

**CONFIRMED MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD ON 1 JUNE 2017
IN THE CORPORATE MEETING ROOM, HEADQUARTERS, UHW**

Present:

Ivar Grey	Chair - Audit
Maria Battle	Chair UHB
Professor Marcus Longley	Vice Chair UHB
Margaret McLaughlin	Independent Member – Third Sector
Stuart Egan	Independent Member – Trade Union
John Antoniazzi	Independent Member – Business Planning
Susan Elsmore	Independent Member – Local Authority
Abigail Harris	Director of Strategic Planning
Fiona Kinghorn	Interim Director of Public Health Wales
Robert Chadwick	Director of Finance
Ruth Walker	Executive Nurse Director
Sharon Hopkins	Interim Chief Executive
Steve Curry	Interim Chief Operating Officer

In Attendance:

Peter Welsh	Director of Corporate Governance
James John	Head of Internal Audit
Richard Hurton	Assistant Finance Director
Christopher Lewis	Deputy Finance Director
John Herniman	WAO
Mark Jones	WAO
Richard Hurton	Assistant Finance Director
Carol Evans	Assistant Director Patient Safety and Quality

Glynis Mulford	Secretariat
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Apologies:

Akmal Hanuk	Independent Member – Local Community
Fiona Jenkins	Director of Therapies
Eileen Brandreth	Independent Member - ICT
Elizabeth Treasure	Independent Member – University
Graham Shortland	Medical Director
Julie Cassley	Interim Director of Workforce and OD
Martyn Waygood	Independent Member – Legal
Craig Greenstock	Counterfraud Manager

AC: 17/044 WELCOME AND INTRODUCTIONS

The Chair welcomed all present to the meeting.

AC: 17/045 APOLOGIES FOR ABSENCE

Apologies for absence were noted.

AC: 17/046 DECLARATIONS OF INTEREST

The Chair invited Members to declare any interests in the proceedings. None were declared.

AC: 17/047 COUNTERFRAUD ANNUAL REPORT FOR 2016/17

The Committee **RECEIVED** and **APPROVED** the Counterfraud Annual Report for 2016/17.

AC: 17/048 REPORT ON THE ANNUAL ACCOUNTS OF THE UHB 2016/17

Mr Christopher Lewis, Deputy Finance Director briefed the Committee on the Annual Accounts stating the Report set out the changes made to draft accounts and reviewed the financial performance of the UHB. He also advised Members on the role and responsibilities of the Audit Committee in reviewing the accounts.

The Accountability Report and Annual Accounts were scrutinized and considered at the Audit workshop session on 23 May 2017 where major judgments and estimates were also reviewed and any changes on the accounting policy.

The Committee was informed that there had been four major changes in the report which was explained, emphasizing this did not impact on the financial performance.

There were no significant uncorrected misstatements found in the accounts but Wales Audit Office had observed two less significant misstatements and as these were minor did not warrant inclusion in the Letter of Representation.

With regard to the financial performance against its Revenue Resource Limit, the three year Integrated Medium Term Plan was not approved by Welsh Government. In addition, the UHB did not break even over a three year period and had therefore breached on both counts its statutory financial duty.

On behalf of the Audit Committee the Chair thanked the Financial Team on the preparation of the accounts.

The Committee:

- **NOTED** the reported financial performance contained within the Annual Account and that the UHB has breached its statutory financial duties in respect of revenue expenditure.

- **NOTED** the changes made to the Draft Annual Accounts.

AC: 17/049 WALES AUDIT OFFICE (WAO) ISA 260 REPORT

John Herniman, Wales Audit Office presented the WAO report praising the team for the work done on the accounts stating there were no significant issues.

The Committee was informed that the accounts were true and fair and an unqualified audit opinion would be issued. In relation to the regularity opinion it was explained that this was the first year of the three year cycle the UHB was being assessed against the target. Due to the deficit a qualified opinion on regularity will be issued. Because of this qualification and failure to achieve the two targets, the Wales Audit Office will issue a substantive report on the account which summarizes the position.

The following points were highlighted:

- In regard to accuracy of numbers this was materially correct and stated anything raised which was significant had been addressed. Attention was drawn to the two less significant statements and explained that further testing showed this was not indicative of any systematic errors.
- In consideration of end of year pressure and complexity of the accounts, work on these would be brought forward earlier on in the year.
- Mr Herniman raised concerns in regard to the Public Sector Payment Policy, stating invoices in dispute were not managed correctly although it was acknowledged that the Oracle system did not allow for the recording of the 30 day clock for payment. Members were informed this could mean the Health Board's performance could be misstated.
- One significant matter was raised in 2015/16 in relation to procurement of a consultant contract and plan to issue a report shortly. An update will be presented at Audit Committee.
- Six recommendations had been raised from the financial audit work which had been agreed with management. These will go on to the Audit Committee Tracker.
- In regard to the Representation Letter there were no disclosures to report that would raise concern.

The Committee:

RECEIVED and **NOTED** the report

AC: 17/050 HEAD OF INTERNAL AUDIT ANNUAL REPORT FOR 2016/17

Mr James Johns, Head of Internal Audit, gave an overview of the report, stating the report delivered and summarised key outcomes of audit reviews around the assurance domains. The overall opinion gave Reasonable Assurance which was a positive outcome for the Organisation. The report considered individual audits,

how they feature in each domain and how they are structured. The sub opinion of each domain had also received Reasonable Assurance.

The Committee was pleased to note No Assurance reports had been received. Four Limited Assurance reports had been observed, all of which were being addressed and showed signs of improvement.

The Committee:

- **RECEIVED** and **NOTED** the report

AC: 17/051 LETTER OF REPRESENTATION

It was recognized that the Letter of Representation was consistent with the report.

The Committee **RECEIVED** and **NOTED** the Letter of Representation

AC: 17/052 AUDIT ENQUIRIES TO MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

The Committee **RECEIVED** and **NOTED** the letter and responses in the questionnaire.

AC: 17/053 ACCOUNTABILITY REPORT

Mr Peter Welsh, Director of Corporate Governance stated the report was a new approach with guidance from Welsh Government to streamline all the annual reports, explaining the changes.

Members were assured of the rigorous processes the report had been through and informed the Committee that over the next few weeks the Annual Report would be produced. The Annual Report will be combined with the Accountability Report and Annual Quality Statement. These reports will go forward as one document to the Annual General Meeting on 27 July 2017.

AC: 17/054 PRIVATE MEETINGS WITH THE DIRECTOR OF FINANCE, WALES AUDIT OFFICE AND INTERNAL AUDIT

The chair informed the meeting that Independent Members had met privately with the Director of Finance on 23 May, the Head of Internal Audit also on 23 May and the Wales Audit Office on 1 June. He confirmed that no issues had been raised that should be brought to the Committee's attention.

The Audit Committee, based on the reports received during the meeting, recommended that the Board:

APPROVE the Annual accounts for the twelve months ended 31 March 2017
APPROVE the Annual Accountability Report
APPROVE the Representation letter and
AUTHORISE the Chair, Chief Executive and Director of Finance to sign them where required once WAO had completed their work

The Audit Committee also **APPROVED** the Committee's Annual report to the Board and authorized the Chair to sign and present it to the Board.

AC: 17/055 URGENT BUSINESS

There was no urgent business.

AC: 17/056 DATE OF NEXT MEETING

The next Audit Committee meeting is scheduled to take place at 9.00am on **Tuesday 26 September 2017**, in the Corporate Meeting Room, Headquarters, UHW.