

**COFNODION Y CYFARFOD PWYLLGOR ARCHWILIO A SICRWYDD RISG  
HEB EU CYMERADWYO / UNAPPROVED MINUTES OF THE AUDIT AND RISK  
ASSURANCE COMMITTEE MEETING**

Date of Meeting: **09:30, Tuesday 24 June 2025**  
Venue: **Microsoft Teams Meeting/ Ystwyth Boardroom**

Present: Cllr. Rhodri Evans, Independent Member (Committee Chair)  
Mr Winston Weir, Independent Member (Committee Vice-Chair) (VC)  
Mr Maynard Davies, Independent Member  
Mrs Eleanor Marks, Vice-Chair, HDdUHB

In Attendance: Mr Anthony Veale, Audit Wales (VC) (part)  
Ms Anne Beegan, Audit Wales  
Mr Tomos Jones, Audit Wales (VC)  
Mr David Williams, Audit Wales (VC)  
Mr James Johns, Head of Internal Audit, NWSSP  
Ms Sophie Corbett, Deputy Head of Internal Audit, NWSSP (VC)  
Mr David Butler, NWSSP Specialist Estates Services (VC)  
Mrs Joanne Wilson, Director of Corporate Governance/Board Secretary  
Ms Claire Bird, Assurance and Risk Officer, deputising for Miss Charlotte Wilmshurst, Assistant Director of Assurance and Risk  
Mr Huw Thomas, Director of Finance  
Mr Ben Rees, Head of Counter Fraud (part)  
Professor Phil Kloer, Chief Executive (part)  
Mr Shaun Ayres, Director of Delivery (VC) (part)  
Mr Andrew Carruthers, Chief Operating Officer (part)  
Ms Anna Chiffi, Assistant Director of Nursing (VC) (part)  
Mr Tom Alexander, Principal Programme Manager (VC) (part)  
Ms Eldeg Rosser, Head of Capital Planning (VC) (part)  
Mr James Severs, Executive Director of Allied Health Professions and Health Science (part)  
Mr Simon Chiffi, Head of Operations (VC) (part)  
Ms Elin Brock, Head of Research, Innovation & Improvement (VC) (part)  
Dr Neil Wooding, HDdUHB Chair (part)  
Ms Rhian Davies, Assistant Director of Finance, Financial Planning and Statutory Reporting (VC) (part)  
Mr Tim John, Head of Accounting and Statutory Reporting (VC) (part)  
Ms Anna Lewis, Independent Member (observing)  
Ms Clare Moorcroft, Committee Services Officer (minutes)

<b>Minutes Ref.</b>	<b>Item</b>	<b>Action</b>
<b>AC(25)93</b>	<p><b>Introductions and Apologies for Absence</b></p> <p>Cllr. Rhodri Evans, Audit and Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Apologies for absence were received from:</p> <ul style="list-style-type: none"> <li>Ms Urvisha Perez, Audit Wales</li> <li>Ms Sharon Daniel, Executive Director of Nursing, Quality and Patient Experience</li> </ul>	

- Mr Lee Davies, Executive Director of Strategy and Planning
- Mr Gareth Cottrell, Deputy Chief Operating Officer
- Mr Peter Skitt, Clinical Care Group Service Director - Community and Integrated Medicine

**AC(25)94 Declaration of Interests**

No declarations of interest were made.

**AC(25)95 Minutes of the Meetings held on 15 April and 8 May 2025**

**Decision: RESOLVED** – the Minutes from the meetings held on 15 April and 8 May 2025 were approved as an accurate record.

**AC(25)96 Table of Actions**

An update was provided on the Table of Actions from the meeting held on 15 April and 8 May 2025 and confirmation received that outstanding actions had been progressed. In terms of matters arising:

**AC(25)47** – Mrs Joanne Wilson advised that the action to consider how Clinical Audit might contribute to a wider piece of work around inefficiencies in Patient/Clinical Pathways will be taken forward by Ms Sharon Daniel. An update would be requested for the next meeting.

**SD**

All other actions were complete and would be removed from the Table of Actions.

With regard to action **AC(25)63**, Mr Winston Weir requested assurance around value for money, and confirmation that the amount of VAT recovered exceeded the fee paid. Mr Huw Thomas confirmed that the amount reclaimed was significant, with the fee representing 25% of the total.

**AC(25)97 Matters Arising not on Agenda**

There were no other matters arising.

**AC(25)98 Escalation Status Update Report**

*Professor Phil Kloer and Mr Shaun Ayres joined the Committee meeting.*

Mr Shaun Ayres presented the Escalation Status Update Report, highlighting that all domains are rated as 'Assure', with the exception of Criterion 43 (Programme and Performance Management Framework with Effective Board Oversight Assessment), which is rated as 'Advise'. This refers to support for the various programmes running within the Health Board. Mr Ayres indicated that this remains an area of concern for him. The only other area for ARAC to be aware of is the letter around the amendment to the framework around Healthcare Inspectorate Wales (HIW) and HEIW inspections and reports in terms of actioning the recommendations. Finally, ARAC requested that it be sighted on any material issues, even if not aligned to this Committee, to ensure maximum oversight. To this end, a number

of issues had been summarised as succinctly as possible, including ambulance handovers, Pathway Of Care Delays, Ophthalmology R1 and the deterioration in 104 week waits performance.

With regard to these matters, Professor Phil Kloer explained that HIW had contacted the Health Board due to the volume of concerns raised in this calendar year, compared with other organisations. It is recognised that there have been issues around scheduling meetings with HIW and changes in personnel there, and actions have been put in place to address this. HIW were not so much concerned with the individual responses to concerns; rather the numbers involved. HIW also had some concerns regarding whistleblowing, which it was felt might be related to changes relating to the Organisational Change Process (OCP) and Clinical Services Plan. This will be monitored carefully, and work in relation to 'Speaking Up Safely' and by the Equality, Diversity and Inclusion (EDI) Taskforce should assist in this regard. There has been a follow-up with Welsh Government and HIW, who were both assured by the actions proposed by the Health Board.

Professor Kloer reminded Members that there is a significant Unscheduled Care programme in place, with ambitions far in excess of the improvements seen so far. However, the targets outlined within the Ministerial Advisory Group (MAG) report are extremely challenging, and there is much work required to prepare for winter 2025/26. In terms of Planned Care, the Health Board is predicting 171 breaches by the end of Quarter 1, within Orthopaedics, ENT and Ophthalmology. There are various factors involved; however, it is believed that it will be possible to recover the position in Quarter 2 and the Health Board has been in close discussion with Welsh Government over this matter. With regard to the HIW issue, Members heard that Ms Anna Lewis, Chair of the Quality, Safety and Experience Committee (QSEC), attending ARAC today, has requested that more detail be provided to QSEC. How the Health Board works with HIW and Health Education and Improvement Wales (HEIW) will also form part of the requirements within the Targeted Intervention Framework, under Governance and Leadership.

Mr Ayres wished to add one further key material point, which was the Welsh Government letter around the Health Board's Target Control Total of £31.5m no longer being supportable or acceptable as they regard this as a deterioration in the 2024/25 outturn. On this topic, Mr Maynard Davies expressed concern regarding capital provision, highlighting that any reduction would have major implications for capital projects; which would, in turn, cause issues with compliance in areas such as fire safety. Mr Thomas advised that discussions are ongoing with Welsh Government, who are seeking responses framed in a specific manner. This focuses on choices that the Health Board could make; actions that the Health Board could take; and options that the Health Board would need to pursue. Clearly, any choices would have consequences,

because these have already been included in the current Annual Plan. If it is then decided to exclude them, there will be delays to certain elements of the Plan. There is, however, a limit to the number of investments that the Health Board could now choose not to take forward, because some commitments have already been made.

In terms of possible actions, enhancing savings plans is one which could be considered. There have been some positives, including nurse agency expenditure and medicines management, which have both improved over and above expectations. However, there is a need in the first instance for an assured trajectory to get to £31.5m. This is an area requiring de-risking, which has been and will continue to be a focus for the Executive Team. Whilst there are positive signs, there are still a number of risks requiring management. There will be options which need to be discussed with Welsh Government, as part of an ongoing dialogue.

Professor Kloer indicated that the letter referred to has been shared with Board Members. It should be highlighted that there is a timing issue involved. Ideally, Professor Kloer would have preferred that the Health Board's response be discussed at the Finance and Performance Committee (FPC) and Board; however, Welsh Government have set a deadline of 30 June 2025. It may be possible to have a limited discussion at FPC and Board on 26 June; however, if not, any response will need to reflect this. Whilst the Health Board's Target Control Total is a deficit of £31.5m, and it may be possible to reduce the forecast deficit slightly, there is currently no 'routemap' to the £24m which has been suggested by Welsh Government. Members were also reminded that the Statutory Duty is break-even and Welsh Government's expectation is for a zero deficit within three years. So there are a number of expectations which the Health Board is trying to manage. Agreeing, Mr Thomas emphasised that Welsh Government is facing significant financial pressures 'across the board', and the Health Board needs to demonstrate its support.

Cllr. Evans enquired whether Welsh Government are planning on including additional elements relating to working with the regulators in the de-escalation criteria. Professor Kloer confirmed that this has been added to the Escalation Framework under Governance and Leadership. The intention is to monitor the appropriateness and timeliness of responding to HIW and HEIW.

In terms of Criteria 43, Mrs Eleanor Marks requested clarification around whether ARAC is concerned with assurance regarding the systems to ensure reporting and engagement. She enquired how this would work in practice, and whether it would fall mainly to leaders of operational teams to ensure the inputting of information and that new systems are implemented. It was highlighted that this involves a significant change in culture. Mrs Wilson advised that ARAC's role is to oversee and seek assurance. It is for FPC to examine the detail and for operational teams to deliver. This was confirmed by Mr Ayres, who added that performance in this

regard is aligned to the new Clinical Care Group (CCG) structure. It is vital to ensure maximum 'grip and control' at this level, and overarching clarity at an organisational level. Going forward, there needs to be a focus on risks and mitigations, possibilities, performance management and planning. Whilst welcoming this context, Mrs Marks emphasised that ARAC needs awareness and information around accountability, in order to take assurance regarding delivery. Agreeing, Cllr. Evans highlighted the need for mapping to committees.

Mr Ayres confirmed that the risks would all be mapped to the relevant committee; for example, the Integrated Care and Medicine Group would report into FPC around ambulance handovers. Monitoring and management would be via the performance framework. The challenge is around establishing responsibility and timescales for delivery, given the number and complexity of programmes. Mr Thomas confirmed that the majority of performance reporting would go to FPC; however, all performance metrics are attributed to committees for assurance purposes. For delivery purposes, accountability is outlined within the Health Board's processes. Members heard that there is a revised approach to reporting for FPC, the first iteration of which will be presented on 26 June 2025. Mr Thomas felt that this offers a clear articulation of the Health Board's escalation status, per CCG and function, and a clear articulation of the issues the Health Board is experiencing, which should provide an appropriate framework for accountability. The first round of the new internal escalation process is also underway, and should be complete by the end of the month. This too provides real clarity around accountability operationally. In an effort to address Mrs Marks' query, Professor Kloer requested that Mr Thomas and Mr Ayres work together to add to future reports details of responsibility and accountability; in terms of assurance committee, CCG/operational group, Executive Lead and officer.

HT/SA

**Decision:** The Committee **NOTED** the Escalation Status Update.

The Committee agreed to **ASSURE** the Board in relation to the Escalation Status Update.

*Professor Phil Kloer and Mr Shaun Ayres left the Committee meeting.*

**AC(25)99**

**Committee Self-Assessment**

DEFERRED to 12 August 2025 meeting

**AC(25)100**

**Annual Review of Committee Terms of Reference**

Mrs Wilson introduced this item, which meets the requirement for an annual review of the ARAC Terms of Reference. The report outlines the proposed amendments for the Committee's consideration.

Mr Davies noted that paragraph 2.4.3, whilst mentioning 'other Committees of the Board', does not mention the recently

established Regional Joint Committee (RJC). Mrs Wilson agreed to include reference to the RJC.

JW

**Decision:** Subject to addition of reference to the RJC, the Committee **APPROVED** the ARAC Terms of Reference (version 19) for onward ratification by the Board on 31 July 2025.

**AC(25)101**

### **Standing Financial Instructions**

Presenting the Standing Financial Instructions report, Mrs Wilson explained that these have been updated to reflect changes resulting from a recent Welsh Health Circular (WHC). The proposed amendments are detailed within the report.

**Decision:** The Committee **RECOMMENDED** the revised version of HDdUHB's Standing Financial Instructions to the Board on 31 July 2025 for approval.

**AC(25)102**

### **Audit Wales Update Report**

In terms of financial audit work, Mr David Williams noted that the ISA 260 and final accounts appear later on today's agenda. The Charitable Funds accounts audit work will take place later in the year; the exact timing will be confirmed in due course. With regard to performance audit, Ms Anne Beegan presented a summary of planned and current work, advising that there are several Audit Wales reports on the agenda. Members heard that the Structured Assessment work has now commenced. The planned work in relation to Digital has been delayed and consideration will be given to how best to take this forward. Page 11 of the report highlights other relevant publications, including the Cost Savings Arrangements checklist, which also appears on today's agenda. Members were advised that Audit Wales is hosting a Good Practice Exchange event 'No time to lose: Prioritising prevention' which will run in two locations on 15 and 17 July 2025.

Mrs Wilson highlighted that concerns around capacity and fragility in the Health Board's Radiology service may have an impact on the planned review into this specialty; however, Audit Wales are working with the service to discuss possibilities.

**Decision:** The Committee **NOTED** the Audit Wales Update Report.

**AC(25)103**

### **Review of Urgent and Emergency Care**

*Mr Winston Weir left the Committee meeting; Mr Andrew Carruthers, Ms Anna Chiffi and Mr Tom Alexander joined the Committee meeting.*

Ms Beegan presented the Review of Urgent and Emergency Care (UEC) report, drawing Members' attention to the key findings and noting that there are several recommendations made. These included around using data to inform plans for improvements, and data quality; funding arrangements and evaluating impact; improved signposting for patients and aligning to the Welsh

Ambulance Services NHS Trust (WAST) directory of service; increasing consideration and collation of feedback both patient and staff; dental contract performance; ensuring compliance with Same Day Emergency Care (SDEC) referral guidance and improving SDEC access to patient information. Members heard that all of the recommendations had been accepted by the Health Board.

Mr Andrew Carruthers welcomed the report and thanked the Audit Wales team for their work. He noted that this review had been ongoing for some time and had been started under the previous operational structure. The recommendations identified, however, were all familiar. He was hopeful that the Six Goals programme, accelerated improvement programme, changes to the operational structure and the proposed strategic plan for UEC presented at the most recent Board Seminar will all contribute to addressing the report's findings. Members heard that there had been a useful session yesterday, facilitated by the Health Board's Digital Partner on the topic of data, which is being approached regionally.

*Professor Phil Kloer joined the Committee meeting.*

Mr Davies agreed that at least three of the report's recommendations had been covered during discussions at last week's Board Seminar. Focusing on Recommendation 9 around access to GP records for SDEC, he highlighted that the GP Out Of Hours service has had this for some time. The technical mechanism to allow this should, therefore, be in place and Mr Davies requested clarification regarding the impediment. Moving onto Recommendation 12, and given HIW's interest in this area, he enquired whether there will be an option for face-to-face staff feedback, as only web-based engagement is mentioned. In response to the first query, Mr Carruthers explained that different parts of the healthcare system utilise different systems for the data. This was highlighted and discussed at the session yesterday and it was not felt that the issue was insurmountable; however, a decision on the most appropriate system to use is required. There may be short-term solutions which can also be applied. The proposed developments in terms of eObservations and Patient Flow will also be vital in facilitating this improvement.

In terms of staff engagement and feedback, Mr Carruthers observed that the Health Board's Communications Plan tends to prioritise its response to urgent pressures and notices around these. There needs to be an improved Communications Plan for staff. Mrs Marks agreed with this view. She expressed concern over the findings around dental services and access to dental treatment in HDdUHB and enquired regarding actions to address this. Mr Carruthers recognised that this is an area of significant challenge, not necessarily through want of trying. The issue has been primarily around an inability to secure contracts and recruit practices to deliver services. A more detailed piece of work and alternative approach is probably required. Mrs Wilson highlighted that the Health Board Chair has requested that a report on the

topic of sustainable dental services be presented to the July 2025 Public Board meeting.

Ms Anna Lewis noted that the report references issues and concerns around staff engagement and a 'blame culture'. Whilst Board Members may be hearing a great deal about actions being taken around, for example, the Health Board's Strategy, she queried how 'close' the broader workforce is to this – particularly given that it will be for the workforce to deliver. Ms Lewis requested assurance on this matter. In response, Mr Carruthers felt optimistic that the new operational structure, which aligns community and acute services together under one leadership team, both at a system level and at a CCG level, starts to address this issue. Bringing teams together and managing them as a single service starts to break down some of the barriers. There does need to be a 'read across' into Primary Care to ensure that different separations do not develop. Mr Carruthers suggested that some of the success seen in Pembrokeshire has been attributable to bringing together teams and breaking down silo-working and barriers. He has asked Dr Karen Brown to make this approach more widespread in her new role.

Mrs Marks was somewhat concerned by the optimism, requesting assurance that the management and structures are in place to achieve this, and requesting an indication of timescales. Mr Carruthers acknowledged that the structure is still in a transitional phase and that the detail is being worked through. There will be an OCP element involved, and this is a clinically-led model. In terms of timescale, he has stated the end of the month, in order to take it forward during the summer. It was agreed that Mr Carruthers would provide an update on progress to the next meeting, via the Table of Actions. Ms Anna Chiffi emphasised that care was being taken to ensure the next stage of the OCP facilitates the ambition for integrated working. As indicated, the aim is for a clinically-led approach, and this must include a focus on building trust and incorporate patient feedback.

**AC**

Referencing the key findings around planning arrangements and the lack of clarity on 'how new models will be funded in the medium to longer term', Cllr. Evans requested further information. Mr Carruthers indicated that a key piece of work is required to establish clarity around the capacity needed to meet demand across the system. Until this has been undertaken, it will be challenging to determine funding requirements and source. As an example, the Health Board has 5 Emergency Medicine consultants in total across its Emergency Departments; Glangwili Hospital alone should have 16-20 to meet national staffing standards. All of the relevant information needs to be coalesced, in order to 'right size' the system. Mr Thomas highlighted that acute services represent the largest part of the Health Board's system and expenditure. The issue is reallocating resources optimally. Funding will need to be found from elsewhere, via benefits from reducing waste, harm and variation.

Returning to the issue of communications, Cllr. Evans enquired whether there is liaison with the Communications team. In response, Mr Carruthers advised that this does take place when there is a need to communicate system pressures, etc; however, consideration should probably be given to a wider communication strategy for both public and staff. Mrs Wilson confirmed that the Communications and Engagement Director is involved with the work taking place. Suggesting that some of the Health Board's responses might have been stronger, and include acronyms and jargon, Cllr. Evans enquired whether Audit Wales are content with the management response. Ms Beegan confirmed that they are, in general, and felt that this was a timely review, given the work being undertaken in this area.

Finally, Cllr. Evans requested assurance that the completion dates for actions are realistic and achievable, to which Mr Carruthers responded that many of these link with existing work programmes and ambitions in regard to UEC. Members were assured that all recommendations and associated actions are tracked.

**Decision:** The Committee **NOTED** the Review of Urgent and Emergency Care report.

The Committee agreed to **ADVISE** the Board in relation to the Review of Urgent and Emergency Care report.

*Mr Tom Alexander left the Committee meeting.*

**AC(25)104**

### **Planned Care Review**

Ms Beegan introduced the Planned Care Review report, explaining that this focuses on Health Board arrangements for Planned Care recovery. It considered the progress the Health Board is making in tackling its planned care challenges and reducing its waiting list backlog, with a specific focus on action that the Health Board has taken to tackle the planned care backlog; waiting list performance; and understanding and overcoming the barriers to improvement. The report makes six recommendations, some of which are similar to the UEC review, such as clarity around funding. Others include the need to develop long-term plans outside the Clinical Services Plan; the need for an operational Planned Care risk register and completion of recommendations from Getting It Right First Time (GIRFT) reports. The management response is appended.

Mr Carruthers thanked the Audit Wales team for their report. Ms Lewis welcomed in particular Recommendation 6, around developing a consistent methodology for assessing the risk of harm to patients caused by long waits and looked forward to seeing the report to QSEC. Noting that there was an issue of timing, Mr Davies highlighted that the Health Board had met the target in relation to 104 week waits, although performance had since deteriorated. This aligns with the recommendation around the need for long-term plans. Mr Davies noted that page 20 of the report references regional working, but this is not contained within

**AC**

the recommendations or management response. With regard to Recommendation 6, he enquired whether there are plans to undertake more work on risk stratification of waiting lists, to prioritise efforts where they will have the greatest impact. Responding to the first query, Mr Carruthers felt that this was a fair comment, suggesting that regional working is probably implicit in a number of specialties. He agreed that it could have been made clearer in the management response. In terms of risk stratification, this becomes easier with lower waiting lists. There is, however, an issue around escalation, with variation in clinical behaviour in categorising cases as urgent. Further work to address this is required.

*Mr Winston Weir rejoined the Committee meeting.*

Both Mr Davies and Mrs Marks welcomed the statistics and figures within the report, which (whilst concerning in some cases) add value. Referencing cancellations of elective surgery, Mrs Marks noted that a report around productivity is planned for FPC, which she hoped would be enlightening. She was concerned, however, by recent visits to wards which had been empty in the week following Bank Holidays, due to surgeries not being scheduled. Mrs Marks enquired whether additional funding provided by Welsh Government to reduce waiting lists is matched or allocated to vital 'support' functions such as Radiology, Pathology and testing. Mr Carruthers acknowledged that this probably does not occur as much as it should. These functions have been somewhat isolated from Referral to Treatment (RTT) discussions, although their input should be enhanced following the establishment of CCGs.

In reference to whether Audit Wales were content with the management response, Ms Beegan indicated that their only concern was around the use of 'Quarters' as completion dates for actions. It was agreed that specific calendar dates would be provided.

**AC**

Mrs Wilson highlighted that there is a discussion around Planned Care as part of the In-Committee agenda. Also, that the numbers quoted in the report differ from those within the Audit Tracker, which may be due to timing, but needs to be checked.

**CB**

**Decision:** The Committee **NOTED** the Planned Care Review report.

The Committee agreed to **ADVISE** the Board in relation to the Planned Care Review report.

*Mr Andrew Carruthers and Ms Anna Chiffi left the Committee meeting.*

**AC(25)105**

**Review of Capital Investment Prioritisation**

*Ms Eldeg Rosser joined the Committee meeting.*

Mr Tomos Jones presented the Review of Capital Investment Prioritisation report, advising that this was a local audit for HDdUHB only. The review considered the Health Board's arrangements for prioritising its capital investment and how this aligns with delivery of its strategic objectives. Specifically, it considered capital assets including land and property estate, and high-cost clinical and digital equipment. The review did not assess any individual capital investment decisions. In general, the findings of this report were largely positive and only one recommendation was made. Key findings were that the Health Board has good arrangements in place for prioritising its capital investment; the level of oversight was good; the infrastructure investment plan that the Health Board has produced to outline its capital plans was well developed and aligned to the strategic objectives; the plan was costed in short-, medium- and long-term. However, the capital resources to try and meet the substantial backlog costs that are facing the organisation are quite limited. Currently, the Capital team is sufficiently resourced, however, if more projects were to become live, that staffing resource could become challenged. Governance arrangements around capital decisions were sufficient and allowed sufficient scrutiny. The one recommendation relates to how some of the CCGs recorded their medical equipment on asset registers and the need to ensure that all follow the correct procedure. Audit Wales is satisfied with the management response provided.

Ms Eldeg Rosser thanked Audit Wales for their review and report, welcoming the opportunity for external scrutiny. The findings and recommendation were fully accepted. The team had welcomed recognition of the fact that access to capital resource is limited, and Ms Rosser advised Members that there are ongoing discussions with Welsh Government around the constraints this creates.

Cllr. Evans congratulated the team on a positive report and thanked them for their efforts. He requested and received assurance that completion dates are achievable. Referencing the Health Board's aging estate, Mrs Marks enquired around the practicalities and implications this has for capital investment prioritisation. Reminding Members of the success of the existing Integrated Care Centres (ICCs), she expressed concern that links to the Strategy are not strong enough to ensure that the Health Board is optimising future possibilities (such as Cross Hands) as opposed to taking a more minimal or pragmatic approach. Mr Thomas suggested that the scarce capital resource is making it necessary to prioritise those risks which can be managed within the resources available, rather than prioritisation in the truest sense. This makes optimising future projects extremely difficult, and means that the Health Board cannot necessarily respond strategically to the challenges it faces as an organisation.

Ms Rosser agreed, advising that the Health Board has an annual Discretionary Capital Programme allocation of £10m. Prioritisation of spending is not easy, and precedence is generally given to

those projects which are most pressing. A certain proportion of the allocation is held back to fund unforeseen and urgent costs, such as medical equipment breakdowns or estate issues. However, Ms Rosser acknowledged comments around the ICCs. Mrs Marks accepted that the most urgent and high-risk areas need to be prioritised, whilst suggesting that there is still a need for a discussion around the Strategy and capital allocation, perhaps by the Executive Team. Mr Davies highlighted that – due to the lack of capital availability – there are a number of minor repairs and improvements not being undertaken, such as improvements to toilets on wards. This is resulting in substandard facilities, which impact on patient experience and infection prevention and control (IPC). It was accepted, however, that the Capital team make the best use of the limited resource available.

LD

Mr Thomas counselled that the situation is unlikely to improve following the Government's Comprehensive Spending Review, suggesting that there will probably be another three years of constrained growth at least. It is likely that consideration will need to be given to what is funded centrally, and what is funded via Charitable Funds where appropriate. Ms Beegan reminded Members that Audit Wales is planning a Structured Assessment Deep Dive review of the arrangements to manage estates. This is scheduled to begin in September 2025. She would ensure that this draws upon the comments made today. Members were also advised that Mr Lee Davies is considering how those issues and concerns which are 'flagged' during Board Member Patient Safety Walkabouts can be fed into discussions around capital prioritisation.

Welcoming this, Ms Lewis emphasised that there is a danger of 'getting lost in the headlines' of a £300m estates backlog, when within this, there are bathrooms and kitchens and ward areas and clinical areas which are substandard and which contribute to the Health Board's issues with IPC. As such, the prioritisation should be regarded as secondary to the risk identification.

**Decision:** The Committee **NOTED** the Review of Capital Investment Prioritisation report.

The Committee agreed to **ASSURE** the Board in relation to the Review of Capital Investment Prioritisation report.

*Ms Eldeg Rosser left the Committee meeting.*

**AC(25)106**

### **Cost Savings Arrangements Checklist**

Ms Beegan presented the Audit Wales Cost Savings Arrangements Checklist, with Members noting that this has been circulated to all Board Members for their information.

Cllr. Evans wished to thank the Audit Wales team for their work across the year.

**Decision:** The Committee **NOTED** the Cost Savings Arrangements Checklist.

**AC(25)107**

### **Internal Audit Plan Progress Report**

Mr James Johns introduced the Internal Audit Plan Progress Report, which was of the usual format. The report includes, in Section 2, details of the audits finalised since the previous meeting. These reports represent the conclusion of the 2024/25 Internal Audit Plan programme of work and contribute to the Head of Internal Audit Opinion and Annual Report, which appears on today's agenda. The Internal Audit Plan programme of work for 2025/26 has already commenced.

**Decision:** The Committee **TOOK ASSURANCE** with regard to the delivery of the Internal Audit plan and the outcomes of the finalised audit reports.

**AC(25)108**

### **Discharge Management Follow-up (Advisory Report)**

*Mr Andrew Carruthers and Ms Anna Chiffi rejoined the Committee meeting.*

Ms Sophie Corbett introduced the Discharge Management Follow-up Internal Audit report, which assessed progress in addressing two high and two medium priority matters arising identified in the previous full scope audit undertaken earlier the year, and is purely a follow-up. No assurance rating had been assigned for this review, which had established that three of the matters arising have been addressed and one high priority matter arising remains outstanding. This relates to the documentation of discharge planning, with no evidence that staff had been educated on the information and compliance requirements and sample testing confirming that completion of the discharge element in the Welsh Nursing Care Record (WNCR) remains an issue.

Mr Davies expressed disappointment that there is no evidence of progress on the high priority matter arising. In response, Mr Carruthers suggested that there has been progress, with a higher completion rate, whilst acknowledging that the target within the original recommendation has not been met. Worthybush Hospital (WGH) has made more progress in this regard than other sites. Ms Chiffi agreed that progress has been made, highlighting the programme of online training for staff and raised awareness. This requirement will, however, be escalated across sites with a particular focus on Bronglais (BGH), Glangwili (GGH) and Prince Philip (PPH) Hospitals. Compliance will be reviewed over the coming months and it is hoped that completion rates will increase.

Mrs Marks enquired whether parties such as Porth Preseli, Delta Wellbeing and Eastgate in discharge conversations, highlighting that, as well as preventing admission to hospital, they also provide community support for people coming out of hospital. Secondly, Mrs Marks had recently established that there is a disparity in

closing times between Discharge Lounges and hospital Pharmacies, meaning that if a patient's medications have not been organised by 5pm, they cannot be discharged. Whilst noting that medications were only a part of the discharge process, Mr Carruthers committed to investigate this matter. In response to the first query, Members were assured that these parties are involved in the discharge process, with Ms Chiffi recognising the importance of partnerships such as these as the accelerated workstreams around access and flow move forward. With regard to the pharmacy issue, Ms Chiffi suggested that there may be alternatives which can be considered. She however shared Mr Carruthers' view that medication should be sorted at an earlier stage, to ensure that it is not preventing discharge. It was agreed that Mr Carruthers and Mrs Marks would discuss this matter outside the meeting.

**AC**

**AC**

Mr Weir welcomed the positive aspects of the report, whilst noting that there are some negatives also. In terms of implementation of management actions, he noted that this primarily sits with the Interim Assistant Director of Nursing rather than the wider CCG. Mr Weir queried regarding hurdles to implementation of outstanding actions; whether these were overly ambitious or whether there is a lack of engagement, etc. In response, Mr Carruthers suggested that certain of the challenges are similar to those in Planned Care, with variations in clinical approach. There is also an aspect of 'hearts and minds' and culture change. This issue is, however, at the centre of the Optimum Flow work. He felt that the main priority is addressing variation and ensuring consistency. Ms Chiffi emphasised that a great deal of work is taking place, whilst agreeing that a more systematic (rather than siloed) approach is required. The challenge has been that the process is spread across four acute hospitals and three community/county systems. She hoped that the new CCG triumvirate structure will offer improved stability.

There is also work ongoing in discharge planning in terms of 'Red to Green' and the 50 day challenge, which considers the key constraints to discharge and what can be done to actively and proactively manage some of those constraints. Once the Health Board applies a more system-based approach, aligned to other UEC work around flow, access and environments, Ms Chiffi was confident that there will be more progress. Mr Weir requested assurance that all patients are given a date for discharge on admission to hospital. Ms Chiffi confirmed that every patient has a defined clinical pathway on admission, which includes a planned date for discharge. They are also provided with a Discharge Information Leaflet. This requirement is included in the training for staff mentioned earlier. In view of the likely staged or phased nature of implementation, Mr Weir suggested that it would be helpful to define dates or milestones for achieving the outstanding actions. Mrs Wilson explained that it is not possible to revise completion dates, as these have already been set and have passed, meaning that these recommendations will continue to be 'flagged' as outstanding on the Audit Tracker. Instead it was

agreed that an update would be provided to the next meeting via the Table of Actions.

AC

**Decision:** The Committee **NOTED** the Discharge Management Follow-up (Advisory) Internal Audit Report.

The Committee agreed to **ASSURE** the Board in relation to the Discharge Management Follow-up (Advisory) Internal Audit report.

*Ms Anna Chiffi left the Committee meeting.*

AC(25)109

### **Standards of Cleanliness (Limited Assurance)**

*Mr James Severs, Ms Elin Brock and Mr Simon Chiffi joined the Committee meeting.*

Ms Corbett introduced the Standards of Cleanliness Internal Audit report, which details the findings of a follow-up to the previous review undertaken in 2023/24. The previous audit had concluded Limited Assurance and identified a number of areas requiring urgent management attention. The follow-up had established that, whilst some progress had been made in addressing these issues, a number of the actions remained ongoing with the associated risks not fully addressed. Whilst governance groups are now in place, the reporting of cleaning audit scores to the county infection prevention and control groups was inconsistent; scheduled meetings were not always taking place, and on occasion facilities representation was poor; operational performance delivery meetings had not been taking place on a monthly basis. Whilst a central database of staff training has been established and training has commenced, it will take time to complete the roll-out. The previous audit reported positive outcomes from a pilot study of new working arrangements for domestics, and wider roll-out of this is ongoing; however is at a relatively early stage. There is limited use of cleaning schedules at wards within WGH and GGH. Documentation is often incomplete; the frequency of cleaning audits was not always compliant with the cleaning standards and policy; and target scores were not always being achieved. Overall, Limited Assurance had been concluded, with two high and four medium priority actions agreed.

Cllr. Evans expressed disappointment at the lack of progress identified by the audit report, which makes for uncomfortable reading. Ms Lewis shared his sentiments, whilst suggesting that the Limited Assurance rating of the first audit was disappointing; with this outcome beyond disappointing. She would hope and indeed expect that Executive Director colleagues are treating this with the gravity it deserves. Ms Lewis enquired whether the organisation possesses the management capacity and capability required to deliver the improvements required.

Mr Carruthers explained that responsibility for Estates and Facilities is currently in a transitional period between himself and Mr James Severs. He echoed the disappointment regarding a lack of progress in this matter, emphasising that the Health Board is

not in the position it would wish. He felt that the focus has perhaps been on actions rather than outcomes, which has been to the detriment of delivery. Mr James Severs indicated that, at present, the Health Board does not have a Director of Estates and Facilities in post; therefore, it does not have the capacity to deliver on this work. The priority is to get this individual in place, as such, the Job Description for this post is undergoing job evaluation this week. In the meantime, Mr Severs is providing line manager support to the relevant staff. He suggested that the organisation is short of four key senior (Band 8a) personnel in this area. Whilst filling this gap would involve a cost pressure of £300k, it will not be possible to address the audit's findings without this resource. Mr Severs has raised this matter with the Executive Team, and options are being considered. He agreed with Mr Carruthers that the actions are somewhat transactional and, as such, have failed to deliver both the target and the desired outcome. Mr Severs is working with the Director of Nursing, Quality and Patient Experience, and nursing colleagues to develop a SMART management response. In addition, Ms Elin Brock has been seconded to the CCG to lead a Task and Finish Group (sub-group) of the Environmental Hygiene Group, focused on actioning the management plan.

Mr Simon Chiffi recognised the Committee's disappointment with the audit outcome, and indicated that this is shared by the Facilities team, who are committed to addressing the findings. Despite challenges within that team during the past year, there has been some progress. Ms Elin Brock agreed, highlighting that there is now a consistent and accountable governance structure in place, via the CCG and service groups. In addition, as mentioned by Mr Severs, a monitoring Task and Finish Group has been established in conjunction with nursing colleagues to implement the management actions identified in the Internal Audit report. Since February 2025, a considerable amount of work has been taking place around stabilising the Health Board's cleaning service, following recognition that the structure and the operating model were not fit for purpose. There has been close working with teams on all hospital sites to map, review, validate and restructure the operating model and rotas for the cleaning service. This has been completed for GGH and PPH and the same work will be undertaken for WGH and BGH, with a completion date of September 2025. She hoped that this provides some assurance regarding the team's commitment to progress in this area.

Mr Thomas welcomed the context provided by colleagues. Regarding the issue of resource, he highlighted that additional funding had been provided two years ago; however, this had been used by the department to support other cost pressures. In terms of the further funding indicated as required, this is not currently part of discussions around cost pressures. There has been no decision to date, and this request would need to form part of the standard prioritisation process.

Cllr. Evans enquired whether the proposed completion dates in July 2025 are realistic. In response, Mr Severs indicated that he had no reason to doubt these are achievable. He is meeting regularly with the team and no concerns have been flagged to date. The CCG is meeting on 25 June 2025 and the Task and Finish Group on 26 June 2025, which should provide further clarity. Noting that it will take some time to put additional personnel in place, even if funding is agreed, Cllr. Evans felt that an interim position should be reported. Mr Severs offered to provide an update to the next meeting, following the meetings he has mentioned. In response to a query around the likely timescale for appointing a new Director of Estates and Facilities, Mr Severs indicated that he was working on the basis of three months. In terms of monitoring, Ms Lewis advised that this topic has been added to the QSEC agenda for August 2025, at which time there should be a good sense of progress. She enquired, however, whether full implementation of the management actions is contingent on the additional staff and funding of £300k. Mr Severs confirmed that it is predicated on this additional resource. He explained that the actions indicated in the management response were developed before the challenges and leadership capacity issues were fully appreciated. Progress is, therefore, at risk. As stated by Mr Thomas, the additional resource is not yet part of financial priority discussions.

**JS**

*Mr Ben Rees joined the meeting.*

Whilst welcoming the additional context provided during discussions, Mrs Marks expressed concern that this issue has been ongoing for two years. During which time, there have been dirty hospitals, poor patient experience and risk of infection. This issue needs to be addressed urgently. Mrs Marks highlighted that concerns have been raised in various fora, and that it is an issue which should be possible to resolve with robust leadership and management. Professor Kloer, who had seen the first audit report, shared the concerns of other Members and echoed the need for progress in this area. He emphasised, however, that, even if it is possible to identify the additional resource required, there will be a significant delay in recruiting to posts. He suggested that an interim solution and/or reconsideration of the proposed timescales for management actions is required. Discussion of this issue is also required at Executive Team. Mr Thomas highlighted that Estates and Facilities are due to attend an Executive Improving Together session (EITs) this afternoon. He suggested that the topic of cleaning standards be prioritised during this session.

**HT**

Mr Carruthers reiterated his disappointment at the audit outcome. He suggested that there are a number of separate factors and issues being managed; however, Mr Severs' assessment regarding the current leadership capacity and capability is correct. He felt that it was important, however, to recognise that the Cleaning Standards defined as targets within this audit are now out of date. Even if they can be achieved at some point, the organisation may still be in a position where it does not meet more

recent standards, for example any set by Welsh Government. Whilst accepting this, Ms Lewis emphasised that the standards detailed within the report are not especially onerous, and the Health Board is still not meeting them. Agreeing that there is a need for a clear timescale for progress and an interim solution, it was suggested that this should be identified prior to the next meetings of QSEC and ARAC in August 2025.

JS

Mr Chiffi wished to highlight that the team of individuals tasked with managing this issue is extremely small, and consideration needs to be given to their pastoral care and wellbeing. Mrs Wilson emphasised that the discussion is not intended to place personal or collective blame or criticism, but to identify a process for management of the issue to provide the required assurance.

**Decision:** The Committee **NOTED** the Standards of Cleanliness (Limited Assurance) Internal Audit report and **REQUESTED** an interim update to the next meeting.

The Committee agreed to **ADVISE** the Board in relation to the Standards of Cleanliness (Limited Assurance) Internal Audit report.

*Professor Phil Kloer, Ms Elin Brock and Mr Simon Chiffi left the Committee meeting.*

AC(25)110

**Reinforced Autoclaved Aerated Concrete (RAAC) –  
Withybush General Hospital (Reasonable Assurance)**

Mr David Butler introduced the Reinforced Autoclaved Aerated Concrete (RAAC) – Withybush General Hospital Internal Audit report, noting that this is the second audit undertaken of the WGH RAAC project. The previous review had focused on the initial mobilisation of the early works for immediate interventions in spring 2024 and had concluded Substantial Assurance. The second review focused on the arrangements in place to manage the project and the programme of work to mitigate the ongoing risks associated with RAAC during 2024/25. The audit outcome was a positive assessment, providing an overall Reasonable Assurance rating. The project had been delivered on time and under budget, including £0.5m already returned to Welsh Government. Whilst noting certain project control issues, it was clear that these hadn't impacted on overall delivery. Matters requiring management attention included the need for additional reporting narrative to confirm the accuracy of in-house costs, in accordance with funding requirements; and to apply parent company guarantees at contracts, an issue also raised at the wider systems audit reported in November 2024.

Noting reference to national research regarding the management of RAAC, Mr Davies enquired as to any indication that such research is taking place and the findings of this. Mr Butler advised that NWSSP are not sighted on any such research currently; however, are conscious that this will be an area of ongoing focus. Mr Carruthers had also not been notified by Welsh Government of

any developments in this field, although changes in approach were possible.

**Decision:** The Committee **NOTED** the Reinforced Autoclaved Aerated Concrete (RAAC) – Wthybush General Hospital (Reasonable Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Reinforced Autoclaved Aerated Concrete (RAAC) – Wthybush General Hospital (Reasonable Assurance) Internal Audit report.

AC(25)111

### **Continuing Health Care – Database Maintenance and Finance Processes (Substantial Assurance)**

Ms Corbett introduced the Continuing Health Care – Database Maintenance and Finance Processes Internal Audit report. This was a limited scope review, focusing on the arrangements in place for maintaining and updating the All Wales National Complex Care Database and the subsequent accounting and forecasting processes, both of which we found to be robust. The audit had concluded Substantial Assurance overall, with one medium priority matter requiring management attention, relating to the receipt of invoices from local authorities.

Mr Thomas welcomed the audit findings and thanked the team for their review. He emphasised that this area necessitates a strong interface between the Finance and Primary Care teams. In response to the matter requiring management attention, he had asked the Finance team to review the process for escalating late invoices.

**Decision:** The Committee **NOTED** the Continuing Health Care – Database Maintenance and Finance Processes (Substantial Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Continuing Health Care – Database Maintenance and Finance Processes (Substantial Assurance) Internal Audit report.

*Mr Andrew Carruthers and Mr James Severs left the Committee meeting.*

AC(25)112

### **Contract Management (Advisory Report)**

Ms Corbett introduced the Contract Management Internal Audit report, indicating that this review was prompted by a similar review undertaken at Betsi Cadwaladr UHB at the request of Welsh Government in 2023/24, which identified several areas of concern. The review has been replicated at eight other organisations this year which has enabled Internal Audit to compare and contrast, with common issues identified across all eight organisations. These relate to the lack of contract management, guidance and procedures; the absence of central comprehensive contract registers; the need to ensure sufficient capacity and expertise to meet contract management requirements; contract management responsibilities not formally assigned and accepted; inconsistent

contract management approach, performance reporting and documentation; and a lack of clarity regarding internal reporting, accountability and escalation arrangements. The actions identified will need to be taken forward in partnership with other NHS Wales organisations, including NWSSP Procurement Services, via an appropriate forum such as the Directors of Finance forum, with a view to developing a co-ordinated, agreed action plan to address common themes.

Cllr. Evans queried the absence of timescales and delegation of actions; with Mr Thomas explaining that a national response and action plan will be required in the first instance. This will be via the Directors of Finance forum, followed by consideration of the local implications and actions. He would provide an update to the next meeting. Noting that Objective 2 states that the issue of contract registers has been highlighted in previous Internal Audit reviews of Procurement Services, Mr Davies enquired whether this was recorded on the Audit Tracker and (if so) why it has not been addressed. With regard to Objective 3, which indicates a lack of specific contract management training, he queried suggested that this should be highlighted within Performance Appraisal Development Reviews (PADRs).

HT

Responding to the query around contract registers, Mr Thomas advised that the Health Board does have one in place, which covers off Service Level Agreements (SLAs), Long Term Agreements (LTAs) and healthcare contracting. However, what is currently missing is the additional element, around the rest of the supply chain management. Mr Thomas felt that, whilst the procurement processes in place are robust, the management of contracts currently provides less assurance. This report provides a helpful prompt to ensure that efforts are focused appropriately. A local response will be developed once the national position and approach is understood, and this will include the suggestion that contract management training be considered within PADRs.

**Decision:** The Committee **NOTED** the Contract Management (Advisory) Internal Audit Report.

The Committee agreed to **ASSURE** the Board in relation to the Contract Management (Advisory) Internal Audit report.

AC(25)113

### **Follow Up Review (Reasonable Assurance)**

Ms Corbett introduced the Follow Up Review Internal Audit report, which assessed the status of implemented recommendations on the Audit Tracker and the arrangements in place within the Health Board to monitor implementation progress, which were found to be robust. The team had focused on five Limited Assurance reviews and also high priority actions from Reasonable Assurance reports. This had produced a total of 16 actions which were marked as implemented and past the due date at the time of the review. 50% of these have been implemented and 38% are partially implemented, representing good progress. The remaining 12% were deemed as not implemented. Full details of

recommendation status is included within the report. The audit had concluded Reasonable Assurance overall.

Mrs Wilson confirmed that all recommendations are included within the Audit Tracker. Outstanding actions are raised with Directors and their teams, and during the EIT sessions; however, the audit, along with discussions today, has demonstrated that there are instances whereby the Health Board is not achieving the deadlines it has set itself. Cllr. Evans enquired whether the EITs discussions are having any impact with regard to outstanding actions. Mr Thomas suggested that corporate governance arrangements appear to be robust, operational governance less so, which is reflected largely in the audit assurance ratings. There has been a change in tone at EITs, to introduce more challenge, and this needs to be an area of focus for the organisation. Members were advised that the Corporate Governance team is undertaking a programme of training with CCGs. However, Planned Care, Mental Health and Learning Disabilities (MHL) and Estates and Facilities are particular areas of concern.

**Decision:** The Committee **NOTED** the Follow-up Review (Reasonable Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Follow-up Review (Reasonable Assurance) Internal Audit report.

## **AC(25)114**

### **Head of Internal Audit Opinion and Annual Report 2024/25**

Mr Johns presented the Head of Internal Audit Opinion and Annual Report 2024/25, which is a key document presented on an annual basis. It includes both the overall year-end opinion, and the supporting information around how this had been formed. The report's key element was the overall opinion following the conclusion of all audits from the Internal Audit workplan, which had been finely balanced. An additional briefing paper had been provided this year, which outlines the development and rationale of the opinion. As detailed in Section 1.2, an overall opinion of Reasonable Assurance had been concluded, which was an improvement on last year. Whilst there had been a number of Limited Assurance audits this year, there have also been a number which had returned positive assurance ratings and improved positions. Section 1.4 presents a summary of audit outcomes, and Section 2 includes a greater level of detail and the basis for the overall opinion. Also contained within the report are details of wider audit activity including work with other NHS Wales organisations and information around compliance with the Public Sector Audit Standards. Mr Johns concluded by emphasising that, whilst the Health Board needs to ensure that progress is maintained, he was comfortable with the award of a Reasonable Assurance opinion.

Cllr. Evans recognised that the final decision had been finely balanced, and thanked Mr Johns and the Internal Audit team for their work during the year. The variation in audit outcomes was clear, and there needs to be a concerted focus on the operational

functions. Mrs Wilson added her thanks to Mr Johns and Ms Corbett, who she meets with on a weekly basis. Internal Audits are an extremely important part of the governance architecture. As has been highlighted, all seven of the Limited Assurance audits are within the operational space.

**Decision:** The Committee **CONSIDERED** and **TOOK ASSURANCE** from the Head of Internal Audit Opinion and Annual Report 2024/25.

**AC(25)115 Primary Care Strategy including Managed Practices**

DEFERRED to 2025/26 Plan

**AC(25)116 Financial Assurance Report**

Mr Thomas presented the Financial Assurance Report, drawing Members' attention in particular to 2.2.3, which highlighted that there have been no Single Tender Actions (STAs) in excess of £25k throughout the whole of 2024/25; the first year that this has been the case. Members heard that there is national work taking place in relation to Invoices on Hold (IOH) and actions that the Health Board can adopt locally to improve the position. The number of salary overpayments is still too high and again, the Health Board needs to consider approaches being discussed nationally. The report presents, in Appendix 3, losses and special payments for ARAC's approval. It also includes details of breaches of Standing Financial Instructions (SFIs). A systematic approach is being applied to the management of these; whilst the number has reduced, they are still occurring.

Building on this final point, Cllr. Evans requested assurance that actions to address SFI breaches are proving effective. Mr Thomas, whilst confident that the approach of education followed by escalation was working, emphasised that it is not a 'quick fix'. Mr Davies congratulated the team on reducing the use of STAs, and suggested that consideration be given to whether these be reported 'by exception' going forward. Referencing the section in relation to IOH, Mr Davies highlighted that the values within the narrative and graph do not match. Mr Thomas committed to raise this with his team. Responding to a query around Direct Award Contracts, Mr Thomas assured Members that these are awarded via the procurement framework and are considered by the Financial Control Sub-Group. The Value for Money 'test' is at the point of being added to the framework. It is recognised that this is a pragmatic approach to procurement. Cllr. Evans enquired whether any actions are being taken to reduce losses and special payments. In response, Mr Thomas explained that most are associated with drug write-offs, where mitigations are limited. There is, however, a process in place to avoid drug wastage where possible and, overall, this is not a material issue of concern.

HT

HT

**Decision:** The Committee:

- **APPROVED** the losses as detailed

- **DISCUSSED** the breaches of Standing Financial Instructions (SFIs) as detailed
- **TOOK ASSURANCE** from the actions taken to reduce the instances of non-compliance with the No PO No Pay policy
- **TOOK ASSURANCE** from the controls in place to manage Single Tender Actions (STAs)
- **DISCUSSED** staff overpayments and **TOOK ASSURANCE** that actions to control them are sufficiently embedded
- **SCRUTINISED** the award of contracts listed

**AC(25)117**

### **Counter Fraud Update**

*Mr Anthony Veale, Ms Rhian Davies and Mr Tim John joined the Committee meeting.*

Mr Ben Rees introduced the Counter Fraud Update report, highlighting information on page 3 in relation to identification of a risk linked to introduction of a new rostering system in MHLD. Members heard that the service had been quick to respond to this issue and put mitigating actions in place. The National Fraud Initiative is progressing, with the sharing and matching of data. There are 10 Payroll to Payroll enquiries which remain open, 3 of which have been progressed as investigations and 7 enquiries remain outstanding with third parties. An update is planned in August or September 2025 on any actions required.

**Decision:** The Committee **RECEIVED** for information the Counter Fraud Update Report and appended items.

**AC(25)118**

### **Audit Tracker**

*Professor Kloer joined the Committee meeting.*

Ms Claire Bird presented the Audit Tracker report, which has been amended to reflect the new CCG structure. The analysis of overdue recommendations has also been strengthened. As mentioned earlier, page 11 highlights three areas which show a continued concerning trend. Mrs Wilson added that there are 200 recommendations overdue by more than six months.

Responding to a query around the areas which are of most concern to the team, Mrs Wilson indicated the three previously mentioned; Planned Care, MHLD and Estates and Facilities. It is hoped that the new CCG structure will assist in addressing these concerns. Whilst the team provides as much support as possible, the recommendations, actions and risks involved are owned by the services. Mr Thomas felt that the Carmarthenshire System, as part of Community and Integrated Medicine could be added to this list. Cllr. Evans suggested that consideration be given to a discussion with the services of concern at a future meeting.

**RE/JW**

**Decision:** The Committee **TOOK ASSURANCE** that the Health Board is continuing to address findings from audits, inspections and regulators, and is strengthening the internal escalation arrangements for the domain of governance.

**Audit Wales ISA 260 and Letter of Representation**

*Dr Neil Wooding joined the Committee meeting.*

Mr Anthony Veale introduced the report, noting that it is his third year of auditing HDdUHB's accounts, and suggesting that this year has been the best, with a very successful audit process. This had culminated in a positive closure meeting with Mr Thomas last week, and Mr Veale wished to thank the Finance team for all their support. Providing that ARAC is content to recommend the accounts for approval by the Board, this will take place on 26 June 2025, and the Auditor General for Wales would sign them off on 27 June 2025. The accounts would then be submitted well in advance of the 30 June 2025 deadline.

Mr David Williams presented the audit accounts report, which summarises the main findings from the audit of the 2024/25 annual report and accounts at the time of preparing the report. Members heard that there were a couple of tasks outstanding, noted as bullet points in the introduction to the report; both of these tasks have since been completed. Audit Wales intend to issue an unqualified, true and fair opinion, but a qualified regularity opinion on the accounts. The audit report at Appendix 3 explains that the regularity opinion for 2024/25 is qualified, in line with previous years. The regularity opinion is qualified because the Health Board did not meet its revenue resource allocation over a three-year period ending 31 March 2025. It is also intended to issue a substantive report, also at Appendix 3, which explains why our audit opinion in respect of the regularity is qualified. This report also refers to the fact that the Health Board did not meet its financial duty to have an approved three-year Integrated Medium Term Plan. The regularity opinion is not qualified for this. There are no other significant matters to report; there are no uncorrected, non-trivial misstatements in the accounts to draw to the Committee's attention. There are no significant recommendations arising from the audit work.

The report also confirms Audit Wales' independence and objectivity as auditors. Appendix 1 of the report provides a summary of the audit risks that previously reported to the Committee as part of the detailed audit plan and confirms that each of those risks have been addressed. No new or additional audit risks were identified during the final phase of the audit. Appendix 2 provides a summary of a small number of corrections made to the accounts. During the audit, these were narrative corrections only to disclosure notes. They had no financial impact on the accounts at all. So as proposed, the audit report is that set out at Appendix 3. The report includes, at Appendix 4, a Letter of Representation for signature, the contents of which are in line with the standard request for representations as part of the audit process. Minor recommendations arising from the audit work will be set out in a separate accounts memorandum report, which will

be communicated with officers in due course. There is nothing significant in that report.

As Mr Veale has suggested, it has been a relatively clean audit process this year. Audit Wales received the accounts in early May 2025 and were able to hold a clearance meeting with the Finance team in early June 2025. Mr Williams also extended thanks to the officers and staff of the Health Board for their cooperation throughout the audit process, which has helped Audit Wales to deliver the audit effectively.

Cllr. Evans and Mr Thomas both expressed gratitude to the Audit Wales team, with Mr Thomas also thanking Internal Audit, the Corporate Governance team, Finance team, Performance team, other Health Board colleagues and Independent Members for their contributions. The weekly 'touchpoint' meetings with Audit Wales had proved extremely useful, although nothing of note or concern had been raised. Mr Thomas was content with the report and had nothing further to add.

**Decision:** The Committee **NOTED** the Audit Wales ISA 260 and Letter of Representation.

**AC(25)120**

#### **Final Accounts for 2024/25**

Mr Thomas presented the Final Accounts for 2024/25, drawing Members' attention to the presentation provided. He confirmed that, post audit, there will be no changes to our Key Performance Indicators on Page 3. In terms of the revenue resource limit, the Health Board's deficit remains at £24.139m; the measure is the deficit over three years, which stands at £148.998m. The Health Board achieved the target in relation to working within the capital resource limit, the underspend being £86k or £188k cumulatively over the three-year period. The target to submit a three-year Plan was not met. The administrative duty to pay invoices within 30 days of receipt of goods or service was achieved within year. There were some very minor narrative changes to the accounts themselves. Mr Thomas concluded by thanking Ms Rhian Davies and Mr Tim John in particular for their work on the accounts.

Mrs Wilson reminded Members that the accounts had been discussed in detail at the meeting on 8 May 2025. Cllr. Evans thanked all of those involved for their efforts and noted an earlier comment around an additional report. Mr Williams confirmed that Audit Wales will be preparing a separate accounts addendum report, whilst emphasising that this will contain only minor issues for consideration, nothing which had warranted inclusion in the ISA 260 report. Mr Thomas committed to share this with Members when received.

**HT**

**Decision:** The Committee **APPROVED** the Audited Annual Accounts for 2024/25, for onward ratification by the Board.

**AC(25)121**

#### **HDdUHB Annual Report 2024/25**

Mrs Wilson introduced the HDdUHB Annual Report 2024/25, highlighting that all comments and feedback resulting in amendments to the draft version are recorded and reported in the SBAR, to ensure transparency. Mrs Wilson reiterated her earlier comment around the discussion due to take place during the In-Committee session around Planned Care. whilst this does not impact the Annual Report, it is important that Members are aware. She wished to thank in particular Miss Charlotte Wilmshurst, Ms Tracy Price, Ms Fiona Hancock, Ms Davies and Mr John for their contributions to the Annual Report.

Mr Davies highlighted that, on page 176 of the report, there is a figure missing in relation to Mr Huw Thomas' attendance at the Staff Partnership Forum (SPF). Mrs Wilson thanked Mr Davies and the other Committee Chairs for their diligence in checking the content of the Annual Report.

**JW**

**Decision:** The Committee **AGREED** to provide assurance to the Board that a robust governance process was enacted during the year, and subject to the above amendment, to recommend approval of the HDdUHB Annual Report 2024/25 to the Board, prior to its submission to the Welsh Government, via Audit Wales, by 30 June 2025, and its subsequent presentation at the Annual General Meeting on 25 September 2025.

**AC(25)122 Post Payment Verification (PPV) Annual Report**

DEFERRED to 12 August 2025 meeting

**AC(25)123 Primary Care PPV Report**

DEFERRED to 12 August 2025 meeting

**AC(25)124 ARAC Workplan 2025/26**

The Committee **NOTED** the Audit Work Programme 2025/26, which will be updated in line with discussions and to align with Audit Wales and Internal Audit Plans.

**AC(25)125 Any Other Business**

There was no other business reported.

**AC(25)126 Matters and Risks for Escalation to the Board**

As noted.

**AC(25)127 Date and Time of Next Meeting**

9.30am, 12 August 2025