influence and shape HEIW’s already established cyber security programme and work implementation plan.

The period 2021/22 will see a concerted effort to complete the initial CAF for Health self-assessment. Adoption of the CAF for Health will ensure that regular cyber security and resilience reviews are completed to ensure that cyber security risks and threats are appropriately managed.

### **2.5.2. Cyber Security Awareness**

Almost all successful cyber-attacks and cyber security incidents will have a contributing human factor (e.g. an employee selecting a malicious link in an email or opening an attachment weaponised with malware).

Cyber security awareness is a critical component of HEIW’s cyber security programme and is essential to building and driving forward a cyber-aware culture. 100% security cannot be guaranteed and as such HEIW must focus on educating its employees to behave and work in a safer manner.

A formal cyber security awareness package is delivered during employee inductions and a national cyber security awareness and training package is available through ESR. Mandatory adoption of the national cyber security awareness and training package has not yet been enforced but is strongly recommended by the Head of Cyber Security.

The delivery of cyber security awareness content when employees join HEIW and there on after on an annual basis is important, but in isolation will not help build, entrench and drive forward a cyber-aware culture and contribute to helping change employee behaviours in relation to cyber security risk.

To further support cyber security awareness throughout HEIW a cyber security e-Learning and simulation service has been procured. The service will combine assessments, simulations, training, reinforcement materials and reporting to help identify and understand user risk, change employee behaviours in relation to cyber security and reduce HEIW’s exposure.

### **2.5.3. Cyber Incident Response**

Specific attention will be directed towards cyber incident response and the completion of regular cyber incident response exercises.

### **2.5.4. Vulnerability Management**

HEIW will apply a consistent approach for the management of vulnerabilities to ensure that vulnerabilities are appropriately evaluated, prioritised and managed.

### **2.5.5. Migration to the Cloud**

The continued and planned migration of online services to the cloud brings with it a changing landscape, attack-surface and presents new cyber security challenges and risks. Cyber security will play a central and essential role in the planned migration and implementation activities.

### **2.5.6. Cyber Security Technology**

Adoption and investment in cyber security capabilities and technologies will also help underpin HEIW's ability to prioritise resources and address risk.

## **Conclusion**

Information risk and IG must be the business of everyone if HEIW is to meet the reasonable business expectations placed upon it by Government, the Information Commissioner, students, trainees and staff. This report outlines the progress made in 2020/21 and HEIW has benefitted from appointments into roles in the key areas of IG and management as well as cyber security. 2021/22 will be an ambitious year as HEIW continues to mature and focus on the demands of the Welsh Information Governance Toolkit and focus on increasing its preparedness for cyber security in terms of both protecting the organisation and in its ability to respond to such an attack.

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Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad y Cyfarfod</b>	<b>6 Mai 2021</b>	<b>Eitem ar yr agenda</b>	<b>2.3</b>
<b>Teitl yr Adroddiad</b>	<b>Adroddiad Cydymffurfio â Chaffael AaGIC</b>		
<b>Awdur yr Adroddiad</b>	Christine Thorne, Pennaeth Caffael, Partneriaeth Cydwasanaethau GIG Cymru (NWSSP)		
<b>Noddwr yr Adroddiad</b>	Eifion Williams, Cyfarwyddwr Cyllid Dros Dro		
<b>Cyflwynwyd gan</b>	Eifion Williams, Cyfarwyddwr Cyllid Dros Dro		
<b>Rhyddid Gwybodaeth</b>	Agored		
<b>Diben yr Adroddiad</b>	Diben yr adroddiad hwn yw rhoi'r wybodaeth ddiweddaraf i'r Pwyllgor Archwilio a Sicrwydd mewn perthynas â gweithgarwch caffael a gynhaliwyd yn ystod y cyfnod 20 Mawrth 2021 – 23 Ebrill 2021 ac yn unol â'r cyfeirnod 1.2 (Atodlen 2.1.2 Cod Caffael a Chontractau ar gyfer Gwaith Adeiladu a Pheirianeg) o'r Cyfarwyddiadau Ariannol Sefydlog.		
<b>Materion Allweddol</b>	Mae esboniad o'r rhesymau, yr amgylchiadau a manylion unrhyw gamau pellach a gymerwyd hefyd wedi'i gynnwys yn yr atodiadau i'r adroddiad.		
<b>Camau Penodol sy'n Ofynnol</b> ( <i>un ✓ yn</i> unig os gwelwch yn dda)	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
			✓
<b>Argymhellion</b>	Gofynnir i'r Aelodau: <ul style="list-style-type: none"> <li>• <b>Nodi'r</b> adroddiad er sicrwydd</li> </ul>		

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## ADRODDIAD CYDYMFFURFIO Â CHAFFAEL AaGIC

### 1. Cyflwyniad

Un o ofynion Cyfarwyddiadau Ariannol Sefydlog AaGIC yw bod pob cais am Gamau Gweithredu Dyfynbris Sengl (SQA), Camau Gweithredu Tendr Sengl (STA), Tendrau Sengl i'w hystyried yn dilyn galwad am Gystadleuaeth OJEU, Dylid rhoi gwybod i'r Pwyllgor Archwilio a Sicrwydd am Estyniadau Contract a Dyfarnu cyllid ychwanegol y tu allan i delerau'r contract (a wneir drwy Nodyn Newid Contract (CCN) neu Amrywio Telerau).

### 2. Cefndir

Diben yr adroddiad hwn yw rhoi'r wybodaeth ddiweddaraf i'r Pwyllgor Archwilio a Sicrwydd mewn perthynas â gweithgarwch caffael a gynhaliwyd yn ystod y cyfnod 20 Mawrth 2021 – 23 Ebrill 2021 ac yn unol â'r cyfeirnod 1.2 (Atodlen 2.1.2 Cod Caffael a Chontractau ar gyfer Gwaith Adeiladu a Pheirianeg) o'r Cyfarwyddiadau Ariannol Sefydlog.

Mae esboniad o'r rhesymau, yr amgylchiadau a manylion unrhyw gamau pellach a gymerwyd hefyd wedi'i gynnwys.

Cyfeirnod SFI	Disgrifiad	Eitemau
3.5	Gweithredoedd Dyfynbris Sengl	1
4.2	Camau Gweithredu Tendr Sengl	0
5.3	Tendrau Sengl i'w hystyried yn dilyn galwad am Gystadleuaeth OJEU	0
14.2	Dyfarnu cyllid ychwanegol y tu allan i delerau'r contract (a wneir drwy Nodyn Newid Contract (CCN) neu Amrywio Telerau)	0

### 3. GOBLYGIADAU LLYWODRAETHU AC ARIANNOL

Dylai'r Pwyllgor Archwilio a Sicrwydd nodi manylion yr Atodiad amgaeedig a monitro nifer a gwerth y busnes sy'n cael ei gyflwyno ar gyfer cymeradwyaeth Tendr Sengl neu Ddyfynbris Sengl. Y canllawiau cyffredinol ar wario arian cyhoeddus yw y dylid ei gynnal mewn modd teg, tryloyw ac agored, gan sicrhau y ceisir cystadleuaeth lle bynnag y bo modd. Felly, dylid cadw cyn lleied o geisiadau am weithredu sengl â phosibl.

### 4. Argymhelliad

Gofynnir i'r Pwyllgor:

- **nodi'r** adroddiad er sicrwydd.

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Llywodraethu a Sicrwydd				
<b>Cysylltu ag amcanion corfforaethol</b> (os gwelwch yn dda ✓)	Fel sefydliad newydd sy'n sefydlu AaGIC fel partner gwerthfawr y gellir ymddiried ynddo, cyflogwr rhagorol a brand ag enw da ac arbenigol	Adeiladu gweithlu iechyd a gofal cynaliadwy a hyblyg ar gyfer y dyfodol.	Gyda Gofal Cymdeithasol Cymru yn llunio'r gweithlu i ddarparu gofal yn nes at adref ac i alinio'r gwasanaethau a ddarperir yn well.	Gwella ansawdd a diogelwch drwy gefnogi sefydliadau'r GIG i ddod o hyd i atebion gweithlu cyflymach a mwy cynaliadwy ar gyfer heriau darparu gwasanaethau â blaenoriaeth.
	✓			
	Gwella cyfleoedd i ddefnyddio technoleg a digideiddio wrth ddarparu addysg a gofal.	Adfywio datblygiad arweinyddiaeth a chynllunio olyniaeth ar draws iechyd a gofal cymdeithasol mewn partneriaeth â Gofal Cymdeithasol Cymru ac Academi Cymru	Dangos gwerth o fuddsoddiad yn y gweithlu a'r sefydliad.	
<b>Ansawdd, Diogelwch a Phrofiad Cleifion</b>				
Nid oes unrhyw oblygiadau penodol o ran ansawdd a diogelwch yn gysylltiedig â'r gweithgaredd a nodir yn yr adroddiad hwn.				
<b>Goblygiadau Ariannol</b>				
SFI, SO, Rheolaethau ariannol a systemau a phrosesau cyfrifyddu yw sail llawer o reolaethau sefydliadol sy'n rhan o gyflawni targedau ariannol a llywodraethu da. Y canllawiau cyffredinol ar wario arian cyhoeddus yw y dylid ei gynnal mewn modd teg, tryloyw ac agored, gan sicrhau y ceisir cystadleuaeth lle bynnag y bo modd. Felly, dylid cadw cyn lleied o geisiadau am weithredu sengl â phosibl.				
<b>Goblygiadau Cyfreithiol (gan gynnwys asesu cydraddoldeb ac amrywiaeth)</b>				
Nid oes unrhyw oblygiadau cyfreithiol penodol yn gysylltiedig â'r gweithgaredd a amlinellir yn yr adroddiad hwn.				
<b>Goblygiadau Staffio</b>				
Nid oes unrhyw oblygiadau staffio penodol yn gysylltiedig â'r gweithgarwch a amlinellir yn yr adroddiad hwn.				
<b>Goblygiadau Hirdymor (gan gynnwys effaith Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015)</b>				
Ddim yn berthnasol i'r adroddiad hwn				
<b>Hanes yr Adroddiad</b>				
<b>Atodiadau</b>	Atodiad 1 Gwybodaeth Gryno			

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# Health Education Improvement Wales - Audit Committee Report – May 2021

## Appendix 1 – Summary Information

Trust	Division	Procurement Ref No	Period of Agreement/Delivery Date	SFI Reference	Agreement Title/Description	Supplier	Anticipated Agreement Value (ex VAT)	Reason/Circumstance and Issue	Compliance Comment	Procurement Action Required	First Submission or repeat
HEIW	Workforce	HEIW-FN-089	April 2021	File Note	Development of Compassionate Leadership book	Michael West	£7,991	Evolution of work for the delivery of Compassionate Leadership.	Endorsed	All requirements to be captured within original procurement process. Meeting has been held to understand requirements within workforce to ensure all future needs are captured appropriately.	Second Submission.

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Improvement Wales (HEIW)

<b>Dyddiad Cyfarfod</b>	<b>6<sup>ed</sup> Mai 2021</b>	<b>Eitem ar yr Agenda</b>	<b>2.4</b>
<b>Teitl yr Adroddiad</b>	<b>Cyfrifon Blynyddol Drafft 2020-21</b>		
<b>Awdur yr Adroddiad</b>	Martyn Pennell, Pennaeth Cyfrifeg Ariannol		
<b>Noddwr yr Adroddiad</b>	Eifion Williams, Cyfarwyddwr Cyllid		
<b>A gyflwynir gan</b>	Eifion Williams, Cyfarwyddwr Cyllid		
<b>Rhyddid Gwybodaeth</b>	Sesiwn Agored		
<b>Pwrpas yr Adroddiad</b>	Pwrpas yr adroddiad hwn yw rhoi trosolwg i'r Pwyllgor Archwilio o'r Cyfrifon Blynyddol drafft ar gyfer Addysg a Gwella Iechyd Cymru ar gyfer 2020-21.		
<b>Materion Allweddol</b>	<p>Mae'r Cyfrifon Blynyddol drafft (atodiad 1) yn dangos bod Addysg a Gwella Iechyd Cymru, yn amodol ar archwiliad, wedi cwrdd â'i ofynion yn 2020-21 i:</p> <ul style="list-style-type: none"> <li>• adennill costau yn erbyn ei Derfyn Adnoddau Refeniw dros y cyfnod cyfrifyddu;</li> <li>• adennill costau yn erbyn ei Derfyn Adnoddau Cyfalaf dros y cyfnod cyfrifyddu; a</li> <li>• Thalu 95% o anfonebau heblaw GIG o fewn 30 diwrnod.</li> </ul>		
<b>Angen Camau Penodol (os gwelwch yn ddau un yn unig)</b>	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
	✓		
<b>Argymhellion</b>	<p>Gofynnir i'r Pwyllgor Archwilio a Sicrwydd:</p> <ul style="list-style-type: none"> <li>• Sylwi ar y cyfrifon drafft ar gyfer Addysg a Gwella Iechyd Cymru ar gyfer 2020-21.</li> </ul>		

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## CYFRIFON BLYNYDDOL DRAFFT 2020-21

### 1. CYFLWYNIAD

Pwrpas yr adroddiad hwn yw rhoi trosolwg i'r Pwyllgor Archwilio o'r Cyfrifon Blynyddol drafft ar gyfer Addysg a Gwella Iechyd Cymru (AaGIC) ar gyfer blwyddyn ariannol 2020-21.

### 2. CEFNDIR

Mae'n ofynnol i AaGIC gynhyrchu set o gyfrifon blynyddol yn unol â'r amserlen a bennwyd gan Lywodraeth Cymru. Ar gyfer 2020/21 y dyddiadau cyflwyno allweddol yw:

- Cyfrifon Drafft - Dydd Gwener 30<sup>ain</sup> Ebrill 2021;
- Cyfrifon Archwiliedig - Dydd Gwener 11<sup>eg</sup> Mehefin 2021.

Cyflwynodd AaGIC ei gyfrifon drafft erbyn y terfyn amser gofynnol a dechreuodd Archwilio Cymru eu gwaith ar ddydd Mawrth 4<sup>ydd</sup> Mai.

Ar gyfer blwyddyn ariannol 2020/21 mae AaGIC wedi adrodd ar y canlynol (yn amodol ar archwiliad):

- Tanwariant o £95k ar wariant refeniw, gan gyflawni ei ddyletswydd ariannol i fantoli'r gyllideb yn erbyn y Terfyn Adnoddau Refeniw (RRL) am y cyfnod;
- Tanwariant o £21k ar wariant cyfalaf, gan gyflawni ei ddyletswydd ariannol i fantoli'r gyllideb yn erbyn y Terfyn Adnoddau Cyfalaf (CRL) am y cyfnod; a
- Thalw 95.9% o anfonebau heblaw GIG o fewn 30 diwrnod yn erbyn targed o 95%.

Bydd y cyfrifon yn cael eu dwyn yn ôl i'r Pwyllgor Archwilio a Sicrwydd Ansawdd nesaf ar 9<sup>fed</sup> Mehefin 2021 am adolygiad pellach ar ôl cwblhau'r broses archwilio.

### 3. MATERION LLYWODRAETHU A RISG

Mae AaGIC wedi cwrdd â'r gofyniad i gyflwyno ei gyfrifon drafft erbyn y dyddiad cau a bennwyd gan Lywodraeth Cymru.

### 4. GOBLYGIADAU ARIANNOL

Nid oes unrhyw oblygiadau ariannol uniongyrchol o ganlyniad i'r papur hwn.

### 5. ARGYMHELLIAD

Gofynnir i'r Pwyllgor Archwilio a Sicrwydd:

- Sylwi ar y cyfrifon drafft ar gyfer Addysg a Gwella Iechyd Cymru ar gyfer 2020-21.

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Llywodraethu a Sicrwydd			
<b>Cyswllt â nodau strategol IMTP</b> (os gwelwch yn dda✓)	<b>Nod Strategol 1:</b> Arwain cynllunio, datblygu a lles gweithlu cymwys, cynaliadwy a hyblyg i gefnogi cyflwyno ' <i>Cymru Iachach</i> '	<b>Nod Strategol 2:</b> Gwella ansawdd a hygyrchedd addysg a hyfforddiant i'r holl staff gofal iechyd gan sicrhau ei fod yn diwallu anghenion y dyfodol	<b>Nod Strategol 3:</b> Gweithio gyda phartneriaid i ddylanwadu ar newid diwylliannol o fewn GIG Cymru trwy adeiladu gallu arweinyddiaeth dosturiol a chyfunol ar bob lefel
	<b>Nod Strategol 4:</b> Datblygu'r gweithlu i gefnogi darparu diogelwch ac ansawdd	<b>Nod Strategol 5:</b> I fod yn gyflogwr enghreifftiol ac yn lle gwych i weithio	<b>Nod Strategol 6:</b> Cael eich cydnabod fel partner, dylanwadwr ac arweinydd rhagorol
<b>Ansawdd, Diogelwch a Phrofiad y Claf</b>			
Nid oes unrhyw effaith ar ansawdd, diogelwch a phrofiad y claf.			
<b>Goblygiadau Ariannol</b>			
Nid oes unrhyw oblygiadau ariannol uniongyrchol o ganlyniad i'r papur hwn			
<b>Goblygiadau Cyfreithiol (gan gynnwys asesiad cydraddoldeb ac amrywiaeth)</b>			
Nid oes unrhyw oblygiadau cyfreithiol.			
<b>Goblygiadau Staffio</b>			
Nid oes unrhyw oblygiadau staffio uniongyrchol.			
<b>Goblygiadau Hirdymor (gan gynnwys effaith Deddf Lles Cenedlaethau'r Dyfodol (Cymru) 2015)</b>			
Nid oes unrhyw oblygiadau hirdymor.			
<b>Hanes yr Adroddiad</b>	Dim ar gyfer blwyddyn ariannol 2020/21.		
<b>Atodiadau</b>	Atodiad 1 - Cyfrifon Blynnyddol Drafft 2020-21		

# Health Education and Improvement Wales (HEIW)

## FOREWORD

These accounts have been prepared by Health Education and Improvement Wales, a Welsh Special Health Authority under schedule 9 section 178 Para 3(1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers have, with the approval of the Treasury, directed.

These accounts cover the period 1st April 2020 to 31st March 2021.

### Statutory background

HEIW was established by establishment order 2017 No. 913 (W. 224) which was made 11th September 2017 and came into force on the 5th October 2017.

HEIW operated in a shadow form until 1st October 2018 with all establishment and set up costs being borne by the Welsh Government, and with the predecessor bodies of NHS Wales Shared Services Partnership (NWSSP) hosted by Velindre University NHS Trust and Cardiff University delivering operational activity to 30th September 2018.

On 1st October 2018 staff were transferred into HEIW and the organisation became fully operational.

HEIW is the only Special Health Authority within Wales at as 31st March 2021 and has a leading role in the education, training, development and shaping of the healthcare workforce, supporting high-quality care for the people of Wales.

## Performance Management and Financial Results

HEIW must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result, the Primary Statement of in-year income and expenditure is the Statement of Comprehensive Net Expenditure, which shows the net operating cost incurred by HEIW which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

HEIW has an annual requirement to achieve a balanced year end position against the Resource limits set for the year.

Performance against the resource limit is reported in Note 2 to the financial statements.

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## Statement of Comprehensive Net Expenditure for the period ended 31 March 2021

	Note	2020-21 £000	2019-20 £'000
Non Medical Education And Training	3.1	111,773	108,559
Postgraduate Medical, Dental & Pharmacy Education	3.2	93,586	77,592
Other Operating Expenditure	3.3	29,897	27,567
		<b>235,256</b>	213,718
Less: Miscellaneous Income	4	(532)	(698)
<b>Net operating costs before interest and other gains and losses</b>		<b>234,724</b>	213,020
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	0	0
<b>Net operating costs for the financial period</b>		<b>234,724</b>	213,020

See note 2 on page 22 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 63 form part of these accounts

Other Comprehensive Net Expenditure

	2020-21 £000	2019-20 £'000
Net gain / (loss) on revaluation of property, plant and equipment	0	0
Net gain / (loss) on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net gain / (loss) on revaluation of available for sale financial assets	0	0
Impairment and reversals	0	0
Other comprehensive net expenditure for the period	0	0
<b>Total comprehensive net expenditure for the period</b>	<b>234,724</b>	<b>213,020</b>

The notes on pages 8 to 63 form part of these accounts

**Statement of Financial Position as at 31 March 2021**

		31 March 2021	31 March 2020
	Notes	£'000	£'000
<b>Non-current assets</b>			
Property, plant and equipment	11	2,179	2,595
Intangible assets	12	0	0
Trade and other receivables	15	0	0
Other financial assets	16	0	0
<b>Total non-current assets</b>		<b>2,179</b>	<b>2,595</b>
<b>Current assets</b>			
Inventories	14	0	0
Trade and other receivables	15	1,765	1,074
Other financial assets	16	0	0
Cash and cash equivalents	17	6,148	7,465
		<b>7,913</b>	<b>8,539</b>
Non-current assets classified as "Held for Sale"	11	0	0
<b>Total current assets</b>		<b>7,913</b>	<b>8,539</b>
<b>Total assets</b>		<b>10,092</b>	<b>11,134</b>
<b>Current liabilities</b>			
Trade and other payables	18	(7,661)	(7,157)
Other financial liabilities	19	0	0
Provisions	20	(7)	(130)
<b>Total current liabilities</b>		<b>(7,668)</b>	<b>(7,287)</b>
<b>Net current assets/ (liabilities)</b>		<b>245</b>	<b>1,252</b>
<b>Non-current liabilities</b>			
Trade and other payables	18	(148)	(171)
Other financial liabilities	19	0	0
Provisions	20	0	0
<b>Total non-current liabilities</b>		<b>(148)</b>	<b>(171)</b>
<b>Total assets employed</b>		<b>2,276</b>	<b>3,676</b>
<b>Financed by :</b>			
<b>Taxpayers' equity</b>			
General Fund		2,276	3,676
Revaluation reserve		0	0
<b>Total taxpayers' equity</b>		<b>2,276</b>	<b>3,676</b>

The financial statements on pages 2 to 7 were approved by the Board on xx.xxx.2021

Chief Executive and Accountable Officer .....

Date .....

xx xx 2021

The notes on pages 8 to 63 form part of these accounts

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## Statement of Changes in Taxpayers' Equity

### For the period ended 31 March 2021

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity</b>			
<b>Balance at 1 April 2020</b>	3,676	0	<b>3,676</b>
Net operating cost for the period	(234,724)		<b>(234,724)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	0	<b>0</b>
Net gain/(loss) on revaluation of intangible assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of financial assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of assets held for sale	0	0	<b>0</b>
Impairments and reversals	0	0	<b>0</b>
Other reserve movement	0	0	<b>0</b>
Transfers between reserves	0	0	<b>0</b>
Release of reserves to SoCNE	0	0	<b>0</b>
Transfers to/from (please specify)	0	0	<b>0</b>
<b>Total recognised income and expense for period</b>	<b>(234,724)</b>	<b>0</b>	<b>(234,724)</b>
Net Welsh Government funding	231,777		<b>231,777</b>
Welsh Government notional funding	1,547		<b>1,547</b>
<b>Balance at 31 March 2021</b>	<b>2,276</b>	<b>0</b>	<b>2,276</b>
Included in Net Welsh Government Funding:			
Welsh Government Covid 19 Capital Funding	0		0
Welsh Government Covid 19 Revenue Funding	1,076		1,076

The notes on pages 8 to 63 form part of these accounts

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## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2020

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity</b>			
<b>Balance at 1 April 2019</b>	3,685	0	<b>3,685</b>
Net operating cost for the year	(213,020)		<b>(213,020)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	0	<b>0</b>
Net gain/(loss) on revaluation of intangible assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of financial assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of assets held for sale	0	0	<b>0</b>
Impairments and reversals	0	0	<b>0</b>
Other reserve movement	0	0	<b>0</b>
Transfers between reserves	0	0	<b>0</b>
<b>Release of reserves to SoCNE</b>	0	0	<b>0</b>
Transfers to/from LHBs	0	0	<b>0</b>
<b>Total recognised income and expense for period</b>	<b>(213,020)</b>	<b>0</b>	<b>(213,020)</b>
Net Welsh Government funding	212,496		<b>212,496</b>
Welsh Government notional funding	515		<b>515</b>
<b>Balance at 31 March 2020</b>	<b>3,676</b>	<b>0</b>	<b>3,676</b>

The notes on pages 8 to 63 form part of these accounts

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**Statement of Cash Flows for period ended 31 March 2021**

		<b>2020-21</b>	<b>2019-20</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash Flows from operating activities</b>	notes		
Net operating cost for the financial period		<b>(234,724)</b>	<b>(213,020)</b>
Movements in Working Capital	27	<b>(210)</b>	740
Other cash flow adjustments	28	<b>1,924</b>	1,112
Provisions utilised	20	<b>0</b>	<b>(8)</b>
<b>Net cash outflow from operating activities</b>		<b>(233,010)</b>	<b>(211,176)</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(84)</b>	<b>(95)</b>
Proceeds from disposal of property, plant and equipment		<b>0</b>	0
Purchase of intangible assets		<b>0</b>	0
Proceeds from disposal of intangible assets		<b>0</b>	0
Payment for other financial assets		<b>0</b>	0
Proceeds from disposal of other financial assets		<b>0</b>	0
Payment for other assets		<b>0</b>	0
Proceeds from disposal of other assets		<b>0</b>	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(84)</b>	<b>(95)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(233,094)</b>	<b>(211,271)</b>
<b>Cash Flows from financing activities</b>			
Welsh Government funding (including capital)		<b>231,777</b>	212,496
Capital receipts surrendered		<b>0</b>	0
Capital grants received		<b>0</b>	0
Capital element of payments in respect of finance leases and on-SoFP		<b>0</b>	0
Cash transferred (to)/ from other NHS bodies		<b>0</b>	0
<b>Net financing</b>		<b>231,777</b>	212,496
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,317)</b>	1,225
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2020</b>		<b>7,465</b>	6,240
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2021</b>		<b>6,148</b>	7,465

The notes on pages 8 to 63 form part of these accounts

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## Notes to the Accounts

### 1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Special Health Authorities (SHAs) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2020-21 Manual for Accounts. The accounting policies contained in that manual follow the 2020-21 Financial Reporting Manual (FReM), in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; to the extent that they are meaningful and appropriate to the NHS in Wales.

Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the SHA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the SHA are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1. Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

#### 1.2. Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

#### 1.3. Income and funding

The main source of funding for the SHA are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the SHA. Welsh Government funding is recognised in the financial period in which the cash is received.

Non-discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

Funding for the acquisition of fixed assets received from the Welsh Government is credited to the General Fund.

Miscellaneous income is income which relates directly to the operating activities of the SHA and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the SHA for the Welsh Government. Income received from LHBs transacting with the SHA is always treated as miscellaneous income.

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FReM. It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. The potential amendments identified as a result of the adoption of IFRS 15 are significantly below materiality levels.

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Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income had been received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred.

Only non-NHS income may be deferred.

#### **1.4. Employee benefits**

##### **1.4.1. Short-term employee benefits**

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

##### **1.4.2. Retirement benefit costs**

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The latest NHS Pension Scheme valuation results indicated that an increase in benefit required a 6.3% increase (14.38% to 20.68%) which was implemented from 1 April 2019.

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated from 2019-20 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, in Wales the additional 6.3% being funded by Welsh Government directly to the Pension Scheme administrator, the NHS Business Services Authority (BSA the NHS Pensions Agency).

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Note 34.1 within these accounts.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the NHS Wales organisation commits itself to the retirement, regardless of the method of payment.

Where employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme this is disclosed. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the NHS Wales organisation's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs.

### 1.4.3. NEST Pension Scheme

An alternative pensions scheme for employees not eligible to join the NHS Pensions scheme has to be offered. The NEST (National Employment Savings Trust) Pension scheme is a defined contribution scheme and therefore the cost to the NHS body of participating in the scheme is equal to the contributions payable to the scheme for the accounting period.

### 1.5. Other expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

### 1.6. Property, plant and equipment

#### 1.6.1. Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the NHS Wales organisation;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

#### 1.6.2. Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and buildings used for services or for administrative purposes are stated in the Statement of Financial Position (SoFP) at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period.

Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use

- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales' organisations have applied these new valuation requirements from 1 April 2009.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure.

References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that the impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Net Expenditure (SoCNE).

From 2015-16, IFRS 13 Fair Value Measurement must be complied with in full. However IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. Where there is no single class of asset that falls within IFRS 13, disclosures should be for material items only.

In accordance with the adaptation of IAS 16 in table 6.2 of the FReM, for non-specialised assets in operational use, current value in existing use is interpreted as market value for existing use which is defined in the RICS Red Book as Existing Use Value (EUV).

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the NHS organisation or the asset which would prevent access to the market at the reporting date. If the NHS organisation could access the market then the surplus asset should be used at fair value using IFRS 13. In determining whether such an asset which is not in use is surplus, an assessment should be made on whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

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Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

### **1.6.3. Subsequent expenditure**

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any carrying value of the item replaced is written-out and charged to the SoCNE. As highlighted in previous years the NHS in Wales does not have systems in place to ensure that all items being "replaced" can be identified and hence the cost involved to be quantified. The NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of the Manual For Accounts. This dictates that to ensure that asset carrying values are not materially overstated. For All Wales Capital Schemes that are completed in a financial year, NHS Wales organisations are required to obtain a revaluation during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

## **1.7. Intangible assets**

### **1.7.1. Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Wales organisation; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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## Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

### 1.8. Depreciation, amortisation and impairments

Freehold land, assets under construction and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS Wales Organisation expects to obtain economic benefits or service potential from the asset. This is specific to the NHS Wales organisation and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

At each reporting period end, the NHS Wales organisation checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

Impairment losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the SoCNE. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE. The balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 are transferred to retained earnings.

### 1.9. Research and Development

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project.

### 1.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale



within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the SoCNE. On disposal, the balance for the asset on the revaluation reserve, is transferred to the General Fund.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead it is retained as an operational asset and its economic life adjusted. The asset is derecognised when it is scrapped or demolished.

### **1.11. Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

#### **1.11.1. The NHS Wales organisation as lessee**

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the SoCNE.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

#### **1.11.2. The NHS Wales organisation as lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS Wales organisation net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the NHS Wales organisation's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **1.12. Inventories**

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is

considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

### **1.13. Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows (SoCF), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

### **1.14. Provisions**

Provisions are recognised when the NHS Wales organisation has a present legal or constructive obligation as a result of a past event, it is probable that the NHS Wales organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the discount rate supplied by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the NHS Wales organisation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the NHS Wales organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

#### **1.14.1. Clinical negligence and personal injury costs**

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2020-21 and 2019-20, although no costs were apportioned to HEIW during either year. The WRP is hosted by Velindre NHS Trust.

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### 1.15. Financial Instruments

From 2018-19 IFRS 9 Financial Instruments has applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales' organisations, was to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss (ECL) basis.

All entities applying the FReM recognised the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that included the date of initial application in the opening general fund within Taxpayer's equity.

### 1.16. Financial assets

Financial assets are recognised on the SoFP when the NHS Wales organisation becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

IFRS 9 requirements required a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS 9 to construct a provision matrix.

#### 1.16.1. Financial assets are initially recognised at fair value

Financial assets are classified into the following categories: financial assets 'at fair value through SoCNE'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### 1.16.2. Financial assets at fair value through SoCNE

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through SoCNE. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

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### 1.16.3 Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

### 1.16.4. Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the SoCNE on de-recognition.

### 1.16.5. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the SOFP date, the NHS Wales organisation assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the SoCNE and the carrying amount of the asset is reduced directly, or through a provision of impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the SoCNE to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 1.17. Financial liabilities

Financial liabilities are recognised on the SOFP when the NHS Wales organisation becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

**1.17.1. Financial liabilities are initially recognised at fair value**

Financial liabilities are classified as either financial liabilities at fair value through the SoCNE or other financial liabilities.

**1.17.2. Financial liabilities at fair value through the SoCNE**

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

**1.17.3. Other financial liabilities**

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

**1.18. Value Added Tax (VAT)**

Most of the activities of the NHS Wales organisation are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

**1.19. Foreign currencies**

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the SoCNE. At the SoFP date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

**1.20. Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Wales organisation has no beneficial interest in them. Details of third party assets are given in the Notes to the accounts.

**1.21. Losses and Special Payments**

Losses and special payments are items that the Welsh Government would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the SoCNE on an accruals basis, including losses which would have been made good through insurance cover had the NHS Wales organisation not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

The NHS Wales organisation accounts for all losses and special payments gross (including assistance from the WRP).

The NHS Wales organisation accrues or provides for the best estimate of future pay-outs for certain liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

All claims for losses and special payments are provided for, where the probability of settlement of an individual claim is over 50%. Where reliable estimates can be made, incidents of clinical negligence against which a claim has not, as yet, been received are provided in the same way. Expected reimbursements from the WRP are included in debtors. For those claims where the probability of settlement is between 5- 50%, the liability is disclosed as a contingent liability.

#### **1.22. Pooled budget**

The NHS Wales organisation has not entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note.

The pool budget is hosted by one NHS Wales's organisation. Payments for services provided are accounted for as miscellaneous income. The NHS Wales organisation accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

#### **1.23. Critical Accounting Judgements and key sources of estimation uncertainty**

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

#### **1.24. Key sources of estimation uncertainty**

There are no estimation uncertainties at the SoFP date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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### **1.25 Private Finance Initiative (PFI) transactions**

The NHS Wales organisation has no PFI arrangements.

### **1.26. Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

### **1.27. Absorption accounting**

Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required.

Where there is a transfer of function the gain or loss resulting from the assets and liabilities transferring is recognised in the SoCNE and is disclosed separately from the operating costs.

### **1.28. Accounting standards that have been issued but not yet been adopted**

The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM

IFRS14 Regulatory Deferral Accounts.

Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 16 Leases is to be effective from 1st April 2022.

IFRS 17 Insurance Contracts, Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

### **1.29. Accounting standards issued that have been adopted early**

During 2020-21 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

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### 1.30. Charities

The NHS Organisation has no NHS Charitable Fund.

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## 2. Financial Duties Performance

HEIW was established as a Special Health Authority. The statutory financial duties of Special Health Authorities are set out in section 172 of the National Health Service (Wales) Act 2006.

Section 172(1) sets out what is referred to as the 'First Financial Duty' - a duty to secure that HEIW expenditure does not exceed the aggregate of the funding allotted to it for a financial year.

Under the powers of direction in the National Health Service (Wales) Act section 172(6) WHC/2019/004 clarified that the annual statutory financial duty is set separately for revenue and capital resource allocations.

HEIW was issued with a Remit Letter on 25 October 2018, confirming that the period to 31 March 2019 would remain a transitional period as HEIW commenced full operations. Accordingly the Remit Letter set out objectives for delivery by HEIW for the period to 31 March 2019 and beyond, and set the requirement that HEIW prepare an annual plan for 2019/20 in accordance with the NHS Wales Planning Framework. The HEIW Board approved its 2020-2023 IMTP in January 2020 and subsequently submitted it to Welsh Government for its approval. As a result of the COVID-19 pandemic the approval process was paused and Welsh Government issued directions for NHS organisations to develop and submit an annual plan for 2021-2022.

HEIW is therefore subject to a Second Financial Duty for the period of account to 31 March 2021. HEIW is expected to report in the Annual Report and Accounts for the period of account to 31 March 2021 performance against its objectives set out in the 2020-21 annual plan.

### 2.1 Revenue Resource Performance

#### Financial performance 2020-21

	£'000
<b>Net operating costs for the period</b>	<b>234,724</b>
Less general ophthalmic services expenditure and other non-cash limited expenditure	0
Less revenue consequences of bringing PFI schemes onto SoFP	0
Total operating expenses	234,724
Revenue Resource Allocation	234,819
<b>Under /(over) spend against Allocation</b>	<b>95</b>

HEIW has met its financial duty to break-even against its Revenue Resource Limit over the period.

### 2.2 Capital Resource Performance

#### 2020-21

	£'000
<b>Gross capital expenditure</b>	<b>84</b>
Add: Losses on disposal of donated assets	0
Less: NBV of property, plant and equipment and intangible assets disposed	0
Less: capital grants received	0
Less: donations received	0
Charge against Capital Resource Allocation	84
Capital Resource Allocation	105
<b>(Over) / Underspend against Capital Resource Allocation</b>	<b>21</b>

HEIW has met its financial duty to break-even against its Capital Resource Limit over the period.

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2.3 Duty to prepare a 1 year plan

The process for 2020/2023 was paused in the spring and the approval process was not completed, so the approval/non-approval status of all organisations remain extant as at that point (i.e. the previous January 2019 submission).

The Minister for Health and Social Services has issued directions for NHS organisations to develop and submit an annual plan for 2020-2021. HEIW prepared 3 operational plans in 2020/21 covering quarter 1, quarter 2 and a combined plan for the second half of the year. These plans were based on the 2020-2023 IMTP that was approved by Board in January 2020 prior to submission to Welsh Government.

The Minister for Health and Social Services extant approval

Status	
Date	10/06/2019

HEIW with the agreement of the Welsh Government has operated under a quarterly operating plan that was approved in phases by the Board in May 2020, July 2020 & November 2020.

HEIW has therefore met its statutory duty to have an approved financial plan for the period 2020-21.

2.4 Creditor payment

The SHA is required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice (whichever is the later). The SHA has achieved the following results:

	2020-21	2019-20
Total number of non-NHS bills paid	4,715	6,582
Total number of non-NHS bills paid within target	4,520	6,265
Percentage of non-NHS bills paid within target	95.9%	95.2%

HEIW has met the target.

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### 3. Analysis of gross operating costs

#### 3.1 Non Medical Education and Training

	2020-21	2019-20
	Total	
	£'000	£'000
Student Training Fees (Universities)	62,171	58,916
Additional Training Costs (Universities)	75	1,026
Funding for Healthcare Education Fees (Health Boards & Trusts)	1,830	2,450
Student Bursaries Reimbursement (Universities)	23,042	23,126
Student Salaries Reimbursement (Health Boards & Trusts)	18,193	15,604
Advanced Practice Training fees	1,237	1,389
Healthcare Support Working Training	1,964	1,935
Non-Medical Prescribing	319	287
Training related Travel and Subsistence	2,942	3,826
<b>Total</b>	<b>111,773</b>	<b>108,559</b>

#### 3.2 Postgraduate Medical, Dental & Pharmacy Education

	2020-21	2019-20
	£'000	£'000
Training Grade Salaries	52,462	50,319
Postgraduate Centre and Study Leave	4,768	4,745
GP Registrars	25,748	18,452
Dental Foundation Trainees	4,269	0
Pre-Registration Pharmacists.	3,688	1,375
Induction & Refresher	43	83
Welsh Clinical Academic Training	1,634	1,349
GP CPD and Appraisal Costs	527	845
Other	447	424
<b>Total</b>	<b>93,586</b>	<b>77,592</b>

For 2020/21 a new line was included within note 3.2 for the costs of funding 'Pre-registration Pharmacists'. In previous years these costs were included within 'Student Salaries Rembursement (Health Boards and Trusts)' in note 3.1. For comparative purposes the figures reported in the 2019/20 accounts have been amended to reflect the new classification. For 2020/21 'Pre-registration Pharmacists' includes £2,971k of costs paid through NWSSP as the single lead employer.

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**3.3 Other Operating Expenditure**

	2020-21 £'000	2019-20 £'000
Directors' costs	982	1,052
Operational Staff costs	16,098	13,604
Single lead employer Staff Trainee Cost	0	0
Supplies and services - clinical	82	42
Supplies and services - general	3,246	2,230
Consultancy Services	152	158
Establishment	3,029	4,070
Transport	0	0
Premises	5,211	5,433
External Contractors	294	231
Depreciation	500	489
Amortisation	0	0
Fixed asset impairments and reversals (Property, plant & equipment)	0	0
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	166	172
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	47	(21)
Research and Development	0	0
Other operating costs	90	107
<b>Total</b>	<b>29,897</b>	<b>27,567</b>

**3.4 Losses, special payments and irrecoverable debts:  
charges to operating expenses**

	2020-21 £'000	2019-20 £'000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	0	0
Primary care	0	0
Redress Secondary care	0	0
Redress Primary care	0	0
Personal injury	0	0
All other losses and special payments	0	0
Defence legal fees and other administrative costs	0	(22)
Gross increase/(decrease) in provision for future payments	0	(22)
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	47	1
<b>Less: income received/due from Welsh Risk Pool</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>47</b>	<b>(21)</b>

	2020-21 £	2019-20 £
Permanent injury included within personal injury £:	0	0

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4. Miscellaneous Income

	2020-21 £'000	2019-20 £'000
Local Health Boards	0	26
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
NHS trusts	152	85
Foundation Trusts	0	0
Other NHS England bodies	0	0
Local authorities	0	0
Welsh Government	0	100
Welsh Government Hosted Bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	0	0
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	0	0
Other income from activities	0	0
Patient transport services	0	0
Education, training and research	380	487
Charitable and other contributions to expenditure	0	0
Receipt of NWSSP Covid centrally purchased assets	0	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	0	0
Receipt of Government granted assets	0	0
Non-patient care income generation schemes	0	0
NWSSP	0	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	0	0
<b>Total</b>	<b>532</b>	<b>698</b>

Welsh Government Covid 19 income included in total above;. 0

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment re personal injury claims

	2020-21 %	2019-20 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	22.43	21.79

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**5. Investment Revenue**

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
<b>Rental revenue :</b>		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue :</b>		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**6. Other gains and losses**

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Gain/(loss) on disposal of property, plant and equipment	0	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**7. Finance costs**

	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>0</b>	<b>0</b>
Provisions unwinding of discount	0	0
Other finance costs	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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## 8. Operating leases

### HEIW as lessee

As at 31st March 2021 HEIW had 1 operating lease agreement in place for the lease of a premises, 2 arrangements in respect of equipment and 1 in respect of vehicles, with 1 premises lease having expired in year.

<b>Payments recognised as an expense</b>	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Minimum lease payments	380	380
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>380</b>	<b>380</b>

### **Total future minimum lease payments**

<b>Payable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	371	378
Between one and five years	1,456	1,460
After 5 years	773	1,137
<b>Total</b>	<b>2,600</b>	<b>2,975</b>

### HEIW as lessor

<b>Rental revenue</b>	<b>£000</b>	<b>£000</b>
Rent	0	0
Contingent rents	0	0
<b>Total revenue rental</b>	<b>0</b>	<b>0</b>

### **Total future minimum lease payments**

<b>Receivable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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**9. Employee benefits and staff numbers****9.1 Employee costs**

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Other Staff	Total	2019-20
						31-Mar-21	
	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	12,522	959	240	0	0	13,721	11,807
Social security costs	1,194	0	0	0	0	1,194	1,020
Employer contributions to NHS Pension Scheme	2,053	0	0	0	0	2,053	1,689
Other pension costs	5	0	0	0	0	5	0
Other employment benefits	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	31
<b>Total Employee costs</b>	<b>15,774</b>	<b>959</b>	<b>240</b>	<b>0</b>	<b>0</b>	<b>16,973</b>	<b>14,547</b>

Please give detail of staff under "Other".

Charged to capital	0	0
Charged to revenue	16,973	14,547
	<b>16,973</b>	<b>14,547</b>

Net movement in accrued employee benefits (untaken staff leave accrual included above)

0 46

Covid 19 Net movement in accrued employee benefits (untaken staff leave accrual included in above)

68 0

**9.2 Average number of employees**

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Other Staff	Total	2019-20
						31-Mar-21	
	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	188	6	5	0	0	199	169
Medical and dental	44	1	0	0	0	45	43
Nursing, midwifery registered	3	2	0	0	0	5	3
Professional, Scientific, and technical staff	15	0	0	0	0	15	12
Additional Clinical Services	2	0	0	0	0	2	3
Allied Health Professions	1	0	0	0	0	1	0
Healthcare Scientists	0	0	0	0	0	0	0
Estates and Ancilliary	0	0	0	0	0	0	0
Students	0	0	0	0	0	0	0
<b>Total</b>	<b>253</b>	<b>9</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>267</b>	<b>230</b>

**Administrative clerical and board members includes:**

Lay members (undertake medical appraisal and training plans)	0	0	0	0	0	0	0
Lecturers	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**9.3. Retirements due to ill-health**

	31-Mar-21	31-Mar-20
Number	0	0
Estimated additional pension costs £	0	0

The estimated additional pension costs of these ill-health retirements have been calculated on an average basis and are borne by the NHS Pension Scheme.

**9.4 Employee benefits**

HEIW offers three salary sacrifice schemes for childcare vouchers, bikes and lease cars.

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## 9.5 Reporting of other compensation schemes - exit packages

	2020-21	2020-21	2020-21	2020-21	2019-20
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

	2020-21	2020-21	2020-21	2020-21	2019-20
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	31,200
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,200</b>

Exit costs paid in year of departure	Total paid in year 2020-21	Total paid in year 2019-20
	£'s	£'s
Exit costs paid in year	0	31,200
<b>Total</b>	<b>0</b>	<b>31,200</b>

Redundancy costs have been paid in accordance with the NHS Redundancy provisions, other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where HEIW has agreed early retirements, the additional costs are met by HEIW and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

An extra contractual payment was made to a former employee during 2019-20 totalling £31,200. This was not deemed to be an exit payment so has been classified as a 'special payment' in table 9.5 above.

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### 9.6 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in HEIW in the financial period to 31 March 2021 was £165k to £170k (2019-20 £160k to £165k). This was 3.2 times (2019-20 3.11 times) the median remuneration of the workforce, which was £51,668 (2019-20 £52,306).

During the period, 0 (2019-20, 0) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £14,503 to £165,610 (2019-20, £14,265 to £162,650).

The banded remuneration of the Chief Executive is £150k to £155k (2019-20, £150k to £155k). This is 2.99 times (2019-20, 2.92 times) the median remuneration of the workforce.

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

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## 9.7 Pension Costs

### PENSION COSTS

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

#### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

#### b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

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**b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

**c) National Employment Savings Trust (NEST)**

NEST is a workplace pension scheme, which was set up by legislation and is treated as a trust-based scheme. The Trustee responsible for running the scheme is NEST Corporation. It's a non-departmental public body (NDPB) that operates at arm's length from government and is accountable to Parliament through the Department for Work and Pensions (DWP).

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing.

NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 8% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,000 for the 2020-2021 tax year (2019-2020 £6,136 and £50,000).

Restrictions on the annual contribution limits were removed on 1st April 2017.

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## 10. Public Sector Payment Policy - Measure of Compliance

### 10.1 Prompt payment code - measure of compliance

The Welsh Government requires that HEIW pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Welsh Government has set as part of the HEIW financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

	31-Mar-21	31-Mar-21	31-Mar-20	31-Mar-20
	Number	£000	Number	£000
<b>NHS</b>				
Total bills paid	2,072	121,353	2,623	109,713
Total bills paid within target	1,934	116,479	2,293	101,223
Percentage of bills paid within target	93.3%	96.0%	87.4%	92.3%
<b>Non-NHS</b>				
Total bills paid	4,715	102,677	6,582	99,008
Total bills paid within target	4,520	101,991	6,265	98,579
Percentage of bills paid within target	95.9%	99.3%	95.2%	99.6%
<b>Total</b>				
Total bills paid	6,787	224,030	9,205	208,721
Total bills paid within target	6,454	218,470	8,558	199,802
Percentage of bills paid within target	95.1%	97.5%	93.0%	95.7%

### 10.2 The Late Payment of Commercial Debts (Interest) Act 1998

	31-Mar-21	31-Mar-20
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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## 11. Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2020</b>	0	1,431	0	0	573	0	1,394	482	<b>3,880</b>
Indexation	0	0	0	0	0	0	0	0	<b>0</b>
Additions									
- purchased	0	0	0	0	14	0	70	0	<b>84</b>
- donated	0	0	0	0	0	0	0	0	<b>0</b>
- government granted	0	0	0	0	0	0	0	0	<b>0</b>
Transfer from/into other organisations	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	0	0	0	<b>0</b>
Revaluations	0	0	0	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	0	0	0	0	0	0	0	<b>0</b>
Impairments	0	0	0	0	0	0	0	0	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>1,431</b>	<b>0</b>	<b>0</b>	<b>587</b>	<b>0</b>	<b>1,464</b>	<b>482</b>	<b>3,964</b>
<b>Depreciation at 1 April 2020</b>	0	184	0	0	573	0	362	166	<b>1,285</b>
Indexation	0	0	0	0	0	0	0	0	<b>0</b>
Transfer from/into other organisations	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	0	0	0	<b>0</b>
Revaluations	0	0	0	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	0	0	0	0	0	0	0	<b>0</b>
Impairments	0	0	0	0	0	0	0	0	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	0	0	0	0	0	0	<b>0</b>
Provided during the period	0	147	0	0	0	0	271	82	<b>500</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>331</b>	<b>0</b>	<b>0</b>	<b>573</b>	<b>0</b>	<b>633</b>	<b>248</b>	<b>1,785</b>
<b>Net book value at 1 April 2020</b>	<b>0</b>	<b>1,247</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,032</b>	<b>316</b>	<b>2,595</b>
<b>Net book value at 31 March 2021</b>	<b>0</b>	<b>1,100</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>831</b>	<b>234</b>	<b>2,179</b>
<b>Net book value at 31 March 2021 comprises :</b>									
Purchased	0	1,100	0	0	14	0	831	234	<b>2,179</b>
Donated	0	0	0	0	0	0	0	0	<b>0</b>
Government Granted	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>1,100</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>831</b>	<b>234</b>	<b>2,179</b>
<b>Asset financing :</b>									
Owned	0	1,100	0	0	14	0	831	234	<b>2,179</b>
Held on finance lease	0	0	0	0	0	0	0	0	<b>0</b>
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	<b>0</b>
PFI residual interests	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>1,100</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>831</b>	<b>234</b>	<b>2,179</b>

The net book value of land, buildings and dwellings at 31 March 2021 comprises :

	£000
Freehold	0
Long Leasehold	1,100
Short Leasehold	0
	<b>1,100</b>

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.

0

'Building Assets' held by HEIW relate to leasehold improvements and are depreciated over the shorter of the remainder of the lease or the assessed life of the asset.

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## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2019</b>	0	1,413	0	0	573	0	1,358	441	<b>3,785</b>
Indexation	0	0	0	0	0	0	0	0	<b>0</b>
Additions									
- purchased	0	18	0	0	0	0	36	41	<b>95</b>
- donated	0	0	0	0	0	0	0	0	<b>0</b>
- government granted	0	0	0	0	0	0	0	0	<b>0</b>
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	0	0	0	<b>0</b>
Revaluations	0	0	0	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	0	0	0	0	0	0	0	<b>0</b>
Impairments	0	0	0	0	0	0	0	0	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2020</b>	<b>0</b>	<b>1,431</b>	<b>0</b>	<b>0</b>	<b>573</b>	<b>0</b>	<b>1,394</b>	<b>482</b>	<b>3,880</b>
<b>Depreciation at 1 April 2019</b>	0	37	0	0	573	0	96	90	<b>796</b>
Indexation	0	0	0	0	0	0	0	0	<b>0</b>
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	0	0	0	<b>0</b>
Revaluations	0	0	0	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	0	0	0	0	0	0	0	<b>0</b>
Impairments	0	0	0	0	0	0	0	0	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	0	0	0	0	0	0	<b>0</b>
Provided during the year	0	147	0	0	0	0	266	76	<b>489</b>
<b>At 31 March 2020</b>	<b>0</b>	<b>184</b>	<b>0</b>	<b>0</b>	<b>573</b>	<b>0</b>	<b>362</b>	<b>166</b>	<b>1,285</b>
<b>Net book value at 1 April 2019</b>	<b>0</b>	<b>1,376</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,262</b>	<b>351</b>	<b>2,989</b>
<b>Net book value at 31 March 2020</b>	<b>0</b>	<b>1,247</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,032</b>	<b>316</b>	<b>2,595</b>
<b>Net book value at 31 March 2020 comprises :</b>									
Purchased	0	1,247	0	0	0	0	1,032	316	<b>2,595</b>
Donated	0	0	0	0	0	0	0	0	<b>0</b>
Government Granted	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2020</b>	<b>0</b>	<b>1,247</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,032</b>	<b>316</b>	<b>2,595</b>
<b>Asset financing :</b>									
Owned	0	1,247	0	0	0	0	1,032	316	<b>2,595</b>
Held on finance lease	0	0	0	0	0	0	0	0	<b>0</b>
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	<b>0</b>
PFI residual interests	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2020</b>	<b>0</b>	<b>1,247</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,032</b>	<b>316</b>	<b>2,595</b>

The net book value of land, buildings and dwellings at 31 March 2020 comprises :

	£000
Freehold	0
Long Leasehold	1,247
Short Leasehold	0
	<b>1,247</b>

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.

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'Building Assets' held by HEIW relate to leasehold improvements and are depreciated over the shorter of the remainder of the lease or the assessed life of the asset.

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**11. Property, plant and equipment****11.2 Non-current assets held for sale**

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2020</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the period	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the period	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance brought forward 1 April 2019</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Assets sold in the period**

There were no assets sold in the period.

**Assets classified as held for sale during the period**

No assets were classified as held for sale during 2020-21.

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## 12. Intangible non-current assets

### 2020-21

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2020</b>	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Gross cost at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation at 1 April 2020</b>	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the period	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Amortisation at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 1 April 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 March 2021</b>							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## 12.1 Intangible non-current assets

### 2019-20

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2019</b>	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Gross cost at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation at 1 April 2019</b>	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Amortisation at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 1 April 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 March 2020</b>							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**13 . Impairments**

	<b>31-Mar-21</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>	<b>31-Mar-20</b>
	<b>Property, plant</b>	<b>Intangible</b>	<b>Property, plant</b>	<b>Intangible</b>
	<b>&amp; equipment</b>	<b>assets</b>	<b>&amp; equipment</b>	<b>assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	0	0	0	0
Reversal of impairments	0	0	0	0
<b>Total of all impairments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Analysis of impairments charged to reserves in period :</b>				
Charged to the Statement of Comprehensive Net Expenditure	0	0	0	0
Charged to Revaluation Reserve	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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14.1 Inventories

	£000	£000
Drugs	0	0
Consumables	0	0
Energy	0	0
Work in progress	0	0
Other	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31-Mar-21 £000	31-Mar-20 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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## 15. Trade and other Receivables

## Current

	31-Mar-21 £000	31-Mar-20 £000
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	22
Welsh NHS Trusts	347	22
Non - Welsh Trusts	0	0
Other NHS	0	8
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
<b>Welsh Risk Pool Claim Reimbursement;</b>		
NHS Wales Secondary Health Sector	0	0
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangibles	0	0
Capital debtors - Intangibles	0	0
Other debtors	237	129
Provision for irrecoverable debts	(51)	(4)
Pension Prepayments NHS Pensions	0	0
Other prepayments	1,232	897
Other accrued income	0	0
<b>Sub total</b>	<b>1,765</b>	<b>1,074</b>
<b>Non-current</b>		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
<b>Welsh Risk Pool Claim Reimbursement;</b>		
NHS Wales Secondary Health Sector	0	0
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangibles	0	0
Capital debtors - Intangibles	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Other prepayments	0	0
Other accrued income	0	0
<b>Sub total</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1,765</b>	<b>1,074</b>

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**15. Trade and other Receivables****Receivables past their due date but not impaired**

	31-Mar-21	31-Mar-20
	£000	£000
By up to three months	51	34
By three to six months	0	2
By more than six months	0	0
	<b>51</b>	<b>36</b>

No debtors past due (but not impaired) are greater than six months old.

**Expected Credit Losses (ECL) previously Allowance for bad and doubtful debts**

Balance at 1 April 2020	4	3
Transfer to other NHS Wales body	0	0
Amount written off during the period	0	0
Amount recovered during the period	0	0
(Increase) / decrease in receivables impaired	47	1
ECL/Bad debts recovered during period	0	0
Balance at 31 March 2021	<b>51</b>	<b>4</b>

In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies.

**Receivables VAT**

Trade receivables	91	69
Other	0	0
Total	<b>91</b>	<b>69</b>

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**16. Other Financial Assets**

	Current		Non-current	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	£000	£000	£000	£000
<b>Financial assets</b>				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**17. Cash and cash equivalents**

	31-Mar-21	31-Mar-20
	£000	£000
Opening Balance	7,465	6,240
Net change in cash and cash equivalent balances	(1,317)	1,225
Balance at 31 March 2021	<b>6,148</b>	<b>7,465</b>
Made up of:		
Cash held at Government Banking Service (GBS)	6,148	7,465
Commercial banks	0	0
Cash in hand	0	0
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>6,148</b>	<b>7,465</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>6,148</b>	<b>7,465</b>

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising for financing activities are;

Lease Liabilities £0k

PPF liabilities £0k

The movement relates to cash, no comparative information is required by IAS 7 in 2020-21.

## 18. Trade and other payables

Current	31-Mar-21	31-Mar-20
	£000	£000
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	1,575	1,621
Welsh NHS Trusts	999	301
Other NHS	439	93
Taxation and social security payable / refunds	368	329
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	2	0
Non-NHS trade payables - revenue	1,570	3,095
Local Authorities	0	6
Capital payables-Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	23	23
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	227	189
Non NHS Accruals	2,446	1,481
Deferred Income:		
Deferred Income brought forward	19	11
Deferred Income Additions	12	8
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(19)	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub total</b>	<b>7,661</b>	<b>7,157</b>
<b>Non-current</b>		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS trade payables - revenue	0	0
Local Authorities	0	0
Capital Creditors- Tangible	0	0
Capital Creditors- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	148	171
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub total</b>	<b>148</b>	<b>171</b>
<b>Total</b>	<b>7,809</b>	<b>7,328</b>

It is intended to pay all invoices within the 30 day period directed by the Welsh Government.



**18. Trade and other payables (continued)**

Amounts falling due more than one year are expected to be settled as follows:

	31-Mar-21	31-Mar-20
	£000	£000
Between one and two years	23	23
Between two and five years	69	69
In five years or more	55	79
Sub-total	<u>147</u>	<u>171</u>

**19. Other financial liabilities**

	Current		Non-current	
Financial liabilities	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	£000	£000	£000	£000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
<b>Total</b>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>0</b></u>

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## 20. Provisions

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administratio	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	130		0	0	3	0	(126)		7
<b>Total</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>(126)</b>	<b>0</b>	<b>7</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administratio	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administratio	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	130		0	0	3	0	(126)		7
<b>Total</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>(126)</b>	<b>0</b>	<b>7</b>

## Expected timing of cash flows:

	in year to 31 March 2022	Between 1 April 2022 31 March 2026	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	0	0	0	0
Primary care	0	0	0	0
Redress Secondary care	0	0	0	0
Redress Primary care	0	0	0	0
Personal injury	0	0	0	0
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	0	0	0	0
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	7	0	0	7
<b>Total</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>7</b>

The provision of £7k held on the balance sheet at 31st March 2021 relates to the estimated costs of holiday pay due on overtime for the 2019/20 and 2020/21 financial years.

## 20. Provisions (continued)

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	30	0	0	0	0	(8)	(22)		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	130	0	0		130
<b>Total</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>(8)</b>	<b>(22)</b>	<b>0</b>	<b>130</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	30	0	0	0	0	(8)	(22)		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	130	0	0		130
<b>Total</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>(8)</b>	<b>(22)</b>	<b>0</b>	<b>130</b>

The provision of £130k held on the balance sheet at 31st March 2020 is made up of:

- £4k for the estimated costs of holiday pay on overtime worked in HEIW since 1st October 2018. This is as a result of a case brought against the East of England Ambulance Service that is pending an appeal.
- £78k for the estimated costs of untaken annual leave as at 31st March 2020 by Dental Trainees in non-NHS settings. This is as a result of the COVID-19 pandemic.
- £48k for the estimated costs of untaken annual leave as at 31st March 2020 by Pharmacy Technicians/Pre-reg Pharmacists in non-NHS settings. This is as a

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21. Contingencies

21.1 Contingent liabilities

	31-Mar-21	31-Mar-20
	£'000	£'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence		
Secondary Care	0	0
Primary Care	0	0
Secondary Care Redress	0	0
Primary Care Redress	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	0	0
Continuing Health Care costs	0	0
Other	0	0
Total value of disputed claims	0	0
Amounts recovered in the event of claims being successful	0	0
Net contingent liability	0	0

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**21.2 Remote Contingent liabilities**

31-Mar-21	31-Mar-20
£'000	£'000

Please disclose the values of the following categories of remote contingent liabilities :

Guarantees	0	0
Indemnities	0	0
Letters of Comfort	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**21.3 Contingent assets**

31-Mar-21	31-Mar-20
£'000	£'000

None	0	0
	0	0
	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**22. Capital commitments****Contracted capital commitments**

31-Mar-21	31-Mar-20
£'000	£'000

Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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23. Losses and special payments

HEIW has made no payments included within the 'losses and special payments' definition during the period. Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.

Gross loss to the Exchequer

Number of cases and associated amounts paid out or written-off during the financial period

Amounts paid out during period to 31 March 2021	
Number	£
Clinical negligence	0
Personal injury	0
All other losses and special payments	0
<b>Total</b>	<b>0</b>

Analysis of cases which exceed £300,000 and all other cases

Cases exceeding £300,000	Number	Case type	Amounts paid out in period	Cumulative amount
			£	£
None				

Sub-total

All other cases

Total cases

0	0
0	0
0	0

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## 24. Finance leases

### 24.1 Finance leases obligations (as lessee)

HEIW has no finance lease obligations as lessee.

#### Amounts payable under finance leases:

##### Land

	31-Mar-21 £000	31-Mar-20 £000
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>

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**24.1 Finance leases obligations (as lessee) continue****Amounts payable under finance leases:****Buildings**

	31-Mar-21	31-Mar-20
	£000	£000
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<b>0</b>	<b>0</b>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<b>0</b>	<b>0</b>

**Present value of minimum lease payments**

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<b>0</b>	<b>0</b>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<b>0</b>	<b>0</b>

**Other**

	31-Mar-21	31-Mar-20
	£000	£000
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<b>0</b>	<b>0</b>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<b>0</b>	<b>0</b>

**Present value of minimum lease payments**

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<b>0</b>	<b>0</b>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<b>0</b>	<b>0</b>

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24.2 Finance leases obligations (as lessor) continued

HEIW has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

	31-Mar-21	31-Mar-20
	£000	£000
<b>Gross Investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

HEIW has no PFI schemes which are deemed to be on or off the statement of financial position.

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**25. Private Finance Initiative contracts****25.1 PFI schemes off-Statement of Financial Position**

HEIW has no PFI schemes which are deemed to be on or off the statement of financial position.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2021 £000	31 March 2020 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0

**25.2 PFI schemes on-Statement of Financial Position**

Capital value of scheme included in Fixed Assets Note 11	£000
Contract start date:	N/A
Contract end date:	N/A
	£000
Contract start date:	N/A
Contract end date:	N/A

**Total obligations for on-Statement of Financial Position PFI contracts due:**

	On SoFP PFI Capital element 31 March 2021 £000	On SoFP PFI Imputed interest 31 March 2021 £000	On SoFP PFI Service charges 31 March 2021 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0
	On SoFP PFI Capital element 31 March 2020 £000	On SoFP PFI Imputed interest 31 March 2020 £000	On SoFP PFI Service charges 31 March 2020 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0
	31 March 2021 £000		
Total present value of obligations for on-SoFP PFI contracts	0		

**25.3 Charges to expenditure**

	31-Mar-21	31-Mar-20
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	0	0

The LHB is committed to the following annual charges

	31-Mar-21	31-Mar-20
	£000	£000
<b>PFI scheme expiry date:</b>		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
<b>Total</b>	0	0

The estimated annual payments in future years will vary from those which the organisation is committed to make during the next year by the impact of movement in the Retail Prices Index.

**25.4 Number of PFI contracts**

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	0	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

	On / Off- statement of financial position
<b>PFI Contract</b>	
Number of PFI contracts which individually have a total commitment > £500m	0

**PFI Contract**

None

**25.5 Public Private Partnerships during the year**

HEIW has no Public Private Partnerships

English Catherine  
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**26. Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. HEIW is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. HEIW has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing HEIW in undertaking its activities.

**Currency risk**

HEIW is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. HEIW has no overseas operations. HEIW therefore has low exposure to currency rate fluctuations.

**Interest rate risk**

HEIW is not permitted to borrow. HEIW therefore has low exposure to interest rate fluctuations

**Credit risk**

Because the majority of HEIW funding derives from funds voted by the Welsh Government HEIW has low exposure to credit risk.

**Liquidity risk**

HEIW is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. HEIW is not, therefore, exposed to significant liquidity risks.

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**27. Movements in working capital**

	31-Mar-21 £000	31-Mar-20 £000
(Increase)/decrease in inventories	0	0
(Increase)/decrease in trade and other receivables - non-current	0	0
(Increase)/decrease in trade and other receivables - current	(691)	(273)
Increase/(decrease) in trade and other payables - non-current	(23)	(23)
Increase/(decrease) in trade and other payables - current	504	1,036
<b>Total</b>	<b>(210)</b>	<b>740</b>
Adjustment for accrual movements in fixed assets - creditors	0	0
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	0	0
	<b>(210)</b>	<b>740</b>

**28. Other cash flow adjustments**

	31-Mar-21 £000	31-Mar-20 £000
Depreciation	500	489
Amortisation	0	0
(Gains)/Loss on Disposal	0	0
Impairments and reversals	0	0
Release of PFI deferred credits	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	0	0
Covid assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	0	0
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	(123)	108
Other movements	1,547	515
<b>Total</b>	<b>1,924</b>	<b>1,112</b>

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29. Events after the Reporting Period

There are no events after the reporting date that have a material impact on the 2020/21 financial statements.

30. Related Party Transactions

The Welsh Government is regarded as a related party. During the accounting period HEIW has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body:

Related Party	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	187	231,777	0	0
Welsh LHBS	80,527	0	1,576	0
Welsh NHS Trusts	40,808	152	998	346
Local Authorities	526	0	0	0
Swansea University	24,311	0	406	0
Cardiff University	27,088	0	608	0
University West of England	203	0	47	0
University of South Wales	17,438	0	479	0
Royal College of Nursing	88	0	40	0
Displaced People in Action Ltd (DPIA)	37	0	0	0
General Pharmaceutical Council (GPhC)	1	0	0	0
Royal College of Physicians	13	0	0	0
General Medical Council (GMC)	0	14	0	0
	191,227	231,943	4,154	346

During the year, other than the individuals set out below, there were no other material related party transactions involving other board members or key senior management staff.

Tina Donnelly is a Fellow of the University of South Wales and Royal College of Nursing

Ruth Hall is a visiting Chair of the University of West of England and an advisory Board Member, Centre for Public Policy Wales at Cardiff University.

Ceri Phillips is Head of College of Human and Health Sciences, Swansea University.

Heidi Phillips is Associate Professor Primary Care, Swansea University

Mr Eifion Williams is a Member of the Finance Committee of Swansea University.

Pushpinder Mangat, Nicola Johnson and Sian Richards are seconded from Swansea Bay University Health Board.

Julie Rogers is seconded from Welsh Government.

31. Third Party assets

HEIW does not hold cash on behalf of third parties.

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## **32. Pooled budgets**

HEIW does not operate any pooled budgets.

## **33. Operating segments**

IFRS 8 requires bodies to report information about each of its operating segments.

HEIW is deemed to operate as one segment.

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**34. Other Information****34.1. 6.3% Staff Employer Pension Contributions - Notional Element**

The notional transactions are based on estimated costs for the twelve month period, calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions as at month eleven and the actual employer staff payments for month 12.

Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2021</b>	<b>2020-21 £000</b>	<b>2019-20 £000</b>
--	-------------------------	-------------------------

3.2 Postgraduate Medical, Dental & Pharmacy Education	922	515
3.3 Other Operating Expenditure	625	515

<b>Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020</b>		
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Net operating cost for the year	1,547	515
Notional Welsh Government Funding	1,547	515

<b>Statement of Cash Flows for year ended 31 March 2020</b>		
---	--	--

Net operating cost for the financial year	0	0
Other cash flow adjustments	1,547	515

<b>2.1 Revenue Resource Performance</b>		
---	--	--

Revenue Resource Allocation	1,547	515
-----------------------------	-------	-----

**3. Analysis of gross operating costs****3.2 Postgraduate Medical, Dental & Pharmacy Training**

GP Registrars	725	0
Dental Foundation Trainees	74	0
Pre-Registration Pharmacists	123	0

**3.3 Expenditure on Hospital and Community Health Services**

Directors' costs	19	37
Staff costs	606	478

**9.1 Employee costs****Permanent Staff**

Employer contributions to NHS Pension Scheme	625	515
Charged to capital	0	0
Charged to revenue	625	515

**18. Trade and other payables****Current**

Pensions: staff	0	0
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**28. Other cash flow adjustments**

Other movements	1,547	515
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**34.2 Other Information****Welsh Government Covid 19 Funding****2020-21****£000****Capital**

Capital Funding Field Hospitals	0
Capital Funding Equipment & Works	0
Capital Funding other (Specify)	0

**Welsh Government Covid 19 Capital Funding****0****Revenue**

Sustainability Funding	0
C-19 Pay Costs Q1 (Future Quarters covered by SF)	0
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	0
PPE (including All Wales Equipment via NWSSP)	0
TTP- Testing & Sampling - Pay & Non Pay	0
TTP - NHS & LA Tracing - Pay & Non Pay	0
Vaccination - Extended Flu Programme	0
Vaccination - COVID-19	0
Bonus Payment	924
Annual Leave Accrual - Increase due to Covid	152
Urgent & Emergency Care	0
Support for Adult Social Care Providers	0
Hospices	0
Independent Health Sector	0
Mental Health	0
Other Primary Care	0
Other	0

**Welsh Government Covid 19 Revenue Funding****1,076**

The HEIW SHA has received no other funding directly linked to Covid 19.

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## **34. Other Information**

### **34.3. IFRS 16**

#### **IFRS 16 Implementation**

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 Leases until 1 April 2022, because of the circumstances caused by Covid-19.

To ease the pressure on NHS Wales Finance Departments the IFRS 16 detailed impact statement has been removed by the Welsh Government Health and Social Services Group, Finance Department.

We expect the introduction of IFRS16 will not have a significant impact and this will be worked through for disclosure in our 2021-22 financial statements.

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**THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY  
WELSH MINISTERS IN ACCORDANCE WITH PARAGRAPH 3(1) OF SCHEDULE 9 TO  
THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE  
APPROVAL OF TREASURY**

**HEALTH EDUCATION AND IMPROVEMENT WALES**

1. Health Education and Improvement Wales (HEIW), a special health authority, shall prepare accounts for the financial period 5<sup>th</sup> October 2017 to 31 March 2019 and subsequent financial years in the form specified in paragraphs 2 to 4 below.

**BASIS OF PREPARATION**

2. The accounts of HEIW shall comply with:

(a) the accounting principles and disclosure requirements of the Government Financial Reporting Manual ('the FReM') issued by HM Treasury which is in force for that financial year, as detailed in the NHS Wales Manual for Accounts; and

(b) any other specific guidance or disclosures required by the Welsh Government.

3. The accounts shall be prepared so as to:

(a) give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, cash flows and changes in taxpayers' equity for the financial year then ended; and

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the National Assembly for Wales or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM as detailed in the NHS Wales Manual for Accounts will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM as detailed in the NHS Wales Manual for Accounts is inconsistent with the requirement to give a true and fair view, the requirements of the FReM as detailed in the NHS Wales Manual for Accounts should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Welsh Government.

Signed by the authority of the Welsh Ministers

Signed:

Dated:

Alan Brace, Director of Finance HSSG

English Catherine  
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**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad Cyfarfod</b>	<b>6 Mai 2021</b>	<b>Eitem ar yr Agenda</b>	<b>2.7</b>
<b>Teitl yr Adroddiad</b>	<b>Adroddiad Blynyddol Pwyllgor Archwilio a Sicrwydd DRAFFT 2020/21</b>		
<b>Awdur yr Adroddiad</b>	Catherine English, Rheolwr Llywodraethu Corfforaethol		
<b>Noddwr yr Adroddiad</b>	Dafydd Bebb, Ysgrifennydd y Bwrdd		
<b>A gyflwynir gan</b>	Dafydd Bebb, Ysgrifennydd y Bwrdd		
<b>Rhyddid Gwybodaeth</b>	Agored		
<b>Pwrpas yr Adroddiad</b>	Prif bwrpas Adroddiad Blynyddol y Pwyllgor Archwilio a Sicrwydd yw sicrhau'r Bwrdd bod y system sicrwydd yn addas at y diben ac yn gweithredu'n effeithiol. Mae'r adroddiad yn crynhoi'r meysydd allweddol o weithgaredd busnes a gyflawnwyd gan y Pwyllgor yn ystod 2020/21.		
<b>Materion Allweddol</b>	<p>Mae'r adroddiad hwn yn crynhoi'r meysydd allweddol o weithgaredd busnes a gynhaliwyd gan y Pwyllgor yn ystod 2020/21 ac yn tynnu sylw at rai o'r materion allweddol y mae'r Pwyllgor yn bwriadu rhoi ystyriaeth bellach iddynt dros y 12 mis nesaf.</p> <p>Fel y cytunwyd yng nghyfarfod diwethaf y Pwyllgor Archwilio a Sicrwydd, mae paragraff (5) ychwanegol ar dudalen 7 wedi'i gynnwys i adlewyrchu'r broses hunanasesu.</p>		
<b>Angen Camau Penodol (os gwelwch yn ddau un yn unig)</b>	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
			<b>Cymeradwyaeth</b>
			✓
<b>Argymhellion</b>	<p>Yn amodol ar gymeradwyo'r adroddiad Hunanasesu terfynol, gofynnir i Aelodau'r Pwyllgor:</p> <ul style="list-style-type: none"> <li><b>Gymeradwyo'r</b> Adroddiad Blynyddol 2020/21 i'w gyflwyno i'r Bwrdd.</li> </ul>		

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# ADRODDIAD BLYNYDDOL Y PWYLLGOR ARCHWILIO A SICRHAU 2020/21

## 1. CYFLWYNIAD

Prif bwrpas Adroddiad Blynyddol y Pwyllgor Archwilio a Sicrwydd (y 'Pwyllgor') yw sicrhau'r Bwrdd bod y system sicrwydd a ddarperir gan y Pwyllgor yn addas at y diben ac yn gweithredu'n effeithiol. Mae'r adroddiad hefyd yn cadarnhau bod y Pwyllgor wedi cyflawni ei Gylch Gorchwyl yn effeithiol.

## 2. CEFNDIR

Mae'r Pwyllgor, trwy ei adroddiadau yn ystod y flwyddyn, wedi hysbysu'r Bwrdd yn rheolaidd am ganlyniadau ei adolygiadau o sicrwydd, ynghyd ag unrhyw faterion eithriadol a gododd. Yn unol â llawlyfr Pwyllgor Archwilio GIG Cymru a safonau arfer da a dderbynnir yn gyffredinol, mae'n ofynnol i Gadeirydd y Pwyllgor gyhoeddi Adroddiad Blynyddol o'r materion sydd wedi'u hystyried gan y Pwyllgor yn ystod y flwyddyn ariannol.

Mae'r adroddiad yn rhoi sicrwydd i'r Bwrdd a'r Swyddog Atebol o ran digonolrwydd ac effeithiolrwydd gweithdrefnau a systemau AaGIC wrth gynnal system gadarn o reolaeth fewnol a'r casgliadau y daethpwyd iddynt ar gyfer blwyddyn ariannol 2020/21. Mae hyn i gynnwys sicrwydd ynghylch trylwyrdd y prosesau ac ansawdd y data sydd y tu ôl i'r datganiadau a darparu ei sicrwydd ei hun ynghylch dibynadwyedd y datgeliadau pan gânt eu cyflwyno i'r Bwrdd i'w cymeradwyo wedi hynny.

Mae'r adroddiad blynyddol hwn ar y pwyllgor wedi'i ddatblygu yn dilyn adolygiad o gofnodion a phapurau cymeradwy'r pwyllgor, gan ystyried cylch gwaith y Pwyllgor yn briodol fel y'i nodir yn ei Gylch Gorchwyl.

## 3. ASESIAD

Mae'r adroddiad hwn yn crynhoi'r meysydd allweddol o weithgaredd busnes a gynhaliwyd gan y Pwyllgor yn ystod 2020/21 ac yn tynnu sylw at rai o'r materion allweddol y mae'r Pwyllgor yn bwriadu rhoi ystyriaeth bellach iddynt dros y 12 mis nesaf.

## 4. MATERION LLYWODRAETHU A RISG

Rheolir unrhyw risgiau a materion llywodraethu trwy gyfarfodydd y pwyllgor a darperir adroddiadau eithriad i'r Bwrdd gan y cadeiryddion priodol.

## 5. GOBLYGIADAU ARIANNOL

Nid oes unrhyw oblygiadau ariannol i'r Bwrdd eu hystyried / cymeradwyo.

## 6. ARGYMHELLIAD

Yn amodol ar i'r adroddiad Hunanasesu gael ei gymeradwyo, gofynnir i Aelodau'r Pwyllgor:

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- **Gymeradwyo'r** Adroddiad Blynyddol 2020/21 i'w gyflwyno i'r Bwrdd i'w sicrhau.

<b>Llywodraethu a Sicrwydd</b>			
<b>Cyswllt â nodau strategol Cynllun Tymor Canolig Integredig</b> (os gwelwch yn dda ✓)	<b>Nod Strategol 1:</b> Arwain cynllunio, datblygu a lles gweithlu cymwys, cynaliadwy a hyblyg i gefnogi cyflwyno ' <i>Cymru Iachach</i> '	<b>Nod Strategol 2:</b> Gwella ansawdd a hygyrchedd addysg a hyfforddiant i'r holl staff gofal iechyd gan sicrhau ei fod yn diwallu anghenion y dyfodol	<b>Nod Strategol 3:</b> Gweithio gyda phartneriaid i ddylanwadu ar newid diwylliannol o fewn GIG Cymru trwy adeiladu gallu arweinyddiaeth dosturiol a chyfunol ar bob lefel
		✓	
	<b>Nod Strategol 4:</b> Datblygu'r gweithlu i gefnogi darparu diogelwch ac ansawdd	<b>Nod Strategol 5:</b> I fod yn gyflogwr enghreifftiol ac yn lle gwych i weithio	<b>Nod Strategol 6:</b> Cael eich cydnabod fel partner, dylanwadwr ac arweinydd rhagorol
	✓		✓
<b>Ansawdd, Diogelwch a Phrofiad y Claf</b>			
Mae sicrhau bod y Bwrdd yn cyflawni ei fusnes yn briodol trwy ei Bwyllgorau ac yn cyd-fynd â'i reolau sefydlog yn ffactor allweddol yn ansawdd, diogelwch a phrofiad cleifion sy'n derbyn gofal.			
<b>Goblygiadau Ariannol</b>			
Dim goblygiadau ariannol i'r Bwrdd fod yn ymwybodol ohonynt.			
<b>Goblygiadau Cyfreithiol (gan gynnwys asesiad cydraddoldeb ac amrywiaeth)</b>			
Mae'n hanfodol bod y Bwrdd yn cydymffurfio â'i reolau sefydlog, sy'n cynnwys derbyn diweddariadau gan ei bwyllgorau.			
<b>Goblygiadau Staffio</b>			
Dim goblygiadau staffio i'r Bwrdd fod yn ymwybodol ohonynt.			
<b>Goblygiadau Hirdymor (gan gynnwys effaith Deddf Lles Cenedlaethau'r Dyfodol (Cymru) 2015)</b>			
Mae'r adroddiad yn amlinellu'r gwaith a wnaed gan y Pwyllgor i adolygu perfformiad a chyllid tymor byr AaGIC yn ogystal â chanolbwyntio ar gynaliadwyedd tymor hwy. Nod y strwythur llywodraethu yw nodi materion yn gynnar i atal gwaethygu ac mae'r Pwyllgor yn integreiddio i drefniadau cyffredinol y Bwrdd.			
<b>Hanes yr Adroddiad</b>	Ystyriwyd gan y Tîm Gweithredol. Ystyriwyd gan y Pwyllgor Archwilio a Sicrwydd ar 7 Ebrill 2021.		
<b>Atodiadau</b>	Atodiad 1 - Adroddiad Blynnyddol y Pwyllgor Archwilio a Sicrwydd 2020/21.		

## **AUDIT AND ASSURANCE COMMITTEE ANNUAL REPORT 2020/21**

### **Committee Chair's Reflection**

It is an overused sentiment, but this year has been like no other and truly unique in every sense of the word!

We moved very swiftly in March 2020 to new working arrangements, in keeping with Government advice. This meant that the majority of staff were asked to work from home and all formal meetings would be held virtually/remotely until further notice.

All parties who contribute to the Audit and Assurance Committee had to adapt quickly to new ways of working. The Officers who support the Committee, the Independent Members who sit on the Committee, External audit, Internal audit, Local Counter Fraud Services and others – we all had to adapt and consider how to continue working under these changed circumstances.

Despite the challenges, we have continued to progress business with very little disruption. Work has continued on all aspects of business with a regular review of changing risks and the governance in place to protect individuals and the organisation.

Engagement and attendance of all parties has not been diminished and thanks must go to everyone for playing their part. The agenda setting has improved considerably as have the minutes and action log. The support for the meeting has been excellent and ensures that the business runs smoothly. Thanks must go to Kay and the team for this.

We continue to receive high quality reports from all participants and the challenge and interest in the subject matter is good. Many of the risks relating to a new organisation have been signed off and closed down during the year – a sign of a maturing organisation.

We will continue to focus going forward on clear lines of responsibility between the Audit and Assurance Committee, the Education, Commissioning and Quality Committee and the Board. We will also take a keen interest in the new Board Assurance Framework and monitoring of progress.

The Audit and Assurance Committee will continue to receive regular performance reports from the Wales Audit Office and Internal Audit, indicating areas which could merit more detailed examination, and we will continue to focus on those recommendations where attention is needed. The digital agenda is also pivotal to future delivery, and the Committee will focus attention on progress in this area along with monitoring of our Cyber Security Plan.

It has been pleasing to see many of the executive team at the Audit Committee, both as presenters and observers, and we hope that this will continue next year.



## 1. Introduction

The Audit and Assurance Committee was established under Board delegation with approved Terms of Reference and Operating Arrangements that are aligned to the NHS Wales Audit Committee Handbook, published by the Welsh Government. The Committee is an Independent Committee of the Board and has no Executive powers other than those specifically delegated in the Terms of Reference.

The Committee, through its in-year reporting, has regularly kept the Board informed regarding the results of its reviews of assurances, together with any exceptional issues that arose. In accordance with the NHS Wales Audit Committee Handbook guidance and generally accepted standards of good practice, the Committee is required to issue an Annual Report, constituting a formal report of the matters that it has considered during the year. The purpose of this report therefore is to provide the Board and the Accountable Officer with assurance in respect of the adequacy and effectiveness of HEIW's procedures and systems in maintaining a sound system of internal control, and the conclusions drawn for the 2020/21 financial year.

This report supports the compilation of the Accountability Report and sets out how the Committee has met its Terms of Reference.

## 2. Role and Purpose

The Committee supports the Board by critically reviewing governance and assurance processes on which the Board places reliance. The primary role of the Committee is therefore to ensure the system of assurance is valid and suitable for the Board's requirements; as such it will review whether:

- Processes to seek and provide assurance are robust and relevant;
- The controls in place are sound and complete;
- Assurances are reliable and of good quality; and
- Assurances are based on reliable, accurate and timely information and data.

The Committee provides a key source of assurance to the Board, ensuring that the organisation has effective controls in place to manage the significant risks to achieving its objectives and that controls are operating effectively. The Committee's principal duties have consistently included reviewing the adequacy of HEIW's strategic governance and assurance framework, systems, and processes for the maintenance of an effective system of governance, internal control, and risk management across the whole organisation's activities. These are designed to support the public disclosure statements that flow from the assurance processes, including the Accountability Report before it is submitted to the Board for approval. Integral to this is the Committee's focus upon seeking assurance that the organisation has an effective framework of internal control to address principal risks and that the effectiveness of the framework is regularly reviewed.

During the year the Committee has supported the Board by seeking and providing assurance that controls are in place and are working as designed and by challenging poor sources of assurance. The Committee therefore has a relatively broad role encompassing scrutiny of, and comment upon, the adequacy and effectiveness of HEIW's overall governance, risk management and internal control. This includes the organisations ability to achieve its objectives; compliance with relevant regulatory

requirements and other directions and requirements set by the Welsh Government and others; reliability, integrity, safety, and security of the information collected and used by the organisation; the efficiency, effectiveness, and economic use of resources and the extent to which the organisation safeguards and protects all its assets, including its people.

The Committee discharges this duty by fulfilling its responsibilities as outlined in its Terms of Reference. In performing its duties, the Committee works to an approved work plan, based on scheduled agenda topics together with a range of specific issues which are subject to review. It is supported by the activities of Audit Wales as the External Auditor; NHS Wales Shared Services Partnership (NWSSP): Audit and Assurance – Internal Audit and Specialist Services Unit, and Local Counter Fraud Specialists.

In discharging these responsibilities, the Committee is required to review:

- 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, (Annual Governance Statement, Accountability Report, Annual Quality Statement, Annual Report) which are supported by the Head of Internal Audit Opinion, the Audit Wales Annual Audit Report and other opinions;
- The adequacy of relevant policies, legality issues and the Codes of Conduct;
- The policies and procedures relating to fraud and corruption;
- That the system for risk management is robust in identifying and mitigating risks, enabling the Audit and Assurance Committee to provide the Board with assurance that the risks impacting on the delivery of HEIW's objectives are being appropriately managed.

### **3. Governance and Assurance Development**

#### **3.1 Improvements to the Governance Framework**

During the year, the Committee has continued to evolve the governance arrangements across the organisation and to further strengthen the governance framework for the organisation and test its robustness. This included the following main areas:

- Review of the Standing Orders;
- Scheme of Delegation;
- Development of the Board Assurance Framework;
- Review of the Board Committee Terms of Reference.

The Committee has focused on a number of key areas to drive forward improvements during the year and has sought to increase its visibility and promote even greater transparency during the year. This included:

- Compliance with Mandatory Training and PADR;
- Risk Management;
- Board Assurance Framework;
- Performance Management Framework;

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- Information Management and Information Governance, particularly cyber security and digital agenda;
- Asset and Contract Management.

### 3.2 Impact of COVID-19 on Governance Arrangements

On the 17 March 2020, the National Assembly for Wales approved The Health Protection (Coronavirus) (Wales) Regulations 2020. The Act provided additional powers to enforce the compliance of those who were instructed to isolate (in the context of reducing the spread of an infectious disease). The regulations also required HEIW to comply with social distancing measures in the workplace, the requirements of which HEIW continues to comply with. During 2020/21, NHS Wales has been fully mobilised in support of COVID-19 and due to the escalating position during March 2020, Welsh Government agreed a number of Governance Principles for NHS Wales whilst responding to the Covid-19 pandemic.

HEIW has been and continues to be actively involved in the emergency planning response to the current COVID-19 crisis. The priority during this time for HEIW has been to mobilise the organisation to both fulfil the leadership and support requirements and to use its expertise and resources to support the NHS Wales frontline services in light of the increasing demands from the pandemic, and to maintain the safety and wellbeing of its staff and learners across Wales.

In light of the pandemic, the Committee reviewed and endorsed revisions and temporary amendments to the organisational governance arrangements and processes for approval by the HEIW Board: These are summarised below:

- Following the publication of the Welsh Health Circular “Temporary Amendments to Model Standing Orders, Reservation and Delegation of Powers”, considered and recommended that the HEIW Board approve the Temporary Amendments to HEIW’s Standing Orders as amendments to HEIW’s Standing Orders:
  - Deadline for holding the AGM extended to 30 November 2020;
  - Maximum tenure for an Independent Member extended.
- Considered and recommended the Board approve further amendments to the HEIW Standing Orders as set out below:
  - the deadline for holding the Annual General Meeting (AGM) to revert back to 30 September for each year;
  - the Scheme of Delegation amended to reflect the appointment and responsibilities of the Director of Planning, Performance and Corporate Services and the Director of Digital;
  - to reflect the correct title for the role of Director of Finance;
  - the delegated financial limit for the Director of Planning, Performance and Corporate Services and Director of Digital be set at £50,000 for non-Education and Training Contracts.
- As a result of the Board approval to temporarily change its governance arrangements, members of the public were unable to attend or observe

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the Committee. To facilitate as much transparency and openness as possible during this extraordinary time, the Committee published on the HEIW website a synopsis of the meetings within 72 hours and the unconfirmed minutes within two weeks of a meeting.

Arising from the above scrutiny, a number of outcomes from the work of the Committee during the year have resulted in escalation of certain matters to the Board. These have included:

- The impact of COVID 19 on the delivery of the Internal and External Audit Plans for 2020-2021 and the ability of both auditing bodies to provide the required assurances to the Board.
- The increased risk of fraud during the current crisis period.
- Concerns that without the Director of Digital and an agreed Digital Strategy, caution was required in relation to decision-making around new technologies that may not suit the longer-term Information and Communications Technology (ICT) objectives.

Throughout the course of the year the Audit and Assurance Committee has also made recommendations/undertaken the following actions which have in turn led to improvements in the HEIW's governance and assurance systems:

- Recommendation by the Committee of HEIW's Annual Report 2020/21 to the Board for approval;
- Approved the amendments to the Terms of Reference for Committees which form a part of the Standing Orders as follows:
  - to reference the Vice Chair role within the membership of the Audit and Assurance Committee;
  - to reference the Vice Chair role within the membership of the Education, Commissioning and Quality Committee and, subject to the addition of the three Deans as standing 'In attendance' members.
- Recommendation by the Committee for the HEIW Board to approve the Revisions to the Delegated Financial Limits which form a part of HEIW's Standing Orders from £2m to £3m for invoices from NWSSP relating to Single Lead Employer GP salaries.

### **3.3 Policies, Procedures and Plans**

The Committee received and supported:

- Complaints Handling Policy;
- Revisions to the Risk Management Policy;
- Annual Reports for:
  - Audit Wales;

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- Internal Audit;
  - Counter Fraud;
  - HEIW Procurement Compliance;
  - Senior Information Risk Owner.
- Annual Work Plans for:
    - Internal Audit;
    - External Audit; and
    - Counter Fraud
  - Revised Financial Control Procedures for the following areas:
    - FCP1 Budgetary Control
    - FCP2 Management of Non-Current/Fixed Assets & Maintenance of Asset Register
    - FCP3 Month-End Closedown
    - FCP4 Recovery of Payroll Overpayments
    - FCP5 Construction Industry Scheme
    - FCP6 Purchasing Card
    - FCP7 Value Added Tax
    - FCP8 General Ledger
    - FCP9 Petty Cash
    - FCP10 Accounts Receivable
    - FCP11 Accounts Payable
    - FCP12 Banking
    - FCP13 Counter Fraud
  - Removal of the following FCPs as they had been identified as no longer required and were either covered by a Service Level Agreement or already covered by the remaining FCPs:
    - FCP14 Shared Services Functions
    - FCP15 Procurement

The Committee noted the Memorandum of Understanding between HEIW and the Health Inspectorate Wales (HIW) which sets out the basis upon which HEIW and HIW will work together and exchange information to assist each party in reaching common goals.

The Committee was pleased to note the Memorandum of Understanding and Information Sharing Agreement with the General Pharmacy Council, the first agreements with a regulator that would support co-operation and information sharing between both parties. It was hoped this would be the first of many such agreements between HEIW and regulators.

#### 4. Committee Structure and Meetings

A key element of the Committee is that it solely comprises of Independent Members, providing a basis for it to operate independently of any decision-making process and to apply an objective approach in the conduct of its business. During 2020/21, as a consequence of the COVID-19 Pandemic, the HEIW Chair supported by the Board Secretary undertook a governance review of the membership of the Board's Committees. In order to provide further resilience to the Committee, an additional

Independent Member was appointed to the membership. The role of Committee Vice-Chair was also formalised.

During the financial year 2020/21, 7 scheduled meetings of the Audit and Assurance Committee were convened. A high level of commitment from Committee Members has been demonstrated throughout the year, as recorded in the attendance of meetings held. Although invited to attend certain meetings to provide assurances and explanations to the Committee on specific issues, neither the Chair, Chief Executive Officer, nor any other Executive Director of HEIW, are members of the Committee. The Chief Executive Officer is invited annually. Having a key role to play in establishing and maintaining a sound system of internal financial control, the Director of Finance and/or the Head of Financial Control (being a designated deputy) has been in attendance at all meetings. The Committee has also been supported on key matters at all meetings from attendance by the Board Secretary who is the Lead Officer for the Committee and has been present at all meetings.

The Committee also has regular attendance from representatives of:

- The Auditor General/Audit Wales;
- NWSSP Audit and Assurance Services (Internal Audit and Specialised Services Unit);
- NHS Counter Fraud Services.

## **5. Review of Committee Effectiveness 2020/21**

The Audit and Assurance Committee annually undertakes a review of its effectiveness to assure the Board that the Committee is discharging its duties successfully. Members of the Committee were asked to complete a self-assessment questionnaire in April 2021 to consider its effectiveness, and their individual understanding, role and contribution to the work of the Committee. The findings of the self-assessment review were generally positive revealing that the Committee had continued to develop and mature, enabling increased scrutiny and improved assurance of HEIW's strategic governance and assurance framework, systems, and processes. While the review showed the Committee runs effectively there are some suggestions for improvement, these included in some instances more focussed committee reports and the development of a committee induction process.

## **6. Committee Work Programme 2020/21**

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 2020/21:

- External Auditors, Audit Wales;
- NWSSP Audit and Assurance Services Internal Auditors.

Acting upon the outcomes of effectiveness reviews is as important as undertaking them and it is essential that outcomes and associated actions are reported appropriately. At the time of writing this report all audit ratings from Internal Audit had received at least a reasonable assurance assessment. The Committee continues to receive progress updates directly as and when requested.

The Audit and Assurance Committee is responsible for overseeing risk management processes across the organisation and has a particular focus on seeking assurance



that effective systems are in place to manage risk, and that HEIW has an effective framework of internal controls that addresses principal risks. Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed and that appropriate controls are in place. The Committee is responsible for monitoring the assurance environment and challenging the build-up of assurance on the management of key risks across the year, ensuring that the Internal Audit Plan is based on providing assurance that controls are in place and can be relied on, and reviewing the internal audit plan in year as the risk profiles change.

## 7. External Audit – Audit Wales

External Audit is provided by Audit Wales with its work divided into the two broad headings of:

- Audit of the financial statements and to provide an opinion thereon;
- Forming an assessment of HEIW's use of resources and performance work.

The Audit and Assurance Committee considered the Audit Wales Structured Assessment for 2019. This assessment concluded overall that the organisation has strong leadership, and sound arrangements have supported effective business and a positive staff culture driven by excellent staff engagement. It noted the following areas require further development: risk, Board assurance, performance management and information governance.

Audit Wales concluded that HEIW has a clear vision and strategic objectives are in place for the Integrated Medium-Term Plan (IMTP) production and monitoring and that financial controls and policies are in place. Specifically, the report made a number of recommendations for the following areas:

- Governance
- Board Assurance Framework (BAF) and Risk
- Performance management framework
- Information Governance
- Digital and IT
- Monitoring objective against strategic objectives

The recommendations from both Internal Audit and Wales Audit together with management's response are recorded within the Audit Recommendations Tracker report. This is monitored and regularly reviewed by the Audit and Assurance Committee.

The Committee received Audit Wales' structured assessment for 2020 which was designed in the context of the ongoing response to the COVID-19 pandemic. The assessment found that HEIW quickly adapted its governance, risk management and assurance arrangements to respond effectively to COVID-19. AW also stated that HEIW had continued to show strong leadership and maintained oversight of quality and staff wellbeing.

The assessment made two recommendations for the following areas:

- **Governance.** The organisation should ensure that, unless risks are of a sensitive nature, the Corporate Risk Register should be considered at open sessions of the Audit and Assurance Committee.
- **Finance.** That HEIW seek to identify cost and value improvement opportunities and record and report those within HEIW and more widely from its work.

## 8. NWSSP - Internal Audit

At the direction of the Minister for Health and Social Services, Internal Audit is provided by the NHS Wales Shared Services Partnership (NWSSP). The service provision is in accordance with a Service Level Agreement agreed by the Shared Services Partnership Committee, which HEIW attends.

Internal Audit provides an independent and objective opinion to the Accountable Officer, the Board and the Audit and Assurance Committee, on the degree to which risk management, control and governance support the achievement of the organisations agreed objectives. The Committee reviewed and approved the content of the Internal Audit Plan based on HEIW's risk profile and its detailed programme of work for 2020/21. During the year, this plan was flexed and adapted as necessary in order to respond to the impact of COVID-19 and any key risks.

The Committee has received progress reports against delivery of the plan at each meeting, with individual assignment reports also being received. The outcome of each audit, providing an overall conclusion on the adequacy and application on internal controls for each area under review, was considered by the Committee. The assessment on adequacy and application of internal control measures can range from "No Assurance" through to "Substantial Assurance".

The scope of the Head of Internal Audit Opinion is confined to those areas examined in the risk-based audit plan, which has been agreed with senior management and approved, by the Audit and Assurance Committee. The assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and seen as an internal driver for continuous improvement. The opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

*The Risk Management had been assessed as substantial assurance.*

The Committee was pleased to receive a number of internal audit reports that had received an overall assessment of reasonable assurance. These included:

Financial Systems  
Cyber Security  
Medical Commissioning Monitoring  
Personal Development Process  
Workforce Culture

Internal audit also issued a positive assessment of Governance arrangements during COVID-19 which was an advisory report only.



*[A rounding off statement from the Head of Internal Audit position will be added after the April meeting]*

## **9. Managing Risk**

Managing risk is fundamental to running a successful and high performing organisation. It should be at the heart of decision-making processes and resource allocation at both an operational and strategic level. It should seek to identify opportunities to innovate and invest, alongside the need to mitigate risks.

The Committee has continued to develop and strengthen HEIW's risk management arrangements at both a strategic and operational level. Work continues to be undertaken to embed risk management at all levels of the organisation, which includes the ongoing training of all Senior Managers. This has enabled the organisation to measure key strategic risk performance, establish its risk profile and instigate thematic analysis through the use of the Corporate Risk Register and local risk registers.

The Committee reviewed and approved amendments to the Board Assurance Framework which included HEIW's position in relation to Risk Appetite and Risk Tolerance; how it treats risks and informs wider decision making.

The Committee has reviewed the Corporate Risk Register at each quarterly meeting. It currently receives regular updates in relation to the 'red' status risk relating to Cyber Security. The Committee was pleased with the progress being made in strengthening and raising the profile of cyber security within HEIW. A work plan had been developed and would be progressed to assist in mitigating and reducing the current corporate risk level from 'red' to 'amber' status.

## **10. Monitoring Progress**

The Committee has also monitored continuing improvement in the arrangements for:

- Compliance with Mandatory Training and PADR recorded on ESR for core staff. The Committee received assurance from the Medical Director on the targeted work within the Medical Directorate that was driving improvement in compliance.
- Information Governance and Information Management: The Committee was pleased with the overall progress with the Information Governance Work Plan.
- Procurement Compliance Activity: The Committee remains focussed regarding the embedding of the Procurement Process within HEIW. An independent review of the HEIW Procurement Systems and Processes has been completed and will be reporting to the Committee in April 2021.
- Declarations of Interest/Gifts Hospitality Sponsorship: The Committee commissioned a review of practice of Declarations of Interest/Gifts Hospitality and Sponsorship within other organisations however, this has been paused by procurement due to the impact of COVID-19. It is anticipated that this will be undertaken in the new financial year.

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- Contracts & Agreements Register. The Committee reviews the Register on annual basis.
- Audit Recommendation Tracker: The Committee continues to monitor HEIW's Audit Tracker scrutinising management responses to audit reports throughout 2020/21 and the completion of actions to address the recommendations.

## **11. Financial Management Control and Systems Monitoring**

The Committee has continued to seek improvements in the financial systems and approved revised Financial Control Procedures which reflected how HEIW was maturing as an organisation.

The Committee received an update in relation to the Welsh Government Grip and Control Expectations as a result of the COVID-19 Pandemic and noted that HEIW would be reviewing its existing control arrangements in order to provide the required assurance to Welsh Government.

COVID 19 – Decision Making & Financial Guidance: The Committee received assurance that the Finance Department had a number of measures in place to ensure that work matters were conducted to the appropriate standards.

### **11.1 Annual Accounts**

In May 2020, the Committee reviewed the draft and audited accounts for 2019-2020 and considered reports on the Accounts received from Audit Wales. The Committee was able to recommend to the Board that the Accounts be adopted and signed by the Chairman and Chief Executive this was done in June 2020.

In January 2021, the Committee received the Annual Accounts Plan and Draft Annual Report Timetable for 2020/21 and noted the changes to the submission deadline dates.

## **12. Counter Fraud**

The Committee agreed the Counter Fraud Strategy and Work Plan and considered a number of reports relating to Counter Fraud:


- Thematic Assessment Fraud Threats to the NHS from COVID-19
- Review of NHS Counter Fraud Agency (NHSCFA) 2020 Strategic Intelligence Assessment Covering 2018-2019 and Impact on HEIW
- 'Raising our Game' Tackling Fraud in Wales – Report of the Audit General for Wales – National Report
- Effectiveness of Counter-Fraud Arrangements – HEIW specific Audit Wales report

## **13. Key Risks**

The Committee had identified a number of risk areas, which have been highlighted in this report; these will be the focus of attention during the coming year.

## **14. Key Areas of Focus for the Coming Year**

During 2021/22, the Committee will continue to focus on the following areas:

- 
- Compliance with Mandatory Training and PADR
  - The annual commissioning process for Education and Training
  - Risk Management
  - Board Assurance Framework
  - Performance Management Framework
  - Information Management and Information Governance, particularly cyber security and the digital agenda

**Sponsored by:**     **Gill Lewis**  
                                 **Chair of Audit and Assurance Committee**

**Date: April 2021**

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**GIG**  
CYMRU  
**NHS**  
WALES

Addysg a Gwella Iechyd  
Cymru (AaGIC)  
Health Education and  
Improvement Wales (HEIW)

<b>Dyddiad Cyfarfod</b>	<b>6<sup>ed</sup> o Fai 2021</b>	<b>Eitem Agenda</b>	<b>2.9</b>
<b>Teitl yr Adroddiad</b>	<b>Adroddiad Tâl a Staff</b>		
<b>Awdur yr Adroddiad</b>	Martyn Pennell, Pennaeth Cyfrifeg Ariannol		
<b>Noddwr yr Adroddiad</b>	Eifion Williams, Cyfarwyddwr Cyllid		
<b>Cyflwynir gan</b>	Martyn Pennell, Pennaeth Cyfrifeg Ariannol		
<b>Rhyddid o'r wybodaeth</b>	Sesiwn Agored		
<b>Pwrpas yr Adroddiad</b>	Fel rhan o'i adroddiad blynyddol mae'n ofynnol i AaGIC gynnwys Adroddiad Tâl a Staff o dan Reoliadau Cwmnïau a Grwpiau Mawr a Chanolig (Cyfrifon ac Adroddiadau) 2008' (OS 2008 Rhif 410). Cyn cyflwyno'r adroddiad gofynnir i'r Pwyllgor Archwilio a Sicrwydd adolygu'r ddogfen.		
<b>Materion Allweddol</b>	<p>Paratowyd yr adroddiad gyda gwybodaeth a ddarparwyd gan y tîm pobl, tîm y gweithlu ac o gyllid ac mae'n adlewyrchu'r sefyllfa ar gyfer blwyddyn ariannol 2020/21.</p> <p>Nid oes unrhyw newidiadau i'r gofynion statudol yn yr adroddiad o 2019/20, ac felly mae'r fformat a'r penawdau wedi'u dyblygu ar gyfer eleni.</p>		
<b>Camau penodol i ddilyn</b> (✓ <i>un yn unig</i> )	<b>Gwybodaeth</b>	<b>Trafodaeth</b>	<b>Sicrwydd</b>
			<b>Cymeradwyaeth</b> ✓
<b>Argymhellion</b>	<p>Gofynnir i'r Pwyllgor Archwilio a Sicrwydd:</p> <ul style="list-style-type: none"> <li>Adolygu'r ymateb i drafft y llythyr 'Archwiliadau archwilio i'r rhai sy'n gyfrifol am lywodraethu a rheoli' am y cyfnod 1af o Ebrill 2020 i 31 Mawrth 2021, a chynnig diwygiadau yn ôl yr angen; a</li> <li>Cymeradwyo cyflwyno'r llythyr i Archwiliad Cymru.</li> </ul>		

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## **ADRODDIAD TÂL A STAFF**

### **1. CYFLWYNIAD**

Fel rhan o'i adroddiad blynyddol mae'n ofynnol i AaGIC gynnwys Adroddiad Tâl a Staff o dan 'Rheoliadau Cwmnïau a Grwpiau Mawr a Chanolig (Cyfrifon ac Adroddiadau) 2008' (OS 2008 Rhif 410). Mae'r rheoliadau'n nodi'r wybodaeth sydd i'w darparu yn yr adroddiad a darperir arweiniad pellach ym mhennod 3 y llawlyfr ar gyfer cyfrifon a baratowyd gan Lywodraeth Cymru.

Mae'n ofynnol i AaGIC gyflwyno'r adroddiad drafft i Lywodraeth Cymru ac Archwilio Cymru erbyn Mai 7fed 2021.

### **2. CEFNDIR**

Darperir drafft yr adroddiad Tâl a Staff yn Atodiad 1 i'w adolygu a'i gymeradwyo cyn ei gyflwyno i Lywodraeth Cymru ac Archwilio Cymru. Paratowyd yr adroddiad gyda gwybodaeth a ddarparwyd gan y tîm pobl, tîm y gweithlu ac o gyllid ac mae'n adlewyrchu'r sefyllfa ar gyfer blwyddyn ariannol 2020/21.

Nid oes unrhyw newidiadau i'r gofynion statudol yn yr adroddiad o 2019/20, ac felly mae'r fformat a'r penawdau wedi'u dyblygu ar gyfer eleni.

### **3. MATERION LLYWODRAETHU A RISG**

Mae'r drafft o'r adroddiad Tâl a Staff wedi'i baratoi i fodloni'r gofynion statudol

### **4. GOBLYGIADAU ARIANNOL**

Nid oes unrhyw oblygiadau ariannol uniongyrchol o ganlyniad i'r papur hwn.

### **5. ARGYMHELLIAD**

Gofynnir i'r Pwyllgor Archwilio a Sicrwydd:

- Adolygu drafft yr adroddiad Tâl a Staff; a
- Cymeradwyo cyn cyflwyno'r llythyr i Archwiliad Cymru.

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Llywodraethu a Sicrwydd			
<b>Cyswllt â nodau strategol IMTP (os gwelwch yn dda □)</b>	<b>Nod Strategol 1:</b> I arwain cynllunio, datblygiad a lles gweithlu cymwys, cynaliadwy a hyblyg i gefnogi 'Cymru Iachach'	<b>Nod Strategol 2:</b> Gwellu ansawdd a hygyrchedd addysg a hyfforddiant i'r holl staff gofal iechyd gan sicrhau ei fod yn diwallu anghenion y dyfodol	<b>Nod Strategol 3:</b> Gweithio gyda phartneriaid i ddylanwadu ar newid diwylliannol o fewn GIG Cymru trwy adeiladu arweinyddiaeth dosturiol a chyfunol ar bob lefel
	<b>Nod Strategol 4:</b> Datblygu'r gweithlu i gefnogi darpariad diogelwch ac ansawdd	<b>Nod Strategol 5:</b> I fod yn esiampl dda fel cyflogwr ac yn lle rhagorol i weithio	<b>Strategic Aim 6:</b> Cael eich cydnabod fel partner da, dylanwadwr ac arweinydd rhagorol
<b>Ansawdd, Diogelwch a Phrofiad y Claf</b>			
Nid oes unrhyw effaith ar ansawdd, diogelwch a phrofiad y claf.			
<b>Goblygiadau Ariannol</b>			
Nid oes unrhyw oblygiadau ariannol uniongyrchol o ganlyniad i'r papur hwn			
<b>Goblygiadau Cyfreithiol (gan gynnwys asesiad cydraddoldeb ac amrywiaeth)</b>			
Nid oes unrhyw oblygiadau cyfreithiol.			
<b>Goblygiadau Staffio</b>			
Nid oes unrhyw oblygiadau uniongyrchol staffio			
<b>Goblygiadau Hir Tymor (gan gynnwys effaith Deddf Lles Cenedlaethau'r Dyfodol (Cymru) 2015)</b>			
Nid oes unrhyw oblygiadau hir tymor.			
<b>Hanes Adrodd</b>	Dim ar gyfer blwyddyn ariannol 2020/21.		
<b>Atodiadau</b>	Atodiad 1 - Drafft Adroddiad Tâl a Staff		

## REMUNERATION AND STAFF REPORT

The information contained in this report relates to the remuneration of the senior managers employed by Health Education & Improvement Wales (HEIW).

The Pay Policy Statement set out in Annex 3 relates to HEIW's strategic stance on senior manager remuneration and to provide a clear statement of the principles underpinning decisions on the use of public funds.

The definition of "Senior Manager" is: 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.' For HEIW, the senior managers are considered to be the regular attendees of Board meetings, i.e. Members of the Executive and the Independent Members.

### Remuneration & Terms of Service Committee

The terms of reference and operating arrangements for the Remuneration and Terms of Service Committee are set out in HEIW's standing orders which were reviewed and updated in March 2019. The purpose of the Committee is to provide advice to the Board on the remuneration and terms of service and performance for the Chief Executive, Executive Directors and other senior staff. It also provides assurance to the Board in relation to HEIW's arrangements for the remuneration and terms of service, including contractual arrangements, for all staff. Further details of the membership and role of the Remuneration and Terms of Service Committee is provided in the Annual Governance Statement.

### Salary and Pension Disclosures

Details of salaries and pension benefits for senior managers captured within this report are given in Annexes 1 and 2. The single figure of remuneration (Annex 1) is intended to be a comprehensive figure that includes all types of reward received by senior managers in the period being reported on, including fixed and variable elements as well as pension provision.

The single figure includes the following:

- Salary and fees both pensionable and non-pensionable elements;
- benefits in kind (taxable, total to the nearest £100);
- pension related benefits - those benefits accruing to senior managers from membership of a participating defined benefit pension scheme.

HEIW has paid no annual or long-term performance related bonuses. Annual salary figures are shown prior to any reduction as a result of any salary sacrifice scheme.

During March 2021 Welsh Government announced that it was funding the payment of a one off non-consolidated bonus of £735 to all directly employed NHS staff, subject to specific conditions set out in pay circular (W) 01/2021. The payment is due to be made to all eligible staff in May 2021. As the bonus relates to the 2020/21 financial

year an estimate of the costs has been built into the annual accounts but it is not reflected in the single figure of remuneration table in annex 1a to this report.

The value of pension related benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

The pension benefit figure is calculated on the basis of an increase in the value over the financial year. Prior-year comparative information is not available for staff who were not previously Executive level directors in other NHS Wales organisations. Where this is the case this figure cannot be calculated and therefore is not reported in Annex 1 (Single Figure of Remuneration) nor Annex 2 (Pension Benefits).

Annex 2 gives the total pension benefits for all senior managers. The inflationary rate applied to the 2019/20 figure is 1.7% as set out in the 'Disclosure of Senior Managers' Remuneration (Greenbury) 2021' guidance document.

## **Remuneration Relationship**

NHS Bodies in Wales are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. This information is provided in note 9.6 to the Financial Statements.

## **2020/21 Staff Report**

### **Number of senior staff**

As of 31 March 2021, there were 8 senior staff that made up the Executive Team; they were also members of the Board or regular attendees. The Director of Finance who was initially appointed through a secondment agreement is now employed on a fixed term contract until 31 December 2021. The Medical Director, the Director of Workforce & OD/Deputy Chief Executive, the Director of Planning, Performance and Corporate Services and the Director of Digital Development are on secondment to HEIW from their substantive employers.

Their pay bands are broken down as follows:

#### **Numbers of Senior Staff @ 31 March 2021**

Consultant (Medical & Dental)	1
Executive and Senior Pay scale	7

### **Staff Numbers**

The following table shows the average number of staff employed (FTE) by Health Education & Improvement Wales, by group from 1 April 2020 to 31 March 2021:



<b>Staff Group</b>	<b>Permanently Employed (Inc. Fixed Term)</b>	<b>Agency Staff</b>	<b>Staff on Inward Secondment</b>	<b>2020/21 Total</b>
	<b>(Ave FTE)</b>	<b>(Ave FTE)</b>	<b>(Ave FTE)</b>	<b>(Ave FTE)</b>
Administrative and Clerical and Board Members	190.12	5.25	6.64	<b>202.01</b>
Medical & Dental	43.87	0	0.66	<b>44.53</b>
Professional Scientific and Technical Staff	14.53	0	0	<b>14.53</b>
Additional Clinical Services	2.40	0	0	<b>2.4</b>
Nursing & Midwifery	2.66	0	2.02	<b>4.68</b>
Allied Health Professionals	1.00	0	0	<b>1</b>
<b>Totals</b>	<b>254.58</b>	<b>5.25</b>	<b>9.32</b>	<b>269.15</b>

The table above includes the Chair and Independent Members of HEIW, who are not included within the table in note 9.2 of the statutory accounts.

### Staff Composition

The gender breakdown of the Executive Team and other employees as of 31 March 2021 was as follows:

<b>Staff Composition @ 31 Mar 2021 (headcount)</b>	<b>Male</b>	<b>Female</b>
Senior Staff (Executive Team)	3	5
Other Employees	141	315
All Staff	144	320
% All Staff	31.0	69.0

## Sickness Absence data

The following table provides information on the number of days lost due to sickness:

	<b>From 1 April 2020 to 31 March 2021</b>	<b>From 1 April 2019 to 31 March 2020</b>
	<b>Number</b>	<b>Number</b>
Days lost (long term)	1,229.70	1,434.98
Days lost (short term)	412.69	575.01
<b>Total days lost</b>	<b>1,642.39</b>	<b>2,009.99</b>
<b>Total staff years</b>	<b>261</b>	<b>215</b>
Average working days lost	6.29	9.35
Total staff employed in period (headcount)	428	379
Total staff employed in period with no absence (headcount)	373	284
<b>Percentage staff with no sick leave</b>	<b>87.1%</b>	<b>74.9%</b>

*The staff numbers in the tables above are calculated on different bases depending on the requirements of the individual disclosures (e.g. full time equivalents, headcount, average for the year, total at a specific point).*

## Staff Policies Applied During the Financial Year

When HEIW was established in October 2018, it brought together staff from 3 former organisations – Workforce Education and Development Service, Wales Deanery and the Wales Centre for Pharmacy Professional Education to sit alongside a number of new corporate and business roles. At this point there were 92% of HEIW staff on Cardiff University Terms and Conditions who transferred to HEIW under Transfer of Undertakings (Protection of Employment) Regulations (TUPE) arrangements. Most of the former Cardiff University staff are Medical and Dental staff where the terms and conditions, with some variations, essentially mirror NHS terms. However, the non-medical and dental transferred staff continue to be on significantly different contractual terms. Currently 21% of non-medical and dental staff remain on Cardiff University contractual terms, a substantial reduction since October 2018.

Our long-term plan remains the harmonisation of terms and conditions across the organisation, and we are working in partnership with our Trade Union colleagues to progress this. In 2020, following consultation with staff and Trade Unions, Statutes and Ordinances (a Cardiff University set of policies for senior staff related to disciplinary and grievance processes) were replaced by HEIW/NHS Wales policies. We have commenced the rationalisation of large numbers of Cardiff University policies where there is no detriment and often benefit to moving to the HEIW equivalents. All newly appointed staff are employed on NHS Terms and Conditions, and staff who wish to transfer from existing University contracts are supported to do so.

During 2020/21 the following policies which apply to all HEIW staff were adopted and implemented:

- Travel and Subsistence Policy
- Flexible Working Request Policy

- Domestic Abuse Policy
- All Wales Reserve Forces Training and Mobilisation Policy
- Alcohol and Substance Misuse Policy
- Trade Union Facilities Policy
- Mental Health and Wellbeing Policy
- Lone Working Policy

In addition a policy for Maternity, Adoption, New Parents Support and Shared Parental Leave was developed and adopted for staff on NHS contracts. An equivalent policy was TUPE'd over with Cardiff University staff and remains applicable to those transferred staff.

Over the past year, we have continued to recruit to our vacancies, we have taken on new or additional functions and our workforce headcount has increased from 400 at January 2020 to 443 at January 2021. Recruitment to our senior leadership team is now complete with several key appointments being made in the last year including our new Directors for Planning Performance and Corporate Services, Director of Digital Services and our Dental Dean.

Our focus on ensuring our staff feel engaged and that we are listening to their views has been strengthened during the last year, building on a strong engagement platform since 2018. In 2020 we have utilised innovative tools and approaches to measure staff satisfaction and wellbeing. This included four homeworking and wellbeing surveys, two health needs assessments and our second national staff survey which received an engagement score of 81%, up 3.4% from 2018. Facilitated conversations have been taking place across the organisation in line with the implementation of NHS Wales's new 'Healthy Working Relationships' programme and to ensure that staff survey feedback is acted upon locally.

We are working towards ensuring that our organisational Values and Behaviours Framework which was developed in partnership with our staff during 2018 underpins everything we do. In 2020/21 we have made good progress in embedding our values in our recruitment and selection processes, Performance Appraisal and Development Reviews and our health and wellbeing programmes.

Prior to the impact of the pandemic in early 2020 we had introduced a range of bespoke communications to reflect the geographical diversity of our workforce, and to improve the connection with our sessional and/or remote workers. The pandemic led to a rapid change in HEIW's operating model with all office-based staff initially moving to 100% home working. This sudden change led to a substantial step up for many staff in the use of virtual technology for day to day communication and ways of working. This in turn led to remote staff commenting that they felt the playing field had been levelled for them, something we are keen not to lose when we reintroduce an element of office-based working.

In summer 2020, Ty Dysgu, HEIW's office base, was reopened, with appropriate measures in place, to enable staff to access the building for wellbeing or business needs and this was well received by staff. Additionally, during the periods of easement of Government restrictions staff were actively encouraged to return to the office to reconnect with colleagues from other teams and the wider organisation. HEIW is a

relatively new organisation and whilst homeworking has been successful in ensuring the continued delivery of our business priorities it has had an impact on 'Team HEIW', our culture and our connectivity to each other. We are actively working on a set of principles to describe the way in which we will work in the future and will be engaging with our staff to discuss the approach during April. Our view is that an agile approach, underpinned by clear principles maximise the benefits of virtual working with the benefits of continuing to build our HEIW team culture and connectedness.

Staff health and wellbeing continues to be a significant priority for the organisation and during 2020-21 we have expanded our Wellbeing Hub for staff which includes information and signposting to a number of internal and external resources via the intranet. Examples of the areas and topics covered are:

#### HEIW Resources

- Home working advice
- Champions Network
- Domestic Abuse
- Help with sleep and sleeping problems
- Physical Health
- Mental and Emotional Health

#### National Resources/Sharing best practice

- Bereavement support
- Support for those experiencing isolation and loneliness
- Information and Resources specific to BAME staff
- Links to Trade Unions and other Professional Organisations
- General Health and Wellbeing
- Helplines

#### Equality, Diversity and Inclusion

We have continued to embed the progress made since April 2019, in relation to our diversity, equality and inclusion agenda. Starting with the publication of our first Diversity, Equality and Inclusion policy early in 2020.

Our network of Inclusion Champions has increased, and we are committed to continuing with this approach through 2021/22. The Champions undertook a wide range of activities throughout the past year starting in January 2020 with Diversity and Inclusion Week, Holocaust Memorial; International Women in Science; LGBT month; St David's Day; International Women's Day; celebrated EID; PRIDE; Black History Project; Tran Health Week; International Men's Day; White Ribbon Day; and Purple Light Up for Disability Month in December 2020

On 1 October 2020 we published our first four-year Strategic Equality Plan (SEP). As part of the development process for the SEP, internal engagement was undertaken utilising focus group methodologies. This allowed us to retest

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our equality objectives against the new backdrop of the pandemic. Work on individual directorate action plans which hook directly onto high level actions within our SEP has been completed, and these will form the basis of progressing this work as well as monitoring and reporting during 2021/22.

We continue to engage with external partners to provide an impartial review of our policies and practices to ensure alignment with national standards in respect of equality, diversity and inclusion. Since 2019 we have opted to sign up to:

- Stonewall Diversity Champion – tackling barriers and inequalities faced by lesbian, gay, bisexual and transgender staff
- Disability Confident – supporting HEIW to make the most of the talents that disabled people can bring to your workplace
- Dying to Work TUC – additional employment protection for terminally ill workers
- Anti-Violence Collaboration – sets out the responsibilities of the partners when dealing with violent or aggressive incidents relating to NHS staff
- Communication Access Symbol – 1<sup>st</sup> organisation in Wales to make a commitment to adopting Communication Access Symbol – giving a voice to people living with a communication disability.

Policy development has continued and last year saw us sign off and implement policies in relation to Domestic Abuse and Mental Wellbeing in the Workplace.

### **Expenditure on Consultancy**

For the purpose of the statutory accounts, consultancy is defined as time limited/ad-hoc assignments that are not related to the day-to-day activities of HEIW.

During 2020/21, HEIW's expenditure on consultancy was £249k.

### **Tax Assurance for Off-Payroll Engagements**

HEIW is required to disclose any arrangements it has whereby individuals are paid through their own companies or off payroll.

There were none during this period.

### **Exit Packages**

Details of all exit packages are included within note 9.5 of the Annual Accounts. During 2020/21 no exit packages were paid by HEIW.

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## **Statement of Assurance**

I confirm that there is no relevant audit information in the Annual Report of which the Audit Wales is unaware. As Chief Executive, I have taken all the steps in order to make myself aware of any relevant information and ensure the Audit Wales is aware of that information.

Alex Howells

Chief Executive and Accountable Officer, Health Education & Improvement Wales

10 June 2021

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## Annex 1a: Single Figure of Remuneration 2020/21

Single Figure of Remuneration					
Name	Title	Salary (Bands of £5k)	Benefits in Kind (taxable) to nearest £100	Pension Benefit to nearest £1,000	Total to nearest (Bands of £5k)
Alex Howells	Chief Executive	150 - 155	-	43	195 - 200
Julie Rogers <sup>1</sup>	Director of WOD / Deputy CEO	***1	***1	***1	***1
Dafydd Bebb	Board Secretary	90 - 95	-	23	110 - 115
Stephen Griffiths <sup>2</sup>	Director of Nursing	15 - 20	-	-	15 - 20
Push Mangat <sup>3</sup>	Medical Director	165 - 170	-	60	225 - 230
Eifion Williams	Director of Finance	55 - 60	-	-	55 - 60
Angela Parry <sup>4</sup>	Interim Director of Nursing	70 - 75	-	12	80 - 85
Nicola Johnson <sup>5</sup>	Director of Planning, Performance & Corporate Services	45 - 50	-	37	85 - 90
Sian Richards <sup>6</sup>	Director of Digital Development	10 - 15	-	5	15 - 20
<b>Non-Executive Directors</b>					
Chris Jones	Chair	40 - 45	-	-	40 - 45
Tina Donnelly	Non-Executive Director	5 - 10	-	-	5 - 10
Ruth Hall	Non-Executive Director	5 - 10	-	-	5 - 10
John Hill-Tout	Vice Chair	10 - 15	-	-	10 - 15
Gill Lewis	Non-Executive Director	5 - 10	-	-	5 - 10
Ceri Phillips	Non-Executive Director	5 - 10	-	-	5 - 10
Heidi Phillips	Non-Executive Director	5 - 10	-	-	5 - 10

The value of 'Pension Benefit' in the table above is calculated as follows:

$(\text{real increase in pension} \times 20) + (\text{real increase in any lump sum}) - (\text{contributions made by the employee})$

\*excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

This is not an amount that has been paid to an individual during the year. These figures can be influenced by many factors e.g. changes in a persons salary, any additional contributions made by the employee and other valuation factors affecting the pension scheme as a whole.

<sup>1</sup> Julie Rogers is seconded from Welsh Government and is a member of the Civil Service Pension scheme. The figures required for the calculation of pension benefits were not available when the draft accountability report was completed.

<sup>2</sup> Stephen Griffiths retired on 31<sup>st</sup> May 2020.

<sup>3</sup> Push Mangat is seconded from Swansea Bay UHB.

<sup>4</sup> Angela Parry commenced as Interim Director of Nursing on 1<sup>st</sup> June 2020.

<sup>5</sup> Nicola Johnson is seconded for Swansea Bay UHB and commenced as Director of Planning, Performance & Corporate Services on 18<sup>th</sup> September 2020.

<sup>6</sup> Sian Richards is seconded from Swansea Bay UHB and commenced as Director of Digital Development on 1<sup>st</sup> February 2021.

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## Annex 1b: Single Figure of Remuneration 2019/20

Single Figure of Remuneration					
Name	Title	Salary (Bands of £5k)	Benefits in Kind (taxable) to nearest £100	Pension Benefit to nearest £1,000	Total to nearest (Bands of £5k)
Alex Howells	Chief Executive	150 – 155	-	22	170 – 175
Julie Rogers <sup>1</sup>	Director of WOD / Deputy CEO	110 – 115	-	38	145 - 150
Dafydd Bebb	Board Secretary	85 – 90	-	22	110 – 115
Stephen Griffiths	Director of Nursing	95 – 100	-	62	160 – 165
Push Mangat <sup>2</sup>	Medical Director	160 – 165	-	70	230 - 235
Eifion Williams <sup>3</sup>	Director of Finance	55 - 60	-	-	55 - 60
Danielle Neale <sup>4</sup>	Director of Finance & Corporate Services	0 – 5	-	-	0 - 5
<b>Non-Executive Directors</b>					
Chris Jones	Chair	40 – 45	-	-	40 – 45
Tina Donnelly	Non-Executive Director	5 – 10	-	-	5 – 10
Ruth Hall	Non-Executive Director	5 – 10	-	-	5 – 10
John Hill-Tout <sup>5</sup>	Vice Chair	10 – 15	-	-	10 – 15
Gill Lewis	Non-Executive Director	5 – 10	-	-	5 – 10
Ceri Phillips	Non-Executive Director	5 – 10	-	-	5 – 10
Heidi Phillips	Non-Executive Director	5 – 10	-	-	5 - 10

<sup>1</sup> Julie Rogers is seconded from Welsh Government and is a member of the Civil Service Pension Scheme, which uses a different inflation factor for the calculation of pension increases to the one used in the NHS scheme.

<sup>2</sup> Push Mangat is seconded from Swansea Bay UHB.

<sup>3</sup> Eifion Williams was employed part-time (0.26 FTE) as the Interim Director of Finance until 30th June 2019 and was a member of the NHS pension scheme through his substantive employer. The figures included here for the period to 30 June 2019 do not include the pension benefit for this period. Eifion took up the substantive part-time post (0.51 FTE) from 1 July 2019 and chose not to be covered by the NHS pension scheme for the remainder of the reporting year.

<sup>4</sup> Danielle Neale left HEIW on 14/03/2019. The salary payment made in 2019/20 relates to a Payment in Lieu of Notice (PILON). A further non-contractual payment was made to Ms Neale in 2019/20 as disclosed in the exit packages note in the remuneration report and note 9.5 in the annual accounts.

<sup>5</sup> John Hill-Tout received remuneration in 2019/20 in respect of his role as Vice Chair of HEIW, which was backdated to the commencement of that role on 01/10/2018. The backdated payment is included within the 2019/20 single figure of remuneration table.

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## Annex 2: Pension Benefits – 2020/21

Name	Title	Real increase in pension at pension age (bands of £2,500) £'000	Real increase in pension lump sum at pension age (bands of £2,500) £'000	Total accrued pension at pension age at 31 March 2021 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 1 April 2021 £'000	Cash Equivalent Transfer Value at 31 March 2020 £'000	Real increase in Cash Equivalent Transfer Value £'000	Employer's contribution to stakeholder pension £'000
Alex Howells	Chief Executive	2.5 – 5	0 – 2.5	65 – 70	140 – 145	1,237	1,149	47	-
Julie Rogers <sup>1</sup>	Director of WOD / Deputy CEO	***1	***1	***1	***1	***1	***1	***1	***1
Dafydd Bebb	Board Secretary	0 – 2.5	-	5 – 10	-	64	42	9	-
Stephen Griffiths <sup>2</sup>	Director of Nursing	(2.5) – 0	(2.5) – 0	45 – 50	135 – 140	***2	1,080	***2	-
Push Mangat <sup>3</sup>	Medical Director	2.5 – 5	10 – 12.5	75 – 80	230 – 235	***3	***3	***3	-
Eifion Williams <sup>4</sup>	Director of Finance	-	-	-	-	-	-	-	-
Angela Parry <sup>5</sup>	Interim Director of Nursing	0 – 2.5	-	0 – 5	-	16	-	9	-
Nicola Johnson <sup>6</sup>	Director of Planning, Performance & Corporate Services	0 – 2.5	2.5 – 5	25 – 30	60 – 65	542	460	34	-
Sian Richards	Director of Digital Development	0 – 2.5	0 – 2.5	20 – 25	35 – 40	284	253	3	-

<sup>1</sup> Julie Rogers is seconded from Welsh Government and is a member of the Civil Service Pension Scheme. The figures required for the calculation of pension benefits were not available when the draft accountability report was completed.

<sup>2</sup> Stephen Griffiths retired on 31<sup>st</sup> May 2020 and therefore no CETV is reported as at 31<sup>st</sup> March 2021.

<sup>3</sup> Push Mangat has no CETV values as he is over the normal pension age for the relevant pension scheme.

<sup>4</sup> Eifion Williams chose not to be covered by the NHS pension arrangements for the reporting year.

<sup>5</sup> Angela Parry commenced as Interim Director of Nursing on 1<sup>st</sup> June 2020.

<sup>6</sup> Nicola Johnson commenced as Director of Planning, Performance & Corporate Services on 18<sup>th</sup> September 2020. The increases reported in the table above relate to the period of employment with HEIW.

<sup>7</sup> Sian Richards commenced as Director of Digital Development on 1<sup>st</sup> February 2021. The increases reported in the table above relate to the period of employment with HEIW.

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### **Annex 3: Pay Policy Statement**

#### **Salary and pension entitlements of senior managers 2020-21**

The pay and Terms and Conditions of Employment for the executive team and senior managers have been, and will be determined by the HEIW Board, based on the recommendations of the Remuneration and Terms of Service Committee, within the framework set by Welsh Government. The Remuneration and Terms of Service Committee also considers applications relating to the Voluntary Release Scheme. The Remuneration and Terms of Service Committee members are all Independent Members of the Board and the committee is chaired by HEIW's chairperson. The Terms of Reference for the Committee are regularly being reviewed.

#### **Auditors**

The auditors have reviewed this report for consistency with other information in the financial statements and will provide an opinion on the following disclosures:

- Single total figure of remuneration for each director;
- CETV disclosures for each director;
- Payments to past directors, if relevant;
- Payments for loss of office, if relevant;
- Fair pay disclosures (included in annual accounts);
- Exit packages (included in annual accounts) if relevant, and;
- Analysis of staff numbers.

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