

NHS Wales Finance Academy
Response to the Financial Reporting Council Consultation on the Revised Ethical Standard 2019

The NHS Wales Finance Academy is the collaboration of every University Health Board, Trust, Health Authority and their associated hosted bodies in NHS Wales. The purpose of the Finance Academy is to design and support improvements across the finance functions of NHS Wales and enable the personal development of their staff. Our stated ambition is to create a Finance Function that is best suited to Wales but comparable to the best anywhere.

We welcome the opportunity to respond to this consultation and whilst the scope of the finance academy's improvement programmes are significant, for the purpose of responding to the consultation, we will limit our focus in terms of the training and development of early entry employed staff (students).

Our focus in response to this consultation is therefore limited to section 2.36 setting out the parameters of relationship between the employees of the auditing body and the audited body.

Loan Staff Assignments

2.36 A firm shall not enter into an agreement with an *entity relevant to an engagement*, or with the *affiliates* of such an entity, to provide any partner or employee to work for a temporary period as if that individual were an employee of any such entity or its *affiliates*.

As accountants working in NHS Wales we are bound by our individual accounting bodies' code of professional conduct and therefore wholly support the need to safeguard and protect ethical standards for both qualified and unqualified staff around

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour

At the same time, we also place high value in enabling professional competence and improvement through an experiential learning route rather than solely through theoretical learning. Therefore, whilst we need to ensure that safeguards are put in place, the enactment of them should not be prohibitive and thereby restrict the learning capacity and capability of growing a strong inter relationship between public sectors in Wales.

Within Wales, we have the legal requirement to achieve the objectives of the Well Being of Future Generations Act (2015) which requires to whole of the public sector to work together. We believe the role of finance is vital to enabling the Act to be fulfilled. We see it as advantageous to having a clear understanding of each other's roles and regulations, to build a mutual respect and foster a culture of collaboration without crossing inappropriate boundaries from the earliest point in a career in finance. We believe role of the regulator also needs to understand from the inside the requirements of public sectors organisations as well as organisations understanding the role of the regular – seeing the public sector world from both lenses.

Therefore we have been developing a public sector wide training programme across organisations, including Wales Audit Office to expose finance trainees at the earliest point in their career to the roles and requirements of all organisations.

We believe this is an excellent mode of learning, building a greater understanding of responsibilities across the sector.

The consultation document indicates that no employees from any public sector body may be employed, loaned or seconded into Wales Audit Office (or vice versa) which would substantially dismantle the programme currently established without clear benefit.

Safeguards are already in place to protect all organisations from breaching any current ethical standards including;

- providing training to all trainees on what is allowed under the Standard;
- ongoing liaison during secondments to make sure trainees are not being asked to do work that would be inappropriate;
- meeting with audited bodies prior to secondments being put in place to explain what can and can't be done under the Standard and to agree a work programme for the secondment;
- implementing secondment agreements that explicitly set out what is not permitted under the Ethical Standard and details the agreed work programme, aligned to personal development need;
- establishing transparency within audit plans where WAO secondees are placed in audited organisations to allow audit committees to have up front discussions with management about risks to independence and satisfy themselves that these have been successfully mitigated; and
- returning WAO trainees are not permitted to undertake audit work at bodies where they were seconded for a prescribed period of time.

We fully believe that secondments are excellent development initiatives, which give WAO trainees a richer understanding of the bodies they are being asked to audit and overall are a driver for enhanced audit quality. For secondees into WAO, they gain a richer understanding of the benefits the audit role brings to an organisation that we believe will help establish a firm foundation for future finance directors and senior leaders within NHS Wales.

Therefore, whilst we understand the objectives which have informed the draft revised ethical standards, through this consultation response we make representation that this be amended to allow for training positions to be an exception providing the correct safeguards are put in place and are properly overseen by both organisations within the relationship.

Rebecca Richards

Director

NHS Wales Finance Academy

Alan Brace

Chair / Professional Lead for NHS Wales Finance

Welsh Government