

Schedule 3.1

BOARD COMMITTEE ARRANGEMENTS

**This Schedule forms part of, and shall have effect as if incorporated in
the University Health Board Standing Orders**

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE & OPERATING ARRANGEMENTS

INTRODUCTION

The Cwm Taf Morgannwg University Health Board (CTMUHB) Standing Orders provide that “The Board may and, where directed by the Welsh Government must, appoint Committees of the Board 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”.

In accordance with Standing Orders (and the CTMUHB scheme of delegation), the Board shall nominate annually a committee to be known as the Audit and Risk Committee. The detailed terms of reference and operating arrangements set by the Board in respect of this committee are set out below.

CONSTITUTION AND PURPOSE

The Committee will function in accordance with the NHS Audit Committee Handbook as appropriate.

The Committee will also consider issues in respect of the roles and responsibilities of Committees hosted by the CTMUHB on behalf of NHS Wales as appropriate. These are the Welsh Health Specialised Services Committee and the Emergency Ambulance Services Committee. The meeting will be split into two parts with Cwm Taf Morgannwg CTMUHB business and hosted Committee business discussed and recorded separately.

The purpose of the Committee is to advise and assure the Board on whether effective arrangements are in place – through the design and operation of the Health Board system of risk and assurance – to support it in its decision taking and in discharging the accountabilities for securing the achievement of the Health Board objectives in accordance with the standards of good governance determined for the NHS in Wales.

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

SCOPE AND DUTIES

Internal Control and Risk Management

The Committee shall review the establishment and maintenance of an effective system of internal control and risk management. In particular, the Committee will review the adequacy of:

- all risk and control related disclosure statements (in particular the Annual Governance Statement), together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurance, prior to endorsement by the Board;
- the structures, processes and responsibilities for identifying and managing clinical and non-clinical risks facing the organisation;
- the Health Board's Organisational Risk Register and the adequacy of the scrutiny of strategic risks by assigned Committees;
- the Board Assurance Framework;
- the policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct and accountability requirements.
- the operational effectiveness of policies and procedures
- the effectiveness of risk identification, management, escalation and monitoring
- the policies and procedures for all work related to fraud and corruption as set out in the National Assembly for Wales Directions and as required by NHS Protect and the Counter Fraud and Security Management Service.
- proposed changes to the Standing Orders, Scheme of Delegation, Standing Financial Instructions and Financial Control Procedures.
- the circumstances associated with each occasion where Standing Orders or Standing Financial Instructions are waived.
- matters relating to counter fraud work.

The Committee will also:

- Receive and determine action in response to the declaration of Board member and other officers interests in accordance with advice received from the Director of Governance / Board Secretary;
- Approve individual cases for the write off of losses or making of special payments above the limits of delegation to the Chief Executive and officers;
- Review all losses and special payments;
- Retrospectively assure any purchase / expenditure above the delegated financial limit of the Chief Executive.

Internal Audit

The Committee shall:

- consider the proposals for accessing internal audit services via a shared services arrangement (where appropriate), the audit fee and any questions of resignation and dismissal;
- review the internal audit programme, consider the major findings of internal audit investigations, ensure co-ordination between the Internal and External Auditors and ensure all management responses to recommendations are appropriate and timely;
- ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organization;
- assure itself that IA complies with the requirements of the public sector internal audit standards.
- Monitor the timely implementation by management of agreed audit recommendations.

Clinical Audit

- Ensure where appropriate and in line with the Audit Committee Handbook that the CTMUHB has a Clinical Audit Programme in place and the outcomes of Clinical Audit provide internal assurance to the Board.

External Audit

The Committee shall consider the work carried out by key sources of external assurance, in particular but not limited to the Health Board 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 Committee will:

- from time to time, consider and make any necessary representations to the Auditor General for Wales on his appointment of an engagement partner;
- discuss with the External Auditor, in line with the agreed audit plan, before the audit commences, the nature and scope of the audit, and ensure coordination, as appropriate, with other External Auditors in the local health economy and with Internal Audit;
- review External Audit reports, including value for money reports and annual audit letters, together with the management response;

- Monitor the timely implementation by management of agreed audit recommendations;
- Receive a report from the Auditor General for Wales / Wales Audit Office on the results of his audit of the annual accounts before recommending adoption of those accounts to the Accountable Officer and the Health Board.

Financial Reporting

The Committee shall review the annual financial statements before submission to the Board, focusing particularly on:

- changes in, and compliance with, accounting policies and practices;
- major judgemental areas;
- significant adjustments resulting from the audit;
- compliance with legal requirements;
- review any material mis-statements identified during the Audit.

Charitable Funds (until the first meeting of the Charitable Funds Committee)

The Committee will:

- Ensure that the CTMUHB policies and procedures for charitable funds investments are followed and make decisions involving the sound investment of charitable funds in a way that both preserves their capital value and produces a proper return consistent with prudent investment and ensuring compliance with:
 - Trustee Act 2000
 - The Charities Act 1993
 - The Charities Act 2006
 - Terms of the fund's governing documents
 - Annual Reporting to the Trustees
- Receive at least twice per year reports for ratification from the Director of Finance on investment decisions and action taken through delegated powers upon the advice of the CTMUHB's investment adviser if appropriate.
- Oversee and monitor the functions performed by the Director of Finance and procurement as defined in Standing Financial Instructions.
- Monitor the progress of any associated Charitable Appeal Funds.

- Monitor and review the CTMUHB scheme of delegation for Charitable Funds expenditure and set and reflect in Financial Control Procedures the approved delegated limits for expenditure from Charitable Funds.

DELEGATED POWERS

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 its organisation.

The Audit & Risk Committee has a key role in assisting the Board to fulfil its oversight responsibilities in areas such as the Health Board's financial reporting, internal control systems, risk management systems and the internal and external audit functions.

AUTHORITY

The Committee is authorised by the Board to:

- investigate or have investigated any activity within its Terms of Reference and in performing these duties shall have the right, at all reasonable times, to inspect any books, records or documents of the CTMUHB. 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.
- obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject to the Board's budgetary and other requirements;
- by giving reasonable notice, require the attendance of any of the officers or employees and auditors of the Board at any meeting of the Committee.
- approve policies relevant to the business of the Committee as delegated by the Board.

Sub Committees

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. At this stage, no sub Committees/task and finish groups have been established.

ACCESS

The Head of Internal Audit and the Auditor General for Wales and his representatives shall have unrestricted and confidential access to the Chair of the Audit & Risk Committee at any time, and the Chair of the Audit Committee will seek to gain reciprocal access as necessary.

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.

The Chair of Audit & Risk Committee shall have reasonable access to Executive Directors and other relevant senior staff.

MEMBERSHIP

Members:

A minimum of **(4)** members, comprising

Chair	Independent Member of the Board
Vice Chair	Independent Member of the Board
Members	Two Independent Members of the Board (one of which should be a member of the Quality & Safety Committee).

The Chair of the Health Board shall not be a member of the Audit & Risk Committee.

Attendees:

- Executive Director of Finance & Procurement
- Director of Corporate Governance / Board Secretary (Executive Lead for Risk)
- Head of Internal Audit
- Local Counter Fraud Specialist
- Representative of the Auditor General for Wales

- The Chief Executive and Chair shall be invited to attend at least annually to discuss the process for assurance that supports the Annual Governance Statement and at the meeting to discuss the Accounts. The Director of Finance for WHSSC and Committee Secretary will normally attend the

meetings of the Audit Committee. The Director of Specialised and Tertiary Services and the Chair of the Welsh Health Specialised Services Committee shall be invited to attend at least annually to discuss the process for assurance that supports the Annual Governance Statement and at the meeting to discuss the Accounts.

- The Emergency Ambulance Services Commissioner and the Chair of the Emergency Ambulance Services Committee shall be invited to attend at least annually to discuss the process for assurance that supports the Annual Governance Statement and at the meeting to discuss the Accounts.
- Other Directors may be invited to attend when the Committee is discussing areas of risk or operation that are the responsibility of that Director.

By Invitation:

- Other Directors / Health Board Officers may be invited to attend when the Committee is discussing areas of risk or operation that are the responsibility of that Director.
- The Committee may also co-opt additional independent external members from outside the organisation to provide specialist skills, knowledge and experience.

Secretariat

The Director of Governance / Board Secretary will determine the secretarial and support arrangements for the Committee.

Member Appointments

The membership of the Committee shall be determined by the Board, based on the recommendation of the CTMUHB 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 Welsh Government.

The Independent Member who is the nominated Audit Lead for WHSSC and EASC must be a member of the Audit Committee.

Members shall be appointed for a maximum of 3 consecutive years before formally reviewing their role on the Committee. During this time a member may resign or be removed by the Board.

The Board shall ensure succession planning arrangements are in place.

Support to Committee Members

The Director of Corporate Governance / 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
- Co-ordinate the provision of a programme of organisational development for committee members as part of the overall Health Board's Organisational Development programme developed by the Executive Director of Workforce & Organisational Development.

COMMITTEE MEETINGS

Quorum

A quorum shall be two Independent Members one of whom must be the Chair or in the absence of the Chair, the Vice Chair or an Independent Member who will be nominated to Chair the Committee.

Frequency of Meetings

Meetings shall be held not less than four times a year, and otherwise as the Chair of the Committee deems necessary. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

The Committee will arrange meetings to fit in with key statutory requirements during the year consistent with the CTMUHB's annual plan of Board Business.

Withdrawal of Individuals in Attendance

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.

Circulation of Papers

The Director of Governance / Board Secretary will ensure that all papers are distributed at least ~~one calendar week~~ 7 calendar days in advance of the meeting.

REPORTING AND ASSURANCE ARRANGEMENTS

The Committee Chair shall:

- report formally, regularly and on a timely basis to the Board on the Committee's activities. This includes verbal updates on activity and the submission of written highlight reports throughout the year;
- bring to the Board's specific attention any significant matters under consideration by the Committee;
- ensure appropriate escalation arrangements are in place to alert the CTMUHB Chair, Chief Executive or Chairs of other relevant committees of

any urgent/critical matters that may affect the operation and/or reputation of the UHB.

The Committee shall provide a written, annual report to the Board on its work in support of the Annual Governance Statement specifically commenting on the adequacy of the assurance arrangement, 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.

The Board may also require the Committee Chair to report upon the 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.

The Director of Governance / 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.

RELATIONSHIP WITH THE BOARD AND ITS COMMITTEES / GROUPS

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 the safety, security and use of information to support the quality and safety of healthcare for its citizens through the effective governance of the Organisation.

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

The Committee, through its Chair and members, shall work closely with the Board's other 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.

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.

APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

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

- Quorum

CHAIR'S ACTION ON URGENT MATTERS

There may, occasionally, be circumstances where decisions which normally be made by the Committee need to be taken between scheduled meetings. In these circumstances, the Committee Chair, supported by the Director of Corporate Governance as appropriate, may deal with the matter on behalf of the Board, after first consulting with one other Independent Members of the Committee. The Director of Corporate Governance must ensure that any such action is formally recorded and reported to the next meeting of the Committee for consideration and ratification.

Chair's urgent action may not be taken where the Chair has a personal or business interest in the urgent matter requiring decision.

REVIEW

These Terms of Reference shall be adopted by the Audit Committee at its first meeting and subject to review at least on an annual basis thereafter, with approval ratified by the Health Board.