

Main Report		Health Board Meeting On 30th March 2017 Agenda Item: 7 (ii)
Subject	Audit Committee: Summary of key decisions, issues considered and matters requiring Board level consideration	
Prepared by	Liz Stauber, Committee Services Manager	
Approved & Presented by	Charles Janczewski, Chair of the Audit Committee/Non-Officer Member	

PURPOSE

The purpose of this report is to provide the board with a summary of the matters discussed and reviewed by the Audit Committee when it met on 19th January 2017. The full minutes of the committee meeting are available on request from the Director of Corporate Governance.

KEY ISSUES CONSIDERED BY THE COMMITTEE

1. Wales Audit Office Consultant Contract Follow-Up Report: Management Response

The management response in relation to the Wales Audit Office follow-up report regarding consultant contracts was received. The committee heard that revised job planning guidance had been submitted to the British Medical Association for approval and a new system procured to manage the process. It was felt that further clarification was needed for some areas of the response, therefore the committee agreed to receive a final version and a progress update in autumn 2017.

2. Information Governance Update Report

A report was received providing an update from the information governance board. The terms of reference for the information governance board had been agreed at its December 2016 and included requirements for regular reports to the Audit Committee and annually to the board. As part of the update, a revised data quality policy was approved however the committee asked that future amended policies make clear the changes it was being asked to agree.

3. Request for Pay Write-Off

A report was received seeking approval to write-off two pay-related debts. The committee heard that requests for pay write-offs were rare as, wherever possible, the health board would undertake all steps to reclaim the money. The committee agreed that the cases were exceptional and approved the write-off.

4. Underpaid Tax and National Insurance

A report was received seeking approval to resolve underpayments of tax. It was noted that during a standard review by Her Majesty's Revenue and Customs (HMRC) it had been identified that a number of junior doctors had been incorrectly taxed against relocation expenses but it was more cost effective for the health board to pay the outstanding monies than incur a fine. In addition, HMRC had deemed the Chairman's Awards as 'benefit in kind' and therefore any staff who attended were liable for tax. It was felt that as it was an event to recognise achievement, it was

unfair to ask staff to pay. The committee agreed both proposals to reimburse HMRC the outstanding tax.

5. NHS Wales Shared Services Partnership (NWSSP) Progress Report

A report providing an update on current and planned internal audit work was received and noted, with minor changes approved to the timetable of planned work.

6. NWSSP Audit and Assurance Assignment Summary

A report was received providing a summary of recently finalised internal audit work. It was noted that health and safety had now been given an assurance rating of *reasonable assurance* and the committee offered its thanks to the head of internal audit as well senior colleagues in the strategy directorate for the work to improve the area. It was agreed that health and safety be referred back to the Quality and Safety Committee for monitoring.

7. Wales Audit Office Progress Report

A report providing an update on current and planned Wales Audit Office activity was received and noted.

8. Losses and Special Payments

A report was received providing an update on losses and special payments for the period 1st October 2016 to 30th November 2016 totalling £5,079,038, of which £4,641,022 would be recovered in part from the Welsh Risk Pool and £60,528 from Welsh Government, leaving an actual loss of £377,488. The committee heard that clinical negligence claims continued to be the most significant contributor and it agreed for a summary of payments to be included in future iterations of the report.

9. Risks and Controls Around Financial Management

A report was received outlining the risks and controls around financial management. It was noted that the risk relating to insufficient capacity to deliver waiting times had reduced from 20 to 16 as a result of additional funding. In addition, a plan had been established in relation to the risk of insufficient cash to meet payment requirements which meant these would be settled within the payment period rather than immediately.

10. NWSSP Procurement: Single Tender Actions and Quotations

A report was received outlining single tender actions and quotations for October, November and December 2016. It was agreed that future iterations of the report would include details as to which executive director had agreed each single tender action or quotation to provide the committee with more assurance, given the continuing increase in entries on the register.

11. Committee's Terms of Reference

The committee's terms of reference were received. It was agreed that the terms of reference be amended to make the information governance section more explicit following the update from the information governance board (**appendix 1**).

12. Internal Audit Review

A report was received detailing actions being taken to ensure that limited/no assurance internal audits were being effectively managed. The committee heard that revised reporting arrangements for internal audit action plans had now moved from

excel to the financial portal which meant that leads could update the plan at any point, rather than having to wait for it to be sent through as a reminder. This was in the roll-out stage and meetings were taking place with executives and managers for training. It was agreed that read-only access would be provided to any committee members who felt it would be useful.

13. Hosted Agencies Governance Sub-Committee Minutes and Terms of Reference

A report was received setting out the minutes and updated terms of reference for the Delivery Unit and Emergency Medical Retrieval and Transfer Service (EMRTS) governance sub-committees. The committee approved the amended terms of reference for both.

14. Amendments to Standing Orders

A report was received outlining proposed changes to schedule seven (standards of business conduct) and schedule nine (building engineering works). While the committee approved the amendments to schedule nine (**appendix 2**), it agreed to defer to the approval of the revised standards of business conduct to the next meeting following the receipt of late comments by the Director of Corporate Governance.

15. Wales Audit Office Annual Audit Report 2016

The Wales Audit Office annual audit report was received. Committee members were asked to submit any comments to Wales Audit Office by the following week and the report was approved for recommendation to the board subject to any comments received. It was agreed that cost indices be considered for inclusion in future reports.

16. Comparative Data – NHS Consultant Contract Follow-Up of Previous Audit Recommendations

A report providing comparative data for the NHS consultant contract review was received and noted.

17. Structured Assessment 2016

A report was received outlining the results of Wales Audit Office's structured assessment 2016. A number of recommendations were made within the report however some of the recommendations of the previous structured assessment still required addressing. The committee asked that the comments made in relation to the financial reports to be the board be reviewed, and this was agreed. It also heard that an all-Wales analysis of board reports would be undertaken in February 2017, which was welcomed, as it would enable health boards to share good practice with regard to financial reporting. Committee members were asked to submit any comments to Wales Audit Office by the following week and the report was approved for recommendation to the board subject to any comments received.

18. Annual Accounts Timetable and Plan

A report detailing the timetable and plan for completion of the annual accounts 2016-17 was received and noted.

19. Induction Programme for New Members

An oral update was received regarding the induction programme for new committee members. It was agreed that the two newest committee members would provide a

joint update with regard to the induction programme at the May 2017 meeting.

20. Self-Assess Committee's Effectiveness

An oral update was received regarding the committee's self effectiveness. The self-assessment had yet to be redesigned and therefore the previous version would be circulated to members prior to the next meeting.

MATTERS REQUIRING BOARD LEVEL CONSIDERATION / APPROVAL

The chair of the Audit Committee wishes to draw the following matters to the attention of the Board:

For noting:

- The approval of the data quality policy (point two);
- The approval of the pay write-off (point three);
- The approval of the reimbursement of the underpaid tax to HMRC (point four);
- The improved assurance rating for health and safety (point six);
- The losses and special payments as outlined in point eight;
- The approval of the hosted agencies governance sub-committees' terms of reference (point 13).

For approval:

- The committee's amended terms of reference (point 11 and **appendix 1**);
- Amendments to standing orders schedule nine (building engineering works) (point 14 and **appendix 2**);
- Wales Audit Office's annual report and structured assessment for 2016 (points 15 and 17).

C. RECOMMENDATION

The board is asked to consider the discussions set out in this report.

Audit Committee

Terms of Reference & Operating Arrangements

1. INTRODUCTION

1.0.1 1.1 The LHB's standing orders provide that "*The Board may and, where directed by the Welsh Government must, appoint Committees of the LHB either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by committees*".

1.0.2

1.0.3 1.2 In line with standing orders and the LHB's scheme of delegation, the Board shall nominate annually a committee to be known as the **Audit Committee**. The detailed terms of reference and operating arrangements set by the Board in respect of this committee are set out below.

1.0.4

1.0.5 2. PURPOSE

1.0.6

1.0.7 2.1 The purpose of the Audit Committee ("the Committee") is to:

1.0.8

- **Advise** and **assure** the Board and the Accountable Officer on whether effective arrangements are in place – through the design and operation of the LHB's assurance arrangements – to support them in their decision taking and in discharging their accountabilities for securing the achievement of the LHB's objectives, in accordance with the standards of good governance determined for the NHS in Wales.

1.0.9

2.2 Where appropriate, the Committee will advise the Board and the Accountable Officer on where, and how, its assurance arrangements may be strengthened and developed further.

1.0.10 3. DELEGATED POWERS AND AUTHORITY

3.1 With regard to its role in providing advice to the Board, the Committee will comment specifically upon:

- the adequacy of the LHB's strategic governance and assurance arrangements and processes for risk management and internal control designed to support the Accountable Officer's *annual governance statement*, providing reasonable assurance on:
 - The organisations ability to achieve its objectives;
 - Compliance with relevant regulatory requirements, standards and other directions and requirements set by the Welsh Government and others;
 - The efficiency, effectiveness and economic use of resources; and
 - The extent to which the organisation safeguards and protects all its assets, including its people to ensure the provision of high quality, safe healthcare for its citizens;
- The Board's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate);
- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, the ISA 260 Report 'Communication with those charged with Governance' and managements' letter of representation to the external auditors;
- the Schedule of Losses and Compensation;
- The planned activity and results of internal audit, external audit and the Local Counter Fraud Specialist (including strategies, annual work plans and annual reports;
- The adequacy of executive and managements response to issues identified by audit, inspection and other assurance activity;

- (where appropriate) proposals for tendering for Internal Audit services or for purchase of non audit services from contractors who provide audit services;
- proposals for the appointment of the external auditor made by the Auditor General for Wales
- Anti fraud policies, whistle-blowing processes and arrangements for special investigations;
- Any particular matter or issue upon which the Board or the Accountable Officer may seek advice.

3.2 The Committee will support the Board with regard to its responsibilities for governance (including risk and control) by reviewing:

- the *comprehensiveness* of assurances in meeting the Board and the Accountable Officers assurance needs across the whole of the LHB's activities, both clinical and non clinical; and
- the *reliability and integrity* of these assurances.

3.3 To achieve this, the Committee's programme of work will be designed to provide assurance that:

- There is an effective internal audit function that meets the standards set for the provision of internal audit in the NHS in Wales and provides appropriate independent assurance to the Board and the Accountable Officer through the Committee;
- There is an effective counter fraud service that meets the standards set for the provision of counter fraud in the NHS in Wales and provides appropriate assurance to the Board and the Accountable Officer through the Committee;

- There is an effective clinical audit and quality improvement function that meets the standards set for the NHS in Wales and provides appropriate assurance to the Board and the Accountable Officer through the Quality & Safety Committee. **The Committee will do this through an annual review of the work of the Quality and Safety Committee.**

- There are effective arrangements in place to ensure the reliability, integrity, safety and security of the information collected and used by the organisation. This will be done through regular reports made by the Information Governance Board;

- There are effective arrangements in place to secure active, ongoing assurance from management with regard to their responsibilities and accountabilities, whether directly to the Board and the Accountable Officer or through the work of the Board's committees

- The work carried out by key sources of external assurance, in particular, but not limited to the LHB's external auditors, is appropriately planned and co-ordinated and that the results of external assurance activity complements and informs (but does not replace) internal assurance activity

- The work carried out by the whole range of external review bodies is brought to the attention of the Board, and that the organisation is aware of the need to comply with related standards and recommendations of these review bodies, and the risks of failing to comply;.

- The systems for financial reporting to the Board, including those of budgetary control, are effective; and that

- The results of audit and assurance work specific to the LHB, and the implications of the findings of wider audit and assurance activity relevant to the LHB's operations are appropriately considered and acted upon to secure the ongoing development and improvement of the organisations governance arrangements.

Authority

- 3.4 The Committee is authorised by the Board to investigate or have investigated any activity (clinical and non clinical) within its terms of reference. In doing so, the Committee shall have the right to inspect any books, records or documents of the LHB relevant to the Committee's remit, and ensuring patient/client and staff confidentiality, as appropriate. It may seek relevant information from any:
- employee (and all employees are directed to cooperate with any reasonable request made by the Committee); and
 - any other committee, sub committee or group set up by the Board to assist it in the delivery of its functions.
- 3.5 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers it necessary, in accordance with the Board's procurement, budgetary and other requirements.

Access

- 3.6 The Head of Internal Audit and the Engagement Partner/Audit Manager of External Audit shall have unrestricted and confidential access to the Chair of the Audit Committee.
- 3.7 The Committee will meet with Internal and External Auditors and the nominated Local Counter Fraud Specialist without the presence of officials on at least one occasion each year.
- 3.8 The Chair of Audit Committee shall have reasonable access to Executive Directors and other relevant senior staff.

Sub Committees

- 3.9 The Committee may, subject to the approval of the LHB Board, establish sub committees or task and finish groups to carry out on its behalf specific aspects of Committee business. The following sub committees have been established:

- Hosted Agencies sub-committee

4. MEMBERSHIP

Members

- 4.1 Four members, comprising:

Chair	Non Officer Member of the Board
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Vice Chair	Non Officer Member of the Board
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Members	two other Non Officer Members of the Board
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The committee may also co-opt additional independent 'external' members from outside the organisation to provide specialist skills, knowledge and expertise.

Attendees

- | | |
|-------------------|--|
| 4.2 In attendance | <ul style="list-style-type: none">– Director of Finance– Director of Nursing and Patient Experience– Chief Executive as the Accountable Officer (as required)– Head of Internal Audit– Local Counter Fraud Specialist– Representative of External Auditor |
|-------------------|--|

– Other Executive Directors (as required by the Committee Chair)

By invitation The Committee Chair may invite:

- any other LHB officials; and/or
- any others from within or outside the organisation

to attend all or part of a meeting to assist it with its discussions on any particular matter.

Secretariat

4.3 Secretary As determined by the Board Secretary

Member Appointments

4.4 The membership of the Committee shall be determined by the Board, based on the recommendation of the LHB Chair – taking account of the balance of skills and expertise necessary to deliver the committee’s remit and subject to any specific requirements or directions made by the Assembly Government.

4.5 Members terms of office will be reviewed annually by the Board Chairman. A member may resign or be removed by the Board.

4.6 Committee members’ terms and conditions of appointment, (including any remuneration and reimbursement) are determined by the Board, based upon the recommendation of the LHB Chair {and on the basis of advice from the LHB’s Workforce and OD Committee}.

Support to Committee Members

4.7 The Board Secretary, on behalf of the Committee Chair, shall:

- Arrange the provision of advice and support to committee members on any aspect related to the conduct of their role; and
- ensure the provision of a programme of organisational development for committee members as part of the LHB's overall OD programme developed by the Director of Workforce & Organisational Development.

5. COMMITTEE MEETINGS

Quorum

- 5.1 At least two members must be present to ensure the quorum of the Committee, including either the Committee Chair or the Committee's Vice-Chair. To ensure the meeting is quorate, other Non-Officer Members can be asked to attend by the Chair.

Frequency of Meetings

- 5.2 Meetings shall be held **bi-monthly**, and otherwise as the Chair of the Committee deems necessary – consistent with the LHB's annual plan of Board Business.

Withdrawal of individuals in attendance

- 5.3 The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

1.0.11 6. RELATIONSHIP & ACCOUNTABILITIES WITH THE BOARD AND ITS COMMITTEES/GROUPS¹

1.0.12

- 6.1 Although the Board has delegated authority to the Committee for the exercise of certain functions as set out within these terms of

¹ Reference to the Board's Committees/Groups incorporates its sub committees, joint committees and joint sub committees as well as other groups, such as Task and Finish Groups, where this is appropriate to the remit of this Audit Committee

reference, it retains overall responsibility and accountability for ensuring the quality and safety of healthcare for its citizens through the effective governance of the organisation.

6.2 The Committee is directly accountable to the Board for its performance in exercising the functions set out in these terms of reference.

6.3 The Committee, through its Chair and members, shall work closely with the Board's other committees, including joint (sub) committees and groups to provide advice and assurance to the Board through the:

- joint planning and co-ordination of Board and Committee business; and
- sharing of information

in doing so, contributing to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into the Board's overall risk and assurance framework.

6.4 The Committee will consider the assurance provided through the work of the Board's other committees and sub groups to meet its responsibilities for advising the Board on the adequacy of the LHB's overall framework of assurance.

6.5 The Committee shall embed the LHB's corporate standards, priorities and requirements, e.g., equality and human rights through the conduct of its business.

7. REPORTING AND ASSURANCE ARRANGEMENTS

7.1 The Committee Chair shall:

- report formally, regularly and on a timely basis to the Board and the Accountable Officer on the Committee's activities. This includes verbal updates on activity and the submission of committee minutes and written reports throughout the year;

- bring to the Board and the Accountable Officer's specific attention any significant matters under consideration by the Committee;
- ensure appropriate escalation arrangements are in place to alert the LHB Chair, Chief Executive (as Accountable Officer) or Chairs of other relevant committees of any urgent/critical matters that may affect the operation and/or reputation of the LHB.

1.0.13 7.2 The Committee shall provide a written, annual report to the Board and the Accountable Officer on its work in support of the Statement of Internal Control, specifically commenting on the adequacy of the assurance framework, the extent to which risk management is comprehensively embedded throughout the organisation, the integration of governance arrangements and the appropriateness of self assessment activity against relevant standards. The report will also record the results of the committee's self-assessment and evaluation.

1.0.14

1.0.15 7.3 The Board may also require the Committee Chair to report upon the committee's activities at public meetings or to community partners and other stakeholders, where this is considered appropriate, e.g., where the committee's assurance role relates to a joint or shared responsibility.

1.0.16

1.0.17 7.4 The Board Secretary, on behalf of the Board, shall oversee a process of regular and rigorous self-assessment and evaluation of the Committee's performance and operation including that of any sub committees established. In doing so, account will be taken of the requirements set out in the NHS Wales Audit Committee Handbook.

1.0.18 8. APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

8.1 The requirements for the conduct of business as set out in the LHB/Trust's Standing Orders are equally applicable to the operation of the Committee, except in the following areas:

- Quorum [*as per section on Committee meetings*]
- Notice of meetings

- Notifying the public of Meetings
- Admission of the public, the press and other observers

9. REVIEW

- 9.1 These terms of reference and operating arrangements shall be reviewed annually by the Committee with reference to the Board.

AMENDMENTS TO STANDING ORDERS

1. PURPOSE

The purpose of this report is to outline amendments to schedule nine of standing orders (building engineering works).

2. BACKGROUND

Following an internal audit review of capital systems, a recommendation was made for schedule nine of standing orders (building engineering works) to be updated in relation to letters of intent and nominations for contractors and sub-contractors. These had been used by the capital department in lieu of formal, signed contracts, which was not good practice.

3. SCHEDULE NINE – BUILDING ENGINEERING WORKS

Schedule nine of the standing orders has been updated to remove the word 'nominated' with regard to contractors and sub-contractors. The term was generally used in traditional contracts where the health board would nominate a sub-contractor and the risk of this appointment would stay with the health board. The process is now for the main contractor to nominate a sub-contractor, therefore taking on the responsibility for any delay or default during the contract.

Also, it is now standard practice within the capital department for contracts to be in place prior to any construction work commencing. This has been evidenced by an increase in the number of contracts the Chief Executive has been asked to sign in recent months. Letters of intent are now only used in exceptional circumstances, such as speed of appointment or emergency works, and will be supported by the full specification, drawings and cost.

Schedule nine has been amended to reflect these changes and is available on request.

4. RECOMMENDATION

Committee members are asked to consider and approve the following changes to standing orders to be reported to the board for ratification:

- The amendments to schedule nine

Main Report		Health Board Meeting On 30th March 2017 Agenda Item: 7 (ii)
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Prepared by	Liz Stauber, Committee Services Manager	
Approved & Presented by	Charles Janczewski, Chair of the Audit Committee/Non-Officer Member	

PURPOSE

The purpose of this report is to provide the board with a summary of the matters discussed and reviewed by the Audit Committee when it met on 16th March 2017. The full minutes of the committee meeting are available on request from the Director of Corporate Governance.

KEY ISSUES CONSIDERED BY THE COMMITTEE

1. Information Governance Update Report

A report was received providing an update from the information governance board. The committee heard that information governance leads had been identified in each of the units and good progress was being made in relation to managing issues and risks. The resourcing of the department had been raised as a concern as well as the compliance of staff with regard to mandatory information governance training and a report was to be received by the executive team in due course to outline the risks. As part of the update, the committee approved the Information Governance Strategic Direction and Framework. In addition, it asked for assurance to be given in the next update report that the executive team and risk assurance group had been sighted on the issues relating to resources and training.

2. Continuing Healthcare Performance Report

A report was received providing an update in relation to continuing healthcare performance. The committee heard that with regard to retrospective claims, no new breaches had occurred and the health board was fully compliant in using the national framework. The outcome of the case scheduled to be heard in the Supreme Court in relation to funded nursing care could have a significant impact on the way in which such packages are managed in the future. It was noted that a response was due by the end of March 2017 to the Older Person's Commissioner's 'Place to Call Home' report and two care home interface nurses had been appointed to work alongside the Macmillan nurses. In addition, a bid was to be submitted to Macmillan for additional nurses for Neath Port Talbot and Swansea given the positive response to the current initiative. Work was ongoing to support children transitioning to adult continuing healthcare packages. The situation regarding section 117 service users and ensuring their packages of care were jointly funded with local authorities was discussed, with an agreement that an update would be received at the next meeting. A report would also be received in due course with regard to funding for section nine of the Social Services and Wellbeing Act.

3. NHS Wales Shared Services Partnership (NWSSP) Accounts Payable Services to ABMU Health Board

A report was received detailing an update regarding the NWSSP accounts payable services to the health board. The committee heard that there had been a significant reduction in the number of outstanding invoices which had released capacity within the service to address a number of issues such as the optical character reader balance sheet code, non-payment of pharmacy invoices and recovery of VAT (value-added tax). Work was to be undertaken to develop a robotic process which will communicate all invoice requests to suppliers. The committee noted that, had an early resolution been provided to the issues, the need for the situation to be escalated would not have occurred. It was agreed that the situation would be monitored by the Assistant Director Finance and updates provided the committee.

4. NWSSP Progress Report

A report providing an update on current and planned internal audit work was received and noted, with minor changes approved to the timetable of planned work.

5. NWSSP Audit and Assurance Assignment Summary

A report was received providing a summary of recently finalised internal audit work. Five reports had been finalised with the follow-up of mortality reviews receiving a *limited assurance* rating and it was agreed that the committee chair would meet with the Medical Director to determine an appropriate timescale for improvement and follow-up. The committee commended the finance team on its *substantial rating* in the review of budgetary control and financial reporting.

6. Wales Audit Office Progress Report

A report was received providing an update on current and planned Wales Audit Office activity. It was highlighted that the all-Wales comparisons from the 2016 structured assessment were in draft and had been shared with the board secretaries' network and were due to be discussed at the all-Wales meetings of chairs and vice-chairs before it was published in May 2017. Concern was raised that data from an audit of district nursing services, which was two years old, was to inform discussions relating to the challenges of the workforce community, as it did not capture the new models of working using multi-disciplinary teams as part of integrated care. It was agreed Wales Audit Office would discuss the concerns prior to the work being progressed.

7. Wales Audit Office – Radiology Services

A report was received outlining the findings of a Wales Audit Office review of radiology services. The committee heard that radiology services were experiencing rapid advances in technology and were being used earlier and throughout treatments year-on-year. As such, demand was increasing and workforce was under pressure with 7% of posts vacant in 2015 and by 2020, 30% of staff would have retired. The review identified that the day-to-day operations of the service were managed well but the increasing workforce demands against ageing equipment was a challenge. In addition there were issues identified within strategic planning and a backlog in reporting. The main recommendation of the review highlighted that the service was currently split into east and west and there needed to be an overarching strategy to deliver the service as one. However it was noted that both areas were well managed. It was agreed for the report to be shared with the Quality and Safety Committee.

8. Losses and Special Payments

A report was received providing an update on losses and special payments for the period 1st December 2016 until 31st January totalling £1,153,913, of which £686,944 would be recovered in part from the Welsh Risk Pool and £68,699 from Welsh Government, leaving an actual loss of £398,270. The committee expressed its concern that the losses had increased compared with the data of the previous year, adding that it was important that the health board learned lessons from each case to avoid recurrences.

9. Audit Registers and Action Plans

A report outlining an update with regard to audit registers and action plans was received. The second phase of the programme to train senior managers to update action plans via the portal had been completed and the majority of the executive team had also been trained. This enabled staff to take ownership of actions and view those outstanding. The committee heard that as the electronic systems for nurse rostering were not yet available, two actions in relation to this audit could not be completed electronically so paper-based interim solutions were implemented and it was agreed to close these. In addition it was noted that discussions were required in relation to some of the action regarding the environment of older people's services to determine realistic timescales as to when estates would be refurbished.

10. Risks and Controls Around Financial Management

A report was received outlining the risks and controls around financial management. It was noted that the risk relating to insufficient cash had been reduced from 20 to four as assistance had been received through cash brokerage which would need to be paid back in a future year. In addition, the appeal to the Supreme Court in relation to funded nursing taking place later this year may also need to be included with the risks dependant on the outcome. It was agreed that the appendices to the report would be submitted to the executive team meetings as part of the regular financial report and a review of all the risks was to be undertaken.

11. NWSSP Procurement: Single Tender Actions and Quotations

A report was received outlining single tender actions and quotations for December 2016, January 2017 and February 2017. It was noted that an additional module for the electronic rostering system relating bank nursing had been purchased and the committee asked that an update be given in July 2017 as to the work to implement a single system.

12. Corporate Risk Register

A report was received providing an update regarding the corporate risk register. It was noted that the integrated medium term plan (IMTP) had now been included in the risk register and the risk relating to violence and aggression was to be managed by the health and safety group. The committee heard that the Welsh Risk Pool had recently visited the health board and had provided positive feedback as to how the risk management system was managed.

13. Local Counter Fraud Service Progress Report

A report providing a progress report for the local counter fraud service was received and noted.

14. Wales Audit Office Agree Plans and Fees 2017

A report was received outlining Wales Audit Office's plans and fees for 2017. It was noted that the timescales for the audit of the annual accounts was similar to that of the previous year and the Wales Audit Office team for the health board was unchanged. Performance audits would also be undertaken throughout the year in addition to the structured assessment. The proposed fee was in-line with the previous year's cost and was based on risk, but as it was an estimate, it could fluctuate depending on time spent.

15. Internal Audit Operational Plan and Audit Charter

A report outlining the internal audit plan for 2017/18 and internal audit charter was received. It was noted that the template for this year had changed to provide just the operational plan and a planning meeting had recently taken place with the Director of Corporate Governance and Vice-Chairman to help form the report. While the eight domains remained, the process had changed to each one having equal weighting.

16. Review of Annual Accounts Progress

A report was received outlining the progress with regard to the annual accounts. It outlined the timeline for the remaining work to complete the accounts and dates had been arranged for the committee to receive the draft and final versions. The approach to a number of sections had remained the same however a change in the discount for pension provision/permanent injury meant an additional £0.8m cost to the health board needed to be taken into account. Also, income and expenditure for research and development would be separately analysed by projects together with the closure of completed which would lead to the opening balance of £5.8m being reduced.

17. Statutory Duties of Local Health Boards

A Welsh Health Circular outlining the statutory financial duties of local health boards and NHS trusts was received and noted.

18. Audit Committee Draft Work Programme 2017/18

A report outlining the committee's work programme for 2017/18 was received and noted.

MATTERS REQUIRING BOARD LEVEL CONSIDERATION / APPROVAL

The chair of the Audit Committee wishes to draw the following matters to the attention of the Board:

For noting:

- The approval of the Information Governance Strategic Direction and Framework (point one)

For approval:

- The losses and special payments (point eight)

C. RECOMMENDATION

The board is asked to consider the discussions set out in this report.