



Audit Committee Annual Report 2018-19



GIG
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WALES

Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board

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1. Introduction

The Audit Committee was established in 2009 and its principle remit is to 'advise and assure the board and the accountable officer on whether effective arrangements are in place - through the design and operation of the health board's assurance arrangements - to support them in their decision taking and in discharging their accountabilities for securing the achievement of the health board's objectives, in accordance with the standards of good governance determined for the NHS in Wales'.

During 2018-19, the committee met its responsibility by fulfilling its role as outlined in its terms of reference, and through the delivery of its work programme. The annual report summarises this.

2. Committee Structure

The membership of the Audit Committee during 2018-19 comprised:

Independent Members

- Martin Sollis, independent member (committee chair);
- Martyn Waygood, independent member;
- Mark Child, independent member;
- Tom Crick, independent member.

Executive Directors

- Lynne Hamilton, Director of Finance;
- Gareth Howells, Director of Nursing and Patient Experience.

Meetings were also attended by Pam Wenger, Director of Corporate Governance, as well as representatives of internal and external audit and counter fraud.

Committee support in terms of the circulation of the meeting papers and minute taking was undertaken by the corporate governance function to ensure continuity with other board committees. The secretary to the committee was Liz Stauber, committee services manager.

The terms of reference required the committee to meet bi-monthly however during 2018-19, it met eight times as an additional meeting was held in April 2019 to complete 2017-18 business as well as a special meeting in May 2018 to agree the annual accounts.

3. Reports Received

In March 2018, the committee agreed its work programme for the coming year, which was separated into the following sections:

- Governance, risk and internal controls;
- Financial focus;
- Internal audit;
- External audit;
- Clinical audit;
- Counter fraud;

- Assurance reports for information.

Governance, Risk and Internal Controls

- Integrated Governance Work Programme

An integrated governance work programme was developed in April 2018 to consolidate the recommendations of a number of external reviews in order for the committee to monitor progress and actions. This was received on a quarterly basis once the members agreed the contents at its July 2018 meeting.

- Accountability Statement

In line with the national manual for accounts, the committee received and considered the draft accountability statement, which included the annual governance statement and the annual accounts. The committee then approved the final version at its special meeting in May 2018.

- Organisational Annual Report

Due to the timings of the meetings, the committee considered the draft organisational annual report virtually, with members submitting comments to the Director of Corporate Governance in order for the final version to be received at the annual general meeting of the health board in July 2018.

- Review of Standing Orders

In-line with good governance practices, the committee undertook an annual review of standing orders, which included approving a revised version of the scheme of delegation to streamline it back to the original model. The committee also reviewed and updated its terms of reference.

- Board Assurance Framework and Health Board Risk Register

During 2018-19, the health board's risk management process was revised. A risk management group was established to provide an escalation route to the executive board of any issues on which the board should be sighted. As part of this process, the health board risk register was redeveloped to align with the board assurance framework, which was also being revised. The committee received regular updates, including a draft outline of the new-look risk register, in order to provide comments. A populated iteration was received by the committee in January 2019 and will be used for future meetings to identify areas of concern needing more in-depth scrutiny.

Financial Focus

- Annual Accounts

The Audit Committee considered and recommended the annual accounts for 2017-18 for approval by the board. A presentation outlining the draft accounts was received at the regular meeting in May 2018 and members provided comments prior to approving the final version at its special meeting later that month. The remuneration and staff report was also received during these meetings. In January 2019, the committee received a report outlining the process to prepare the 2018-19 accounts and it also considered the annual accounts for the private facility at Princess of Wales Hospital, Bridgend Clinic.

- Finance Update

Throughout the year, the committee has received a standing verbal update in relation to finance, which primarily kept members up-to-date as to the current position against the forecast deficit. It was also an opportunity for the Director of Finance to raise other issues for the committee to scrutinise and seek assurance, and these included staffing matters, a review of the financial control procedures and counter fraud issues.

- Losses and Special Payments/Single Tender Action and Quotations

Reports were received at each meeting outlining the losses and special payments and single tender action/quotations approved throughout the year.

Internal Audit

As well as the regular updates outlining progress against the audit plan for 2018-19 and the outcomes of completed audits, members received the annual plan for 2019-20 for approval and the audit opinion for 2017-18, which was *limited assurance*. Reports were also received setting out the process to agree the proportion of internal audit provision to transfer to Cwm Taf University Health Board as part of the Bridgend boundary change.

External Audit

Members received a regular update as to the work of Wales Audit Office, both locally and nationally. In January 2019, the committee considered the structured assessment and annual audit report for 2018 which outlined all the findings and recommendations of financial and performance audits, as well as review of governance arrangements. In March 2019, members agreed the external audit plan for 2019 as well as the fees.

Clinical Audit

In-line with the work programme, the committee received the annual report for clinical audit but it was noted that the process would be soon be changing. As such expectations for reporting needed to be reconsidered.

Counter Fraud

Members considered a regular report from the counter fraud service outlining progress against the annual plan, as well as the annual report for the service and the self-assessment against the NHS protect standards. In addition, reports were also received setting out the process to agree the model of service as a result of the Bridgend boundary change.

Assurance Reports for Information

- Declarations of Interest and Hospitality Registers

The committee received regular updates as to the entries on the declarations of interest and hospitality registers. It was felt that this was an area in which improvements could be made in order to increase the submissions from staff and better the assurance that could be taken. As such, the Director of Corporate Governance was going to consider this during the new financial year.

- Information Governance Board Updates

As a sub-group of the committee, regular updates were received from the information governance board as to the discussions undertaken. In addition, following service outages of national systems within the NHS Wales Informatics Service, regular updates were sought as to the cause and actions being undertaken to address the issues. Members also received the annual report of the Senior Information Risk Owner which outlined the work over the course of the year in relation to the information governance.

4. Conclusion

This report demonstrates that the committee fulfilled its responsibilities through the reports it had received during the year from various services and sources.