

UNCONFIRMED

ABERTAWE BRO MORGANNWG UNIVERSITY LHB MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON WEDNESDAY, 30TH MAY 2018 AT 10AM IN THE BOARDROOM, HQ

Present:	Martin Sollis	Non-Officer Member (in the chair)
	Martyn Waygood	Non-Officer Member
	Mark Child	Non-Officer Member
	Tom Crick	Non-Officer Member
In Attendance:	Lynne Hamilton	Director of Finance
	Paula O'Connor	Internal Audit
	Geraint Norman	Wales Audit Office
	Andrew Biston	Head of Corporate Accounting
	Pamela Wenger	Director of Corporate Governance
	Liz Stauber	Committee Services Manager

Minute		Action
120/18	WELCOME AND APOLOGIES FOR ABSENCE Martin Sollis welcomed everyone to the special meeting of the Audit Committee to consider the final annual accounts 2017-18 for recommendation to the board for approval. Apologies for absence were received from Angela Hopkins, Interim Director of Nursing and Patient Experience and Len Cozens, Local Counter Fraud Service.	
121/18	DECLARATION OF INTERESTS There were no declarations of interest.	
122/18	MATTERS ARISING There were no matters arising not on the agenda.	
123/18	ACCOUNTABILITY REPORT 2017-28 The accountability report for 2017-18 was received . In introducing the report, Pam Wenger highlighted the following points: <ul style="list-style-type: none">- This was the final draft of the report and had taken into account the comments from Audit Committee members;- The report now included the addition of the tables from the annual accounts outlining performance against statutory duties and national targets;- Targeted intervention had its own section as did the annual plan, which also included an assessment as to performance against it;- The failure to meet two of its financial duties was a breach in	

standing orders and standing financial instructions and this was now highlighted in the report;

- A last minute change had been made to the Medical Director's salary within the remuneration report as the original version had included a clinical excellence award within the salary; this had now been separated and narrative added for context.

In discussing the report, the following points were raised:

Martin Sollis complimented the way in which the report covered serious incidents but the business continuity issues remained a concern for the board.

Martin Sollis noted the use of 'Xs' within the governance and accountability module and queried as to whether this was intended or if the information was yet to be included. Pam Wenger advised that it was intended but undertook to use a different symbol to make it clearer. She added that it was not a requirement to include this information but something that the health board chose to do.

PW

Martin Sollis noted that his declaration of interest had not been included within the board members' list. Pam Wenger undertook to rectify this.

PW

Martin Sollis queried as to whether the value of the remote contingent liabilities was correct. Andrew Biston advised that it was not and undertook to amend this.

AB

Martyn Waygood advised that his narrative within the remuneration report should state that he did *not* receive remuneration until October 2017 despite taking up post earlier that year. He also added that the reference to unplanned visits was misleading as some people were aware of when board members were undertaking walkabouts. Andrew Biston and Pam Wenger agreed to make the necessary changes.

AB/PW

- Resolved:**
- The report be **noted**.
 - The accountability report 2017-18 be **approved** subject to the changes discussed.

AB/PW

124/18 ANNUAL ACCOUNTS 2017-18

A report presenting the annual accounts for 2017-18 and outlining key changes made since the previous meeting was **received**.

In introducing the report, Lynne Hamilton advised that an error which did not require correction had been identified during the accounts audit with regard to receipting of goods but following a review had been confirmed as a one-off issue and action plan was in place.

In discussing the report, Martin Sollis advised those who had not been present for the draft accounts at the previous meeting that a thorough presentation had been received which identified the major adjustments and estimates as well as an analytical review. He added his congratulations to the finance team on the quality of the

accounts which had resulted in very few changes being requested from the Audit Committee.

- Resolved:**
- The report be **noted**.
 - The annual accounts 2017-18 be **recommended** to the board for approval.

LH/AB

125/18 HEAD OF INTERNAL AUDIT OPINION AND ANNUAL REPORT (EXECUTIVE SUMMARY)

The executive summary of the head of internal audit annual report, including the final audit opinion, was **received** and **noted**.

126/18 WALES AUDIT OFFICE ISA 260 AUDIT OF FINANCIAL STATEMENTS

Wales Audit Office's ISA 260 audit of the financial statements, including the letter of representation and response to audit enquiries, was **received**.

In introducing the report, Geraint Norman highlighted the following points:

- It was the Auditor General's intention to issue a qualitative opinion on the 2016-17 annual accounts, supported by a substantive report. This was a similar position to the previous year;
- The audit of the annual accounts was 99% complete and the final versions would be submitted at the end of the week, subject to minor changes;
- The auditors' report would be issued upon receipt of the letter of representation;
- There were no uncorrected mistakes with some minor corrected ones; none of which affected the bottom line;
- No significant concerns had been highlighted within the financial process therefore the health board could take assurance that the system was working well;
- The financial statements provided for the audit were of high quality and thanks were offered to the finance team;
- There were no issues or material weaknesses which needed to be reported to the board, nor any independence conflicts for the auditors;
- The reason for a qualitative opinion was the failure to achieve a balanced financial position and the failure to have an approved integrated medium term plan (IMTP – three year plan).

In discussing the report, the following points were raised:

Martin Sollis stated that the Wales Audit Office report had been helpful and queried whether the Auditor General was intending to report to the Public Accounts Committee (PAC) with regard to the

qualified opinion. Geraint Norman advised that this was not currently the intention and it would be up to the PAC to determine if it wanted such a report. Lynne Hamilton advised that a number of health boards had been invited to attend PAC in July 2018 to discuss their financial positions and systems of recovery. She added that this was not limited to those with an escalation status as a health board which had achieved balance had also been invited as a potential learning opportunity for others.

Martin Sollis queried who signed the various accounts documents. Pam Wenger advised that the Chief Executive as the accountable officer would sign the accounts and the letter of representation. Andrew Biston added that the statement of directors' responsibilities would be signed by the Chief Executive, Chairman and Director of Finance.

Mark Child stated that the health board had a good set of accounts which gave an accurate reflection of its current performance. He queried whether there was assurance that the health board was working towards meeting the targets or whether the audit was undertaken to just determine accuracy. Martin Sollis advised that the targeted intervention meetings and the tripartite sessions between Welsh Government, Wales Audit Office and Healthcare Inspectorate Wales continued to provide the scrutiny needed to review whether the health board was getting back on track. He added that the health board was not yet in a position to have an approved IMTP and so would fail this duty at year-end of 2018-19. Lynne Hamilton stated that the point of the accounts process was to have a record as to performance during the year but the in-depth discussions relating to that performance were undertaken at the Performance and Finance Committee. Martin Sollis concurred, adding that it was important that the health board demonstrated an ambition to improve its performance and achieve the statutory targets. He commented that it needed to start to develop a three-year plan in the next 12 months.

Lynne Hamilton informed the committee that a targeted intervention meeting with Welsh Government had taken place the week before and had been preceded by a meeting with the Welsh Government senior team to discuss the health board's organisational strategy. She added that this had comprised a rich conversation as to moving towards a three-year plan.

Martyn Waygood noted that the final financial position included a 'clawback' of £7.4m for non-delivery of referral to treatment times (RTT – planned care) performance. Lynne Hamilton advised that £4.8m had been budgeted but the clawback had been more than expected. Martin Sollis added that the health board failed to deliver its performance targets and it was right that it was penalised for this. He stated that to drive better efficiencies the health board needed to work in a better way and there were opportunities for it to be ambitious.

Martin Sollis commented that it was pleasing to see that the health board had a good relationship with Wales Audit Office and thanked

the auditors for their report.

Pam Wenger advised that the appended letter of representation and response to audit enquiries were similar to previous years and were at the committee for recommendation for approval by the board. Martin Sollis stated that while the two documents were 'fit for purpose', in future years, he would like a wider circulation of the drafts to enable Audit Committee members to comment.

- Resolved:**
- The report be **noted**.
 - The letter of representation and response to audit enquiries be **recommended** to the board for approval.

PW

127/18 ANY OTHER BUSINESS

There was no further business and the meeting was closed.

128/18 NEXT MEETING: Tuesday, 31st July 2018 at 1.30pm.