Audit Committee Annual Report 2019-20

1. Title of Committee: Audit Committee

2. Name and role of person submitting this report:

Dawn Sharp, Acting Interim Board Secretary

3. Dates covered by this report:

30/05/2019-31/03/2020

4. Number of times the Audit Committee met during this period:

The Audit Committee was routinely scheduled to meet on a quarterly basis and otherwise as the Chair deemed necessary. During the reporting period, it met on four occasions and in addition, held three workshops. The first in May 2019 was primarily to review the suite of Committee Annual reports. The second workshop in October 2019 was to review the Clinical Audit Policy and Plan, Risk Management arrangements, Standing Orders and the Scheme of Reservation and Delegation. The Final workshop held in December 2019 reviewed the updated Risk management Strategy, the Audit Tracker and follow up arrangements, the Governance Review and the Wales Audit Office / Health Inspectorate Wales Joint Review of Cym Taf Morgannwg University Health Board.

Attendance at meetings is detailed within the table below:

Members of the Audit Committee	30/05/19	12/09/19	12/12/19	19/03/20
Medwyn Hughes (Chair from 01/09/18)	P	P	P	P
John Cunliffe (Membership ceased as of 12/12/19)	P	A	P	◆
Jacqueline Hughes	P	P	A	P
Lucy Reid (Membership ceased as of 12/12/19)	P	P	P	◆
Eifion Jones (Member from March 19/03/20)	◆	◆	◆	P
Lyn Meadows (Member from March 19/03/20)	◆	◆	◆	P

Formally In attendance (as per Terms of Reference)	30/05/19	12/09/19	12/12/19	19/03/20
Gary Doherty, Chief Executive (in attendance at least annually)	P*	x	x	x
Grace Lewis-Parry, Board Secretary (Board Secretary until September 2019)	P	◆	◆	◆
Dawn Sharp, Acting Board Secretary (Acting Board Secretary from September 2019)	P◆	P	P	◆
Justine Parry, Acting Board Secretary (Acting Board Secretary from February 2020)	◆	◆	◆	P
Sue Hill, Executive Director of Finance	P	P	P	P
Deputy Chief Executive/Executive Director of Nursing and Midwifery	◆	◆	◆	X
Head of Internal Audit	P	P	P	P
Representative of Auditor General (External Audit)	P	P	P	P*
Local Counter Fraud Specialist	P	P	P	X
Head/individual responsible for Clinical Audit	P*	P*	P*	X

Key:
P - Present
P* **-** Present for part meeting
A - Apologies submitted
X - Not present
◆ Not a member of the Audit Committee at this time.

In addition to the above core membership, other Directors and Officers from the Health Board regularly attend meetings of the Committee/Group/Forum. For a full list of attendance, please see the approved minutes which can be accessed on the Health Board's website via the following pages:- https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/

5. Assurances the Audit Committee is designed to provide:

The Audit **Committee** is designed to provide assurance to the Board on the following key areas as set out in its Terms of Reference as follows:-

> 3.1.1 comment specifically in its Annual Report upon the adequacy of the Health Board's strategic governance and assurance arrangements and

processes for the maintenance of an effective system of good governance, risk management and internal control across the whole of the organisation's activities (both clinical and non-clinical). It is also intended to support the public disclosure statements that flow from the assurance processes, including the Annual Governance Statement and the Annual Quality statement, providing reasonable assurance on:

- the organisation's ability to achieve its objectives;
- compliance with relevant regulatory requirements, standards, quality and delivery requirements and other directions and requirements set by the Welsh Government and others;
- the reliability, integrity, safety and security of the information collected and used by the organisation;
- the efficiency, effectiveness and economic use of resources; and
- the extent to which the organisation safeguards and protects all its assets, including its people.

3.1.2 to ensure the provision of effective governance by reviewing;

- the Board's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate);
- the effectiveness of the Board's Committees
- the accounting policies, the accounts, and the annual report of the organisation (as specified in the Manual for Accounts as issued by Welsh Government), including the process for review of the accounts prior to submission for audit, levels of errors identified, the ISA260 Report and with Management's letter of representation to the external auditors;
- the, Annual Audit Report and Structured Assessment
- financial conformance and the Schedule of Losses and Compensation;
- the planned activity and results of both internal and external audit, clinical audit, the Local Counter Fraud Specialist and post payment verification work (including strategies, annual work plans and annual reports);
- the adequacy of executive and managements responses to issues identified by audit, inspection, external reports and other assurance activity;
- proposals for accessing Internal Audit services via Shared Service arrangements (where appropriate);
- anti fraud policies, whistle-blowing processes and arrangements for special investigations; and
- any particular matter or issue upon which the Board or the Accountable Officer may seek advice.

During the period that this Annual Report covers, the Audit Committee operated in accordance with its terms of reference which were operative for the whole of the term this Annual Report covers. Minor changes to the Membership to include the Deputy Chief Executive who is now responsible for Risk Management (approved by Board 23/01/20) and an additional paragraph with reference to Trade Union partners

attending public session (approved 25/07/19) The terms of reference are appended at Appendix 1.

The work programmes, cycles of business and overall performance of each Committee/Group/Forum are reviewed by the Committee Business Management Group (CBMG) which meets quarterly. The CBMG oversees effective communication between Committees, avoiding duplication and ensuring all appropriate business is managed effectively and efficiently through the Health Board's Governance framework.

The Audit Committee is required to publish its agenda and papers 7 days ahead of the meeting, and a breach log is maintained by the Office of the Board Secretary where there are exceptions to this requirement. During the reporting period there were 0 breaches of this nature in terms of either *individual papers / *whole agenda not being available 7 days before the meeting.

6. Overall *RAG status against Audit Committee's annual objectives / plan: AMBER

The summary below reflects the Audit Committee's assessment of the degree to which it has met these objectives. The supporting narrative included alongside the assessment below describes this in more detail.

Objective as set out in Terms of Reference	**Assurance Status (RAG)***	**Supporting narrative** *(Please provide narrative against all red and amber including the rationale for the assurance status)*
Comment specifically in its Annual Report upon the adequacy of the Health Board's strategic governance and assurance arrangements and processes for the maintenance of an effective system of good governance, risk management and internal control across the whole of the organisation's activities (both clinical and non-clinical). It is also intended to support the public disclosure statements that flow from the assurance processes, including the Annual Governance Statement and the Annual Quality statement, providing reasonable assurance on: ▪ the organisation's ability to achieve its objectives; ▪ compliance with relevant regulatory requirements, standards, quality and		Interim Plan only in place. Review of risk management strategy undertaken in year (which is due to be presented to the June 2020 meeting for sign off).

delivery requirements and other directions and requirements set by the Welsh Government and others; ▪ the reliability, integrity, safety and security of the information collected and used by the organisation; ▪ 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 effective governance by reviewing; ▪ the Board's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate);		
▪ the effectiveness of the Board's Committees.		
▪ the accounting policies, the accounts, and the annual report of the organisation (as specified in the Manual for Accounts as issued by Welsh Government), including the process for review of the accounts prior to submission for audit, levels of errors identified, the ISA260 Report and with Management's letter of representation to the external auditors;		
▪ the Annual Audit Report and Structured Assessment		Recommendations monitored as part of audit tracker. Amber status given as not all recommendations have been implemented by the due date.
▪ financial conformance and the Schedule of Losses and Compensation;		Reviewed as standard item in Cycle of Business. Significant financial risk with regard to an additional contribution to the Welsh Risk Pool in the current financial year. There were also concerns with regard to compliance with the Health Boards Standing Financial

		Instructions and operating within budgetary limits.
▪ the planned activity and results of both internal and external audit, clinical audit, the Local Counter Fraud Specialist and post payment verification work (including strategies, annual work plans and annual reports);		Recommendations from both internal and external audits are monitored as part of the Audit Tracker. However, not all recommendations have been implemented by the due date.
▪ the adequacy of executive and managements responses to issues identified by audit, inspection, external reports and other assurance activity;		Management responses to internal and external audit recommendations continue to be monitored as part of the audit tracker. Amber status given as not all recommendations are implemented by the due date. Improvement in the timeliness of Management Responses is an area for improvement, whilst acknowledging the impact of Covid 19 towards the end of Quarter 4.
▪ proposals for accessing Internal Audit services via Shared Service arrangements (where appropriate);		
▪ 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.		

Key:

Red	*= the Committee did not receive assurance against the objective*
Amber	*= the Committee received assurance but it was not positive or the Committee were partly assured but further action is needed*
Green	*= the Committee received adequate assurance against the objective*

7. Main tasks completed / evidence considered by the Audit Committee during this reporting period:

- Financial Conformance Reports
- Internal Audit Progress Reports/Charter and Annual Plan/Report and Opinion
- Wales Audit Office update and Performance reports including Structured

Assessment and Annual Audit Report and Annual Plan
- Updates against internal and external audit recommendations (Team Central - tracker tool)
- Clinical audit policy and progress reports/plan.
- Post Payment verification reports and Annual Plan
- Counter fraud progress reports/annual plan/annual report.
- Various National reports and publications for Information.
- Review of Committee Terms of Reference and Cycle of Business
- Board Assurance framework review/mapping
- Corporate Risk Register review
- Annual Review of Declarations of Interest.
- Annual Governance Statement/Annual Quality Statement/ Annual Accounts/ Accountability Reports.
- Standing Orders Review
- Updates re Audit Committee Workshops
- Minutes of Joint Audit and Quality, Safety and Experience Committee
- Draft charitable accounts
- Committee Annual Reports including that of the Audit Committee
- Legislation Assurance Framework
- Detailed scrutiny of all limited and no assurance audit reports.

Full details of the issues considered and discussed by the Audit Committee are documented within the agenda and minutes which are available on the Health Board's website and can be accessed from the following pages
https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/

8. Key risks and concerns identified by this Audit Committee in-year which have been highlighted and addressed as part of the Chair's reports to the Board:

Meeting Date	Key risks including mitigating actions and milestones
30/05/19	• Consideration of limited assurance Internal Audit reports in respect of:- ▪ Revenue Business Cases ▪ Business Continuity ▪ Case Management and Disciplinary Process ▪ Mental Health and Learning Disabilities Governance Arrangements ▪ Corporate Legislative Compliance with the Nurse Staffing Levels (Wales) Act 2016 • The Committee questioned the respective lead officers regarding the findings and the progress with implementing the recommendations monitored via the tracker tool. Members stressed the importance of all management responses setting out clear milestones to address the recommendations.

	• Members also gave consideration to an Internal Audit report on 'Delivering the Mental Health Strategy' which identified that there was no specific annual project plan which underpinned the strategy implementation. The Director confirmed that the recommendations arising from the audit were being addressed and that a detailed plan was to be presented to Finance and Performance Committee in July. • Members also considered the robustness of the clinical audit plan. It was agreed that although some limited progress had been made, a revised plan addressing all actions previously identified would be presented to the September meeting.
12/09/19	• Members raised some concerns with regards the WAO Operating Theatres report in terms of performance against targets in January as well as the number of administrative cancellations (not due to patient cancellation). The Interim Director of Acute Care and the Hospital Director of Wrexham Maelor Hospital acknowledged there was further work to do. Progress will be monitored via the tracker • Internal Audit Infection Prevention – whilst the findings of the report had been well received by management and areas of good practice identified, Members raised concerns about the departure from the National guidelines. A further briefing note will be produced for QSE in addition to the Safe, Clean Care reports. • Members felt that the reasons for the change in approach for the Risk Management Strategy were insufficiently documented. The rationale for change in tiers from five to three requires further explanation. The existing Risk Management Strategy arrangements have been extended, acknowledging the ongoing work to simplify the management of risks across the organisation which is being piloted. There will be a scheduled workshop to review and approve the background pilot work, in the meantime the Committee agreed to the extension of the existing risk management arrangements. • The Financial Conformance Report indicated that NHS Wales Shared Service Partnership (NWSSP) continued to receive invoices without a valid Purchase Order. Breaches were analysed monthly and reported to relevant managers. Additional steps were being taken internally and with NWSSP to implement targeted action to reduce non-compliance with the All Wales No Po No Pay policy. • Members considered that some of the responses provided for the Internal and External Audit Tracker were not satisfactory. Significant improvement with regards the quality of narrative is required. A nominated individual has been identified within each Division/Department and will

	now be responsible for the management of all recommendations within their designated areas.
12/12/19	• The Head of Internal Audit raised a concern with regard to a drop in performance against Key Performance Indicators in terms of Management Responses, ToR agreement as well as general engagement. The Audit Committee received two limited assurance reports for Patients' Monies and the Welsh Language (Wales) Measure 2011. • Wales Audit Office also expressed concern with regard to a lack of engagement for the collation of documentation for the review of Interim Directors' Appointments, though this was escalated and resolved during the meeting. • Upon review of the Corporate Risk Register, Members expressed an ongoing concern as to the inherent scoring of risks and a lack of understanding around the meaning of a 'control' and its purpose. There were further queries around the appropriateness of current risk scores. • There is further work required to finalise the Clinical Audit Policy and the accompanying Equality Impact Assessment. Members concluded that the Policy would be distributed for comments and approved by Audit Committee via Chair's Action prior to final approval by the Quality, Safety and Experience Committee. • Members were informed by the Financial Conformance Report of a significant financial risk with regard to an additional contribution to the Welsh Risk Pool in the current financial year. There were also concerns with regard to compliance with the Health Boards Standing Financial Instructions and operating within budgetary limits. This was being addressed through the Financial Recovery programme.
19/03/20	• The most significant and unprecedented theme of the meeting as to risk, was that of COVID-19. Members noted the impact on Committee business (business required as per the Standing Orders and Standing Financial Instructions) as well as the impact for auditors and their ability to execute their respective audit plans. • The Audit Committee received two limited assurance reports from Internal Audit: Partnership Governance - Section 33 Agreements and the Quality Improvement Strategy review. In addition, Members were concerned to note the financial and governance risks associated with the Roster Management review and the potential consequences of delays due to auditors being unable to attend the wards to obtain timesheets. • The Clinical Audit Plan was deferred until September Committee to enable national audit updates and additional Tier 2 audits to be included.

	• Upon review of the Corporate Risk Register, Members expressed an ongoing concern as to the inherent scoring of risks and a lack of understanding around the meaning of a 'control' and its purpose. There were further queries around the appropriateness of current risk scores. • Members were concerned to note the General Medical Services (GP Practice performance) average claim rate error detailed in appendix 1 of the Post Payment Verification Report that had risen significantly. There was also a query raised as to who approved and signed off the PPV plan.

9. Focus for the year ahead:

The primary focus of the Audit Committee over the next twelve months will be on monitoring the effectiveness of the revised Risk Management Strategy and its associate implementation plan (due to be adopted by the Committee in June 2020). In addition the Governance Review currently underway at the time of finalising this report is likely to require changes to Committee Terms of Reference, which will need to be approved by the Committee prior to recommending these to the Board. The Committee will continue to tracking both internal and external audit recommendations on the Team Central database.

The Audit Committee has established a Cycle of Business for the year ahead covering the breadth of its work, and primarily focussing on its key areas of risk, as defined in the Board's Corporate Risk and Assurance Framework. This is attached as Appendix 2.

Betsi Cadwaladr University Health Board
Terms of Reference and Operating Arrangements

AUDIT COMMITTEE

1. INTRODUCTION

1.1 The Board shall establish a committee to be known as the **Audit Committee**. The detailed terms of reference and operating arrangements in respect of this Committee are set out below.

2. PURPOSE

2.1 The purpose of the Committee 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 system of assurance – to support them in their decision taking and in discharging their accountabilities for securing the achievement of the Boards objectives, in accordance with the standards of good governance determined for the NHS in Wales.

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

3. DELEGATED POWERS

3.1 The Committee, in respect of its provision of advice and assurance will and is authorised by the Board to: -

3.1.1 comment specifically in its Annual Report upon the adequacy of the Health Board's strategic governance and assurance arrangements and processes for the maintenance of an effective system of good governance, risk management and internal control across the whole of the organisation's activities (both clinical and non-clinical). It is also intended to support the public disclosure statements that flow from the assurance processes, including the Annual Governance Statement and the Annual Quality statement, providing reasonable assurance on:

- the organisation's ability to achieve its objectives;
- compliance with relevant regulatory requirements, standards, quality and delivery requirements and other directions and requirements set by the Welsh Government and others;
- the reliability, integrity, safety and security of the information collected and used by the organisation;
- the efficiency, effectiveness and economic use of resources; and
- the extent to which the organisation safeguards and protects all its assets, including its people.

3.1.2 to ensure the provision of effective governance -by reviewing

- the Board's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate);
- the effectiveness of the Board's Committees
- the accounting policies, the accounts, and the annual report of the organisation (as specified in the Manual for Accounts as issued by Welsh Government), including the process for review of the accounts prior to submission for audit, levels of errors identified, the ISA260 Report and with Management's letter of representation to the external auditors;
- the, Annual Audit Report and Structured Assessment
- financial conformance and he Schedule of Losses and Compensation;
- the planned activity and results of both internal and external audit, clinical audit, the Local Counter Fraud Specialist and post payment verification work (including strategies, annual work plans and annual reports);
- the adequacy of executive and managements responses to issues identified by audit, inspection, external reports and other assurance activity;
- proposals for accessing Internal Audit services via Shared Service arrangements (where appropriate);
- anti fraud policies, whistle-blowing processes and arrangements for special investigations; and
- 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 risk and internal control by reviewing:

- the adequacy of the Board Assurance Framework and Corporate Risk Register;
- all risk and control related disclosure statements, in particular the Annual Governance Statement and the Annual Quality Statement together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board;
- the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;
- the policies for ensuring compliance with relevant regulatory, legal and code of conduct and accountability requirements, including declarations of interest and gifts and hospitality; and
- the policies and procedures for all work related to fraud and corruption as set out in Welsh Government Directions and as required by the Counter Fraud and Security Management Service;
- regular tender waiver reports to ensure compliance with the Standing Financial Instructions.

3.3 in carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions. It will also seek reports and assurances from directors and managers as appropriate in response to the recommendations made, monitoring progress via the Audit Tracker tool.

3.4 this will be evidenced through the Committee's use of effective governance and assurance arrangements to guide its work and that of the audit and assurance functions that report to it, and enable the Committee to review and form an opinion on:

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

3.5 To achieve this, the Committees 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;
- work with the Quality, Safety and Experience Committee to ensure that 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;
- 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 Health Board'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 Health Board, and the implications of the findings of wider audit and assurance activity relevant to the Health Board's operations are appropriately considered and acted upon to secure

the ongoing development and improvement of the organisation's governance arrangements.

4. AUTHORITY

4.1 The Committee may investigate or have investigated any activity (clinical and non-clinical) within its terms of reference. It may seek relevant information from any:

- employee (and all employees are directed to cooperate with any legitimate request made by the Committee); and

- other committee, sub-committee or group set up by the Board to assist it in the delivery of its functions.

4.2 It may 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; and

4.3 It may consider and where appropriate, approve on behalf of the Board any policy within the remit of the Committee's business.

5. ACCESS

5.1 The Head of Internal Audit, the Auditor General and his representatives and the lead Local Counter Fraud Specialist (LCFS) shall have unrestricted and confidential access to the Chair of the Audit Committee and vice versa.

5.2 The Committee will meet with Internal and External Auditors and the nominated LCFS without the presence of officials on at least one occasion each year.

6. SUB-COMMITTEES

6.1 The Committee may, subject to the approval of the Health Board, establish sub-committees or task and finish groups to carry out on its behalf specific aspects of Committee business.

7. MEMBERSHIP

7.1 Members

Four Independent Members of the Board to include a member of the Quality, Safety and Experience Committee.

The Chair of the Organisation shall not be a member of the Audit Committee.

7.2 In attendance

- Board Secretary (lead Director)
- Executive Director of Finance
- Head of Internal Audit
- Head/individual responsible for Clinical Audit
- Local Counter Fraud Specialist
- Representative of Auditor General (External Audit)

The Chief Executive as Accountable Officer should be invited to attend, at least annually, to discuss with the Committee the process for assurance that supports the Annual Governance Statement.

Other Directors/Officers will attend as required by the Committee Chair, as well any others from within or outside the organisation who the Committee considers should attend, taking into account the matters under consideration at each meeting.

Trade Union Partners are welcome to attend the public session of the Committee

7.3 Member Appointments

7.3.1 The membership of the Committee shall be determined by the Chairman of the Board 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 Welsh Government. This includes the appointment of the Chair and Vice-Chair of the Committee who shall be Independent Members.

7.3.2 Appointed Independent Members shall hold office on the Committee for a period of up to 4 years. Tenure of appointments will be staggered to ensure business continuity. A member may resign or be removed by the Chairman of the Board. Independent Members may be reappointed up to a maximum period of 8 years.

7.4 Secretariat

7.4.1 Secretary: as determined by the Board Secretary.

7.5 Support to Committee Members

7.5.1 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 development for Committee members as part of the overall Board Development programme.

8 COMMITTEE MEETINGS

8.1 Quorum

8.1.1 At least two Independent Members must be present to ensure the quorum of the Committee, one of whom should be the Committee Chair or Vice-Chair. In the interests of effective governance it is expected that a minimum of two Executive Directors/Board Secretary will also be in attendance.

8.2 Frequency of Meetings

8.2.1 Meetings shall be routinely be held on a quarterly basis.

8.3 Withdrawal of individuals in attendance

8.3.1 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.

9 RELATIONSHIP & ACCOUNTABILITIES WITH THE BOARD AND ITS COMMITTEES/GROUPS

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

9.2 The Committee is directly accountable to the Board for its performance in exercising the functions set out in these Terms of Reference,

9.3 The Committee, through its Chair and members, shall work closely with the Board's other Committees including joint committees/Advisory Groups to provide advice and assurance to the Board through the:

9.3.1 joint planning and co-ordination of Board and Committee business; and

9.3.2 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 arrangements.

9.4 The Committee shall embed the corporate goals and priorities through the conduct of its business, and in doing and transacting its business shall seek assurance that adequate consideration has been given to the sustainable development principle and in meeting the requirements of the Well-Being of Future Generations Act.

10 REPORTING AND ASSURANCE ARRANGEMENTS

10.1 The Committee Chair shall:

10.1.1 report formally, regularly and on a timely basis to the Board on the Committee's activities via the Chair's assurance report as well as the presentation of an annual report;

10.1.2 ensure appropriate escalation arrangements are in place to alert the Health Board Chair, Chief Executive or Chairs of other relevant committees of any urgent/critical matters that may affect the operation and/or reputation of the Health Board.

10.2 The Committee shall provide a written annual report to the Board and the Accountable Officer on its work in support of the Annual Governance Statement and the Annual Quality Statement, specifically commenting on the adequacy of the assurance framework, the extent to which risk management is comprehensively embedded throughout the organisation, 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.

10.3 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. In doing so account will be taken of the requirements set out in the NHS Wales Audit Committee Handbook.

11. APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

11.1 The requirements for the conduct of business as set out in the Standing Orders are equally applicable to the operation of the Committee, except in the following areas:

- Quorum

12. REVIEW

12.1 These terms of reference and operating arrangements shall be reviewed annually by the Committee and any changes recommended to the Board for approval.

Date of approval by the Board 25.7.19

V11.0

Betsi Cadwaladr University Health Board
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2.2 Where appropriate, the Committee will advise the Board and the Accountable Officer on where, and how, its assurance framework may be strengthened and developed further.

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- the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;
- the policies for ensuring compliance with relevant regulatory, legal and code of conduct and accountability requirements, including declarations of interest and gifts and hospitality; and
- the policies and procedures for all work related to fraud and corruption as set out in Welsh Government Directions and as required by the Counter Fraud and Security Management Service;
- regular tender waiver reports to ensure compliance with the Standing Financial Instructions.

3.3 in carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions. It will also seek reports and assurances from directors and managers as appropriate in response to the recommendations made, monitoring progress via the Audit Tracker tool.

3.4 this will be evidenced through the Committee's use of effective governance and assurance arrangements to guide its work and that of the audit and assurance functions that report to it, and enable the Committee to review and form an opinion on:

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

3.5 To achieve this, the Committees 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;
- work with the Quality, Safety and Experience Committee to ensure that 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;
- 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 Health Board'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 Health Board, and the implications of the findings of wider audit and assurance activity relevant to the Health Board's operations are appropriately considered and acted upon to secure

the ongoing development and improvement of the organisation's governance arrangements.

4. AUTHORITY

4.1 The Committee may investigate or have investigated any activity (clinical and non-clinical) within its terms of reference. It may seek relevant information from any:

- employee (and all employees are directed to cooperate with any legitimate request made by the Committee); and
- other committee, sub-committee or group set up by the Board to assist it in the delivery of its functions.

4.2 It may 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; and

4.3 It may consider and where appropriate, approve on behalf of the Board any policy within the remit of the Committee's business.

5. ACCESS

5.1 The Head of Internal Audit, the Auditor General and his representatives and the lead Local Counter Fraud Specialist (LCFS) shall have unrestricted and confidential access to the Chair of the Audit Committee and vice versa.

5.2 The Committee will meet with Internal and External Auditors and the nominated LCFS without the presence of officials on at least one occasion each year.

6. SUB-COMMITTEES

6.1 The Committee may, subject to the approval of the Health Board, establish sub-committees or task and finish groups to carry out on its behalf specific aspects of Committee business.

7. MEMBERSHIP

7.1 Members

Four Independent Members of the Board to include a member of the Quality, Safety and Experience Committee.

The Chair of the Organisation shall not be a member of the Audit Committee.

7.2 In attendance

- Board Secretary (lead Director)
- Executive Director of Finance
- Deputy Chief Executive/Executive Director of Nursing and Midwifery
- Head of Internal Audit
- Head/individual responsible for Clinical Audit
- Local Counter Fraud Specialist
- Representative of Auditor General (External Audit)

The Chief Executive as Accountable Officer should be invited to attend, at least annually, to discuss with the Committee the process for assurance that supports the Annual Governance Statement.

Other Directors/Officers will attend as required by the Committee Chair, as well any others from within or outside the organisation who the Committee considers should attend, taking into account the matters under consideration at each meeting.

Trade Union Partners are welcome to attend the public session of the Committee

7.3 Member Appointments

7.3.1 The membership of the Committee shall be determined by the Chairman of the Board 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 Welsh Government. This includes the appointment of the Chair and Vice-Chair of the Committee who shall be Independent Members.

7.3.2 Appointed Independent Members shall hold office on the Committee for a period of up to 4 years. Tenure of appointments will be staggered to ensure business continuity. A member may resign or be removed by the Chairman of the Board. Independent Members may be reappointed up to a maximum period of 8 years.

7.4 Secretariat

7.4.1 Secretary: as determined by the Board Secretary.

7.5 Support to Committee Members

7.5.1 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 development for Committee members as part of the overall Board Development programme.

8 COMMITTEE MEETINGS

8.1 Quorum

8.1.1 At least two Independent Members must be present to ensure the quorum of the Committee, one of whom should be the Committee Chair or Vice-Chair. In the interests of effective governance it is expected that a minimum of two Executive Directors/Board Secretary will also be in attendance.

8.2 Frequency of Meetings

8.2.1 Meetings shall be routinely be held on a quarterly basis.

8.3 Withdrawal of individuals in attendance

8.3.1 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.

9 RELATIONSHIP & ACCOUNTABILITIES WITH THE BOARD AND ITS COMMITTEES/GROUPS

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

9.2 The Committee is directly accountable to the Board for its performance in exercising the functions set out in these Terms of Reference,

9.3 The Committee, through its Chair and members, shall work closely with the Board's other Committees including joint committees/Advisory Groups to provide advice and assurance to the Board through the:

9.3.1 joint planning and co-ordination of Board and Committee business; and

9.3.2 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 arrangements.

9.4 The Committee shall embed the corporate goals and priorities through the conduct of its business, and in doing and transacting its business shall seek assurance that adequate consideration has been given to the sustainable development principle and in meeting the requirements of the Well-Being of

Future Generations Act.

10 REPORTING AND ASSURANCE ARRANGEMENTS

10.1 The Committee Chair shall:

10.1.1 report formally, regularly and on a timely basis to the Board on the Committee's activities via the Chair's assurance report as well as the presentation of an annual report;

10.1.2 ensure appropriate escalation arrangements are in place to alert the Health Board Chair, Chief Executive or Chairs of other relevant committees of any urgent/critical matters that may affect the operation and/or reputation of the Health Board.

10.2 The Committee shall provide a written annual report to the Board and the Accountable Officer on its work in support of the Annual Governance Statement and the Annual Quality Statement, specifically commenting on the adequacy of the assurance framework, the extent to which risk management is comprehensively embedded throughout the organisation, 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.

10.3 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. In doing so account will be taken of the requirements set out in the NHS Wales Audit Committee Handbook.

11. APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

11.1 The requirements for the conduct of business as set out in the Standing Orders are equally applicable to the operation of the Committee, except in the following areas:

- Quorum

12. REVIEW

12.1 These terms of reference and operating arrangements shall be reviewed annually by the Committee and any changes recommended to the Board for approval.

Date of approval by the Board 23.01.20

V12.0

Audit Committee Cycle of Annual Business and Forward Planner 2020/21

Part 1: Annual Recurring Business

Agenda Item	07/05/20 (May) workshop	28/05/20 (May)	17/09/20 (Sept)	17/12/20 (Dec)	18/03/21 (March)
Opening Business					
Members discussions with internal and external audit		√	√	√	√
Apologies for absence		√	√	√	√
Minutes of previous meeting for accuracy, matters arising and review of summary action plan		√	√	√	√
Governance					
Chair's Assurance Report, Risk Management Group		√	√	√	√
Review Corporate Risk and Assurance Framework					√
Risk Management Strategy Review					√
Review of Corporate Risk Register				√	
Other sources of assurance (audit reports, regulatory body reports, external reviews, shared services reports)		√	√	√	√
Note business of other committees and review inter-relationships	review cttee annual reports				x self assessment

Agenda Item	07/05/20 (May) workshop	28/05/20 (May)	17/09/20 (Sept)	17/12/20 (Dec)	18/03/21 (March)
Review of amendments to Standing Orders (SOs)		√	√	√	√
Details of Breaches of SOs (late papers etc.)		√	√	√	√
Review draft Annual Governance Statement (AGS)	draft	approval			
Review draft Annual Quality Statement (AQS)		approval			
Review organisation's annual report (incorporating sustainability report)		approval			
Annual review of gifts & hospitality and Declarations of Interests registers			√		
Special Measures Progress Update on relevant areas (Revised schedule awaited).					
Legislation Assurance Framework (LAF)			√		√
Annual review of submissions on Database to capture externally commissioned reports etc.Eg DU, CHC etc.		√			
Finance					
Review of amendments to Standing Financial Instructions (SFIs)		√	√	√	√
Details of Breaches of SFIs		√	√	√	√

Agenda Item	07/05/20 (May) workshop	28/05/20 (May)	17/09/20 (Sept)	17/12/20 (Dec)	18/03/21 (March)
Post Payment Verification (PPV) progress report			√		√
Dental Assurance Report			√		√
Financial Conformance report (inc review of losses & special payments, review of risks and controls and reporting of any SO breaches)		√	√	√	√
Agree financial accounting timetable				√	
Review annual accounting progress					√
Schedule of Financial Claims		√	√	√	√
Review of audited annual accounts and financial statements including Charitable Funds if ready		√		CF final	
Internal Audit					
Internal Audit progress report		√	√	√	√
Report from Internal Audit tracker tool		√	√	√	√
Review and approval of Internal Audit plan					√
Internal Audit Charter (incorporating ToR for internal audit)					√
Receive annual internal audit report (Head of Internal Audit opinion)		√			
Review effectiveness of Internal Audit		√	√	√	√

Agenda Item	07/05/20 (May) workshop	28/05/20 (May)	17/09/20 (Sept)	17/12/20 (Dec)	18/03/21 (March)
Any no assurance or limited assurance reports as a substantive item		√	√	√	√
External Audit					
Auditor General's (external audit) progress reports		√	√	√	√
Report from External Audit tracker tool		√	√	√	√
National audit reports for information		√	√	√	√
Review and approval of Auditor General's (external audit) plan					√
Structured Assessment				x feedback	x final report
Receive Auditor General's report to those charged with governance (through letter of representation)		√			
Receive the Auditor General's annual audit report					√
Review the effectiveness of external audit (through quarterly WAO progress reports)		√	√	√	√
Counter Fraud					
Review Counter Fraud progress reports		√	√	√	√
Agree Counter Fraud annual work plan					√
Review effectiveness of Local Counter Fraud Specialist (through NHS Protect Assessment)			√		
Counter Fraud annual report		√			

Agenda Item	07/05/20 (May) workshop	28/05/20 (May)	17/09/20 (Sept)	17/12/20 (Dec)	18/03/21 (March)
Clinical Audit					
Clinical Audit plan		√			√
Audit Committee					
Plan how to discharge audit committee duties					Agree Cycle of Business
Undertake self-assessment of Committee effectiveness – Undertaken via CBMG - process of continual assessment. To be addressed as part of the overall governance review in 2020					
Briefings and update sessions (as appropriate)	√	√	√	√	√
Produce Committee annual report including refresh of Terms of Reference	x draft	x final			
Members discussion with Head of Counter Fraud				√	
Closing Business					
Summary of In Committee business to be reported in public		√	√	√	√
Issues of Significance		√	√	√	√
Date of Next meeting(s)		√	√	√	√

A Rolling Plan of Ad-Hoc Business is also maintained.