

**UNAPPROVED MINUTES OF THE HDdUHB
Audit and Risk Assurance Committee Meeting**

Date of Meeting: **09:30am, Tuesday 18 June 2024**
Venue: **Microsoft Teams Meeting; Ystwyth Board Room**

Present: Councillor Rhodri Evans – Audit and Risk Assurance Committee Chair and Independent Member
Mr Winston Weir – Audit and Risk Assurance Committee Vice-Chair and Independent Board Member (VC) (part)
Mrs Eleanor Marks - HDdUHB Vice Chair
Mr Maynard Davies - Independent Member
Mr Michael Imperato - Independent Board Member (VC)

In Attendance: Professor Philip Kloer - Interim Chief Executive (part)
Mrs Delyth Raynsford - Independent Member (VC) (part)
Mrs Sharon Daniel - Interim Executive Director of Nursing, Quality & Patient Experience (part)
Mr Keith Jones - General Manager
Ms Jill Paterson - Director of Primary Care, Community and Long Term Care (VC) (part)
Ms Rhian Bond - (VC) (part)
Mr Julian Wheeler Jones - Discretionary Capital Projects Manager (VC) (part)
Mr Rob Elliott - Director of Estates, Facilities and Capital Management (VC) (part)
Mr Peter Skitt - County Director Ceredigion (VC) (part)
Andrew Carruthers - Director of Operations (VC) (part)
Mrs Sam Hussell - Head of Health Emergency Planning (VC) (part)
Mr Benjamin Rees - Local Counter Fraud Specialist (part)
Dr Ardiana Gjini - Executive Director of Public Health (VC) (part)
Mr Ian Bebb - Clinical Audit Manager (part)
Mr Eifion Jones - Audit and Assurance Services (VC)
Mr Huw Thomas - Director of Finance
Mr James Johns – Head of Internal Audit
Mrs Joanne Wilson - Director of Corporate Governance and Board Secretary
Ms Urvisha Perez – Audit Wales (VC) (part)
Ms Hannah Jones - Audit Wales (VC) (part)
Mr David Williams - Audit Wales (VC)
Ms Cathie Steele - Head of Quality & Governance (VC) (part)
Mr Shaun Ayres - Deputy Director of Operational Planning and Commissioning (VC) (part)
Ms Rachel Williams - Head of Assurance and Risk (VC)
Ms Kate Gannon - Committee Services Officer (Minutes)

Minutes Ref.	Item	Action
AC(24)96	<p data-bbox="392 241 831 271">Introductions and Apologies</p> <p data-bbox="392 315 1299 383">The Chair welcomed Ms Hannah Jones from Audit Wales as an observer to the meeting.</p> <p data-bbox="392 412 1334 517">Apologies were received from Ms Sophie Corbett, Deputy Head of Internal Audit. Ms Urvisha Perez from Audit Wales also gave her apologies for part of the meeting from 12pm onwards.</p>	
AC(24)97	<p data-bbox="392 577 751 607">Declaration of Interests</p> <p data-bbox="392 636 1283 779">There were no declarations of interest made at this point. The Chair requested that members make known any declaration of interests they may have at any point during the course of the meeting.</p>	
AC(24)98	<p data-bbox="392 801 1334 831">Minutes of the Meetings held on 16 April 2024 and 9 May 2024</p> <p data-bbox="392 860 1315 965">RESOLVED – the minutes of the meetings held on 16 April 2024 and 9 May 2024 were approved by the Committee as a true and accurate record.</p>	
AC(24)99	<p data-bbox="392 1032 644 1061">Table of Actions</p> <p data-bbox="392 1090 1321 1339">Mrs Joanne Wilson gave a progress update on the Table of Actions to the Committee and advised that the majority of the actions from the previous two meetings are now closed. Mrs Wilson noted that there are two actions noted as ‘in progress’, namely, AC(24)34 and AC(24)66 and informed the Committee that an update on these actions would be presented at the ARAC meeting in August 2024.</p> <p data-bbox="392 1384 1315 1563">Whilst the action was closed, Mrs Wilson provided a further update to AC(24)52 regarding the G-Cloud Procurement system, in that both Procurement and Counter Fraud training have been provided to the Informatics Directorate, and procurement training will now be extended to all Board Members.</p> <p data-bbox="392 1608 1334 1928">In addition, Mrs Wilson clarified that in relation to AC(24)82 regarding the Cleanliness/Cleaning Standards Internal Audit which returned a ‘limited assurance’ opinion, the control group that has been established, is not an Executive-led control group, but a mechanism to enable the Director of Estates and Facilities to discharge his accountability in terms of cleanliness. In relation to the governance review requested by the Director of Operations following the audit, this will now be part of a wider review which will look into a number of areas as well as governance.</p>	
	<p data-bbox="392 1973 1307 2036">There was also a correction to AC(24)95 which should be Rhian Davies and Timothy Johns.</p>	CSO

Terms of Reference

Mrs Wilson presented the updated Terms of Reference to the Committee. As part of governance procedures, the Terms of Reference are reviewed on an annual basis. Mrs Wilson noted that the main purpose of this annual review is to ensure that the Audit and Risk Assurance Committee's boundaries, role, composition and operating arrangements are current and reflect the remit and purpose of the Committee.

Mrs Wilson informed the group that the principal changes made to this iteration of the Terms of Reference were on account of aligning the Committee to one of the six domains agreed by Welsh Government to achieve de-escalation from the Health Board's current status of Targeted Intervention (TI). Mr Lee Davies, in his capacity as Senior Responsible Officer for Targeted Intervention, will attend the Committee, alongside the Chief Executive Officer, to provide updates on progress.

Mrs Wilson advised the Committee that further detail of the proposed changes is outlined in Appendix 1 and welcomed any questions. Mr Michael Imperato asked whether this additional responsibility placed upon the Committee is achievable. Mrs Wilson responded that there are six domains in total outlined in the framework under TI, and each of these are mapped to an appropriate Committee, therefore the burden of responsibility is shared out equitably amongst the Committees.

Mrs Wilson added that if members feel that this additional responsibility becomes too onerous, the Terms of Reference can be reviewed at any time. Mrs Wilson added that much of the business relating to Targeted Intervention is intertwined with routine governance and operational work and that she would work to align the Committee work plan with the designated domain to ensure the Committee's remit in this respect is being fulfilled.

Mr Imperato also queried if Committee members would have access to a dashboard, or similar reporting mechanism to ensure appropriate level of detail and oversight in this area. Mr L Davies assured the Committee that there would be appropriate reporting and detail provided, which he would outline in further detail under his agenda item later in the meeting.

Mr Winston Weir had a query regarding section 2.4.3, page 3, and noted that the wording in relation to financial risk and controls could be strengthened. It was agreed by the Committee that the Terms of Reference would be agreed as they currently stand so as not to delay the governance processes in relation to ratification by the Board; and that Mr Weir would meet with Mr Huw Thomas to discuss refining the wording in section 2.4.3 which could be agreed by the Committee at a later date if it was felt appropriate

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recognising the need ensure this does not cross over with the work of the Sustainable Resources Committee.

Decision:

The Committee **RECEIVED** the updated Audit and Risk Assurance Committee Terms of Reference and **APPROVED** them for onward ratification by the Board on 25 July 2024. It was also agreed that the Committee would **ASSURE** the Board on this topic.

AC(24)101

Matters Arising not on Agenda

There were no other matters arising on this occasion.

AC(24)102

Escalation Status Update

Professor Philip Kloer joined the meeting.

Mr Lee Davies introduced the Escalation Status Update report to the Audit and Risk Assurance Committee (ARAC). Mr L Davies advised that since the previous ARAC meeting the framework has been agreed with Welsh Government. The framework has mapped Programme Objectives and Targeted Intervention (TI) domains into the new governance arrangements as well as Board level committees to provide assurance.

Mr L Davies advised the Committee that the appendix to the report is a letter addressed to the Interim Chief Executive, Prof Phil Kloer from Welsh Government summarising the TI meeting which was held with them on 30 April 2024. Mr L Davies informed the Committee that the meeting was in the main positive however reiterated that the path to de-escalation will not be a quick or easy process but rather a gradual process of improvement.

Regarding future update reports to ARAC, Mr L Davies proposed to implement the 3As type Report which Board level Committees use to report to Board; the 3As, standing for 'Alert, Advise or Assure'. Mr L Davies also noted that de-escalation criteria are outlined in detail within the framework. The Committee agreed to this approach to future escalation update reporting.

Professor Philip Kloer thanked Mr L Davies for his briefing and noted that the majority of the actions outlined in the letter from Welsh Government (WG) have now been completed. The framework which has been agreed by WG was presented at Board Seminar and will also be integrated into the Health Board's Annual Plan. Professor Kloer added that the next scheduled meeting with WG was due to take place on 11 July 2024, however this was recently cancelled, and a revised meeting date with WG for the summer is expected shortly.

Mr Maynard Davies queried the risk of de-escalation criteria given the current status of Directorates. Mr M Davies noted that an

overarching dashboard could be useful which illustrates each domain and the actions undertaken by each committee to address their assigned domain, in order to provide appropriate oversight. Mr L Davies responded that the intention is to use the same template for all the committees to reduce duplication, with the alert items flagged foremost in the reports.

In regard to financial savings, Mr Huw Thomas noted that expenditure is incurred because of certain programmes not delivering. Mr Thomas added that he is keen to report back to Welsh Government on opportunities for savings, whilst also being transparent about the barriers to savings.

Mr M Davies commented that Orthopaedic services are noted as an area of concern in relation to Planned Care on page 6 of the report and queried whether the Health Board has requested additional support from Welsh Government in this area. Mr Andrew Carruthers responded that due to tight financial constraints, support has not been offered in regard to funding, however Welsh Government have offered their support in relation to their expertise and strategic input. An example of this collaborative approach is that a cross-Wales NHS Performance Board has recently been established which includes Welsh Government colleagues in the membership. Mr Carruthers has attended one meeting and envisions that the group will provide a space to learn from other Health Boards and share best practice.

Mr Weir noted that the report was encouraging as it demonstrates the Health Board has appropriate governance in place and is operating as expected and added that it was also heartening to see the level of Welsh Government engagement.

Mrs Eleanor Marks noted Primary Care has been highlighted as an area of fragility, and queried what steps were being undertaken to improve this area within the de-escalation framework. Mrs Marks queried whether there were any groups or funding in place to support this. Mr L Davies responded that a Community Strategy Working Group has recently been established and there will be some capacity from within his team to support Primary Care improvements as part of the working group. Mr L Davies added that Primary Care is a complex and broad area which encompasses an array of areas, such as estates, workforce etc. and therefore it draws upon several corporate functions.

Professor Kloer stressed the need to think beyond the strategy and de-escalation agenda to help improve services in the immediate term and noted that a mixture of approaches was necessary in order to bring about medium and longer-term improvements.

In regard to the digital strategy, Mr Thomas commented the process towards achieving the strategy was key, and that it was

paramount to make wise investments to bring about tangible improvements in this area.

The Chair noted that the Update Report is very 'process based' and asked when the Committee can expect to see evidence of delivery. Mr L Davies responded that his intention is to be transparent in the reporting to the Committee to ensure that Members have an accurate picture of progress. The reporting will consist of key headlines such as performance and finance and delivery against these measures will be illustrated in the dashboard.

The Chair noted that there are ten points of de-escalation outlined in the report, and he queried whether our targets would be met, and if not, what the consequences of this would be. Mr L Davies responded that if our targets are not met, there is potential to be escalated further by Welsh Government if they are not satisfied with progress. Mr L Davies added that the Health Board will receive ongoing assessment from Welsh Government every 6 months, and therefore it is important to demonstrate the improvement trajectory.

Professor Kloer noted the aim is to avoid further escalation, although he noted that whole organisation Targeted Intervention has had positive effects in regard to focusing minds on a sustainable approach to improvement. Professor Kloer added that rather than rapid de-escalation from Targeted Intervention, the approach will be slower, but more sustainable. Indeed, Professor Kloer noted that Welsh Government were keen to see that the Health Board were focusing on delivery and outcomes.

Mr Thomas voiced this disappointment that the Health Board had not met the £64 million target set by Welsh Government, however, he added that he and his team are still working on de-risking the financial trajectory. Mr M Davies queried whether all budgets have now been signed off, Mr Thomas replied that only one budget is awaiting sign off.

Mr Imperato stated in his opinion, the Committee was not currently in a position in which it could assure the Board in regard to our Targeted Intervention status, however; Mr Imperato did concede that the Committee could take assurance on the processes and actions put in place to date. The Committee agreed with Mr Imperato on this matter. Mr Imperato requested that in the report to Board that the dashboard element of the escalation update report be made clear.

Decision:

The Committee **DISCUSSED** the Escalation Update Report and took **ASSURANCE** in regard to the process in place in relation to the Health Board's response to Targeted Intervention, and the committee's continued oversight of the Dashboard, however

recognised that the 6 domains of TI are mapped to other Health Boards Committees who will assure, advise and alert the Board of delivery in each of those areas. However, the Committee agreed to **ADVISE** the Board in relation to the Health Board's Escalation Status as we are not confident at this stage that we will meet our financial and planning targets.

Professor Philip Kloer left the meeting.

AC(24)103

Audit Wales Update Report

Mr David Williams introduced the Audit Wales Update Report to the Committee which provides an update on current and planned work. Mr Williams informed the Committee that good progress has been made on outstanding actions since the last Committee meeting held in May 2024, and the team are on track to deliver their final audit report on the 2023/24 annual report and accounts to the July 2024 Audit and Risk Assurance Committee (ARAC).

Mr M Davies queried whether the final annual report will this be completed by early July due to the ARAC approval of accounts meeting being held on 9 July 2024. Mr Williams confirmed that they were on track to deliver the final report to ARAC and onward to Board for their July 2024 meetings.

In terms of forward planning, an audit of the Charitable Funds Committee accounts is scheduled for Autumn 2024. Mr Thomas countered that it would be preferable from a Health Board perspective to bring these in line with the Health Board annual accounts audit timetable however recognised that was not possible at this point in time due to Audit Wales resource constraints. Mr Williams concurred that it was not possible in the short term however agreed it was something to aim towards in future years.

Ms Urvisha Perez introduced Exhibit 2 of the Update Report to the Committee which reports progress on current and planning work. Ms Perez noted that the Review of Operational Governance is now complete, with some additional reports, cost savings arrangements and discharge planning, at the drafting stage which they hope to finalise and present to the next meeting. Structured Assessment work has also started with committee observations underway, and interviews planned for September. Fieldwork is also underway for reviewing of planned care and managing urgent and emergency care demand. The remainder of ongoing audit work is currently at the planning stage.

Ms Perez advised that Exhibit 3 of the report is a compendium of relevant published national reports for information. Ms Perez also informed the group of a pilot project which Audit Wales Data Analytics Team worked on with NHS Counter Fraud Services, the pilot covered Swansea Bay and Cwm Taf Health Boards. The pilot was focused on community pharmacies, as this has the potential

to be an area of high fraud occurrence. Exhibit 3 includes links to a letter and report that summarises the findings of this work, and an associated blog and article.

In regard to the 'Managing Urgent and Emergency Care Demand' review, fieldwork commenced in late April 2024, and it is hoped that the findings will be ready to present to ARAC in October 2024. The Chair queried whether any emerging trends would be shared with the Health Board prior to the publication of this report, and Ms Perez confirmed that these will be shared with the Director of Corporate Governance during their regular meetings, and the project team leading on this work will share with relevant officers.

Mr M Davies queried what the next steps were in regard to the community pharmacies report, and Mr Thomas confirmed that the report had been shared internally and will form part of the Shared Services workplan, with any areas of concern reported to the Committee.

Decision:

The Committee **RECEIVED** the Audit Wales Update Report and would **ASSURE** the Board.

AC(24)104

Review of Operational Governance Arrangements across Service Directorates

Ms Perez presented the Review of Operational Governance across Service Directorates report to the Committee, supported by her colleague Ms Hannah Jones, highlighted key areas within the report. The review considered operational governance arrangements below Executive level within the Health Board, using three directorates, two of which were clinical and one of corporate. These were Primary Care, Community and Long Term Care, Secondary Care and the Finance, Digital and Performance Directorate.

The review focused on leadership and structure, governance arrangements and systems of assurance. It was found that the current operations structure was complex and multi-layered, which led to unclear lines of accountability within the operational directorates. Ms Perez added that the Health Board was taking positive steps to address this issues through the introduction of a new operational structure however delays in its implementation is causing some instability in the directorate leadership teams. In terms of the Finance, Digital and Performance Directorate, arrangements and leadership were clearer however noted recent turnover of staff within the Finance team which has been managed through the organisational change process.

Ms Perez noted that there is an error on paragraph 10 of the report which should not read that there is some instability within the finance team, and assured the Committee that this will be

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corrected before it is published on the website and will circulate an updated report to Committee members.

In regard to governance arrangements in the Operations Directorate, Audit Wales reported that these are not clearly documented, and whilst there were some good arrangements in individual areas, there were inconsistent arrangements across the directorate which do not support good flows of information. The new structure provides an opportunity to strengthen flows of information by mapping governance arrangements and standardisation of agendas and reporting templates for business meetings going forward. Arrangements with the Finance, Digital and Performance Directorate are clearer however also need to be documented.

Another area which the report focused on was systems of assurance, and it was found that arrangements were adequate at directorate level, supported by good performance and risk management information, however there was inconsistent practice within directorates with scope to standard and strengthen performance and risk management arrangements within directorates.

The report concluded with four main recommendations which are included at Appendix 2 of the report. Mr Carruthers thanked Ms Perez and her team for their review, adding that whilst the findings of the report are challenging, it does reflect the reasons for the organisational change process the directorate is currently working through with the structure which will enable the issue of accountability to be addressed and also better align and standardise the governance structure. It will also provide an opportunity to better align arrangements to the new Executive working arrangements.

Mrs Marks noted that ambiguities in the scheme of delegation were mentioned in the report and asked Ms Perez to clarify what was meant by this. Ms Perez noted that it was not clear or consistent in relation to which colleagues were an Executive Director and which colleagues were Directors, as sometimes they were listed as one and not the other. In particular, Ms Perez added that there was ambiguity in relation to the Director of Primary Care, Community and Long Term Care role which the new structure is aiming to address.

Mr Weir raised concerns that the delay in implementation of the operational structure until November of December could cause the Health Board to miss achieving performance and financial targets, and therefore queried whether the deadline for the recommendation outlined in 3.2 of the report should be brought forward. Mr Carruthers responded that the dates reflect the realistic timescales to implement the new operational structure as workforce processes would need to be followed to recruit to new roles and to comply with the Organisational Change Policy (OCP),

in terms of assessing whether staff are entitled to prior consideration for roles. The aim will be to try to implement aspects of it as quickly as possible, with the dates in the management response providing a point in time when the process has been completed. A review of the Operational Planning, Governance and Performance Group has already been reviewed and it is already working differently.

Mr Carruthers assured the Committee that the first phase of implementation in relation to recruitment to the two Sub-Director posts and the Care Groups is now in progress and the OCP element will be completed by 5 July 2024, with a series of posts going out to advert both internally and externally. The second phase of implementation is in consultation on the structure which is still underway.

The Chair queried why action had not been taken sooner in relation to Operational Governance prior to the publication of the report from Audit Wales and in response to previous audit feedback that operational and quality governance arrangements needed strengthening. Mr Carruthers responded that he had instigated the process of change following the pandemic and had been working this through with operational teams however, the scale and complexity of this process should not be underestimated. Mr Carruthers added that capacity to take this forward at pace had not been possible at points, and there have also been other factors at Executive level to address, and assured the Committee that implementing the new operational structure was a priority for him, as well as an important objective in order to enable him to deliver his portfolio and for the organisation to be able to deliver its objectives this year. Mr Carruthers added that whilst this process might be a distraction, the staff involved were senior professionals who want to achieve and deliver.

In the 'Key Messages' section of the report it in paragraph six, it mentions; *'The current operations structure is complex and multilayered, leading to unclear lines of accountability within operational directorates. However, delays in rolling out the new structure is causing instability in directorate leadership teams.'* It was queried by the Chair in what areas this was causing instability within the team. Ms Perez responded that historical arrangements and waiting for the new structure had led to staff taking on interim roles with more responsibility, with ambiguity in a few areas such as the Director of Primary Care, Community and Long Term Care and the Director of Secondary Care appearing on the same level but having different reporting arrangements.

Mrs Wilson informed Mr Carruthers that in regard to risk management training, the Head of Assurance Risk, Ms Rachel Williams and her team were happy to offer training to his team as and when required, and refresher training will be offered once the governance structure has been agreed.

In terms of accountability, Mrs Wilson clarified that Mr Carruthers, as Chief Operating Officer, is the only Executive post on the Board with responsibility for Primary, Community and Mental Health services. Whilst the Director of Primary Care, Community and Long Term Care is a member of the Executive Team, this role is not an Executive Director role.

Decision:

The Committee **DISCUSSED** the Review of Operational Governance Arrangements across Service Directorates and agreed to **ADVISE** the Board on this topic. The Committee requested a management update report on progress against the Audit Wales recommendations be presented to the February 2025 meeting to provide assurance.

NWSSP – Audit and Assurance Services - Internal Audit

AC(24)105

Internal Audit Plan Progress Report

Mrs Sharon Daniel joined the meeting.

Mr James Johns introduced the Internal Audit Plan Progress Report to the Committee, which sets out an overview of outcomes from finalised audits as well as an update on delivery and planning of the Internal Audit plan 2023/24. Mr Johns added that six reports have been finalised since the last meeting and these conclude the 2023/24 internal Audit Plan.

The Chair queried whether follow-up reports on audits which returned an outcome of limited assurance would be presented to ARAC in the coming year. Mr Johns confirmed that this would be the case; however, the exact timescales in regard to the decarbonisation report was less certain due to the uncertainty regarding future funding allocation.

Decision:

The Committee **RECEIVED** the Internal Audit Plan Progress Report and took **ASSURANCE** with regard to the delivery of the Internal Audit plan for 2023/24 year, and the outcomes of the finalised audit reports. The Committee were happy to **ASSURE** the Board on this ongoing schedule of work.

AC(24)106

Emergency Response Planning – Industrial Action

Reasonable Assurance

Dr Ardiana Gjini and Mrs Sam Hussell joined the meeting.

Dr Ardiana Gjini made a declaration of interest in regard to the Health Board Industrial Action by virtue of the fact that she is a member of the British Medical Association.

Mr Johns presented the Emergency Response Planning – Industrial Action report to the Committee. The purpose of the audit was to assess the Health Board’s effectiveness in regard to its governance and service continuity arrangements in relation to emergency response planning for industrial action.

Mr Johns advised that all Health Board industrial action planning responses were reported to Welsh Government on a daily basis. Mr Johns added that in terms of governance, this was evidenced by the establishment of a dedicated Industrial Action Planning Group in the lead up to industrial action. Mr Johns was assured that the necessary processes for managing industrial action were in place, and whilst there was not a full major incident approach, there was a command structure implemented, however felt that some improvement could be made to ensure arrangements and reporting was clear. The audit report returned an overall opinion of reasonable assurance.

Dr Gjini thanked Mr Johns and the Internal Audit team for producing the report, as well as the internal teams involved in responding to three rounds of industrial action. It was noted in the report that industrial action updates were not always provided to the Formal Executive Team meetings, which is a requirement outlined in the Industrial Action Planning Group’s Terms of Reference. In response to this finding, Dr Gjini responded that there were only two Formal Executive Team meetings held in December 2023 and January 2024 which coincided with the industrial action periods. At one of these meetings industrial action annual planning was included as an agenda item. Dr Gjini added that this was a useful and pertinent recommendation of the report and added that it emphasises the need for transparency and clarity regarding reporting arrangements.

Dr Gjini advised the Committee that there were weekly and often, daily e-mail briefings to the Executive Team in the lead up to, and during the industrial action. Dr Gjini noted that the Industrial Action Planning Group Terms of Reference have been updated and will be ratified at Formal Executive Team, with the formal processes of how industrial action should be reported on whether forming the command and control structures will also be reflected in the Business Continuity Plan.

Dr Gjini confirmed that some of the recommendations have now been completed, and others are on target for completion. The Chair queried whether the Major Incident Plan had been consulted upon, Mrs Sam Hussell confirmed that this has now gone through its annual review, which contains the report recommendations, and will be presented to the Health and Safety Committee meeting next week for their approval.

In regard to operational planning arrangements (in relation to the IA Planning Group), it was stressed that this should feed into Formal Executive Team meetings going forward, which would

report into Board through the Chief Executive's reports, as well as the Health and Safety Committee for assurance.

Decision:

The Committee **RECEIVED** and **DISCUSSED** the Emergency Response Planning – Industrial Action report and took **ASSURANCE** that appropriate measures had been taken to address areas of weakness. The Committee agreed to **ASSURE** the Board.

Dr Gjini and Mrs Hussell left the meeting.

AC(24)107

Accelerated Cluster Development (Reasonable Assurance)

Ms Jill Paterson and Ms Rhian Bond joined the meeting.

Mr Johns introduced the Accelerated Cluster Development report to the Committee. The purpose of the report was to investigate governance arrangements, progress in relation to cluster development projects as well as reporting processes. The audit report found an overall opinion of reasonable assurance and made one recommendation which was to update the Terms of Reference of the cluster groups, however it did note in the report an issue in relation to in-year reporting to Committee which was resolved.

Ms Jill Paterson thanked Internal Audit colleagues for their review and stressed the importance of getting the governance right in this area. Ms Paterson noted that she and her team would continue to build upon progress with ongoing support from the Director of Corporate Governance and Internal Audit colleagues. Ms Paterson added that a more comprehensive review at a later date would be beneficial. Ms Paterson confirmed that the recommendations of the report outlined achievable targets, and they are currently developing their Accelerated Cluster Development Terms of Reference which will incorporate pan cluster planning groups.

Mr M Davies queried where the Terms of Reference would be presented in terms of reporting and approval. Mrs Wilson responded that this would sit under the Strategic Development and Operational Delivery Committee (SDODC) and that this should be added to the annual workplan for SDODC. Mrs Wilson advised that the Board had requested for a review of primary care governance, which would include this as well as vacant practice panels which will clarify reporting lines, and a meeting was scheduled to discuss this with Ms Paterson next week.

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Decision:

The Committee **DISCUSSED** and **NOTED** the Accelerated Cluster Development and agreed to **ASSURE** the Board.

Ms Paterson and Ms Bond left the meeting.

Health and Care Quality Standards Final Report (Reasonable Assurance)

Ms Cathie Steele joined the meeting.

The Health and Care Quality Standards Final Report was presented to the Committee by Mr Johns. Mr Johns advised the Committee that the audit in this area was focused on the preparedness in relation to the implementation of the recently introduced Health and Care Quality Standards. Mr Johns advised that the overall opinion reached by the audit was one of reasonable assurance and there is no detailed follow-up planned at this stage.

Two areas were highlighted for further improvement by the report, namely, progressing assurance reporting through the existing committee structures and embedding the standards across operational and directorate levels. Mr Johns commented that there was no action plan to set out how these two recommendations might be achieved at the time the audit was undertaken.

Mrs Sharon Daniel thanked Mr Johns and his team for undertaking the audit, which she noted is the first of its kind for this Health Board following the implementation of The Health and Care Quality Standards Act which was enacted in April 2023. Mrs Daniel responded that the recommendations of the report are progressive and relate to ongoing implementation, and future compliance and monitoring.

Mrs Daniel advised that the report recognises that the internal Quality and Engagement Group would be formally stood down in October, however there was no formal closure of the group. This will be addressed as recommended in the report, via the scheduled workshop in September 2024. Mrs Daniel added that she has spoken with the Chair and Vice-Chair of the Quality, Safety and Experience Committee (QSEC) to forward plan an update on progress to QSEC in the Autumn of 2024. Mrs Daniel informed the Committee that the further work has progressed with Quality Impact Assessment process and the development of the quality dashboards for always on reporting and the drafting of the Annual Report. Mrs Daniel added that there is now a SharePoint site in which access to relevant information and learning resources is provided.

The Chair queried how the outputs from the scheduled workshop would be captured and fed back. Ms Cathie Steele responded that as part of ongoing monitoring the team will provide regular detailed update reports which will outline actions against the recommendations of the audit to QSEC, which has responsibility for this area.

Decision:

The Committee **DISCUSSED** and **NOTED** the Health and Care Quality Standards Final Report and agreed to **ASSURE** the Board.

Ms Cathie Steele and Mrs Sharon Daniel left the meeting.

AC(24)109

Planning Maturity Matrix Draft Report (Reasonable Assurance)

Mr Shaun Ayres joined the meeting.

Mr Johns presented the Planning Maturity Matrix Draft Report to the Committee, and noted that the primary purpose of the audit was to assess the effectiveness of governance arrangements in place for the Health Board's assessment against the Planning Maturity Matrix, as well as the focus and evidence to support the assessment. The overall opinion found by the audit was reasonable assurance. Mr Johns noted that the maturity matrix report was comprehensive and produced through a collaborative approach, however this process could be further enhanced by utilising the available evidence to support the scoring session. A second matter arising was to improve sign-off arrangements for the Maturity Matrix ensuring presentation to Board ahead of submission to Welsh Government.

Mr L Davies thanked Mr Johns and his team for carrying out the audit, and noted that he was somewhat disappointed with the overall opinion of reasonable assurance as he was aspiring towards substantial assurance. However, Mr L Davies acknowledged that it is the first time the Health Board has completed a revised report on the Maturity Matrix, and valuable lessons have been learned for future improvement.

It was noted in the report that the Planning Maturity Matrix Draft Report was not presented to Board prior to presentation to Welsh Government. Mr L Davies apologised for this omission recognising this was an additional request that had been included after the timescales had been agreed and gave his assurance that future versions will be presented to Board prior to being presented to Welsh Government. The Planning Matrix review, which forms part of the de-escalation criteria, would be undertaken on an annual basis, aligned to the annual planning process.

Mr Shaun Ayres noted that as planning maturity is one of the de-escalation criteria under TI, further scrutiny by WG in this area is expected, and the Maturity Matrix will be updated to reflect changes throughout the course of the year. Mr Ayres added that the reasonable assurance rating from Internal Audit was indicative of our honest and reflective approach to the evidence and scoring we provided them. Mr Ayres also wished to assure the Committee that whilst it was regrettable that the report was not presented to Board prior to submission to Welsh Government, it was presented

to the SDODC and received their approval prior to presentation to Welsh Government.

The Chair commented that it was heartening that Internal Audit colleagues agreed with our scores and was pleased that there is good evidence to supply to Welsh Government in regard to compliance in this area. Mrs Wilson added that this will form part of our Targeted Intervention update report to Welsh Government.

Decision:

The Committee **DISCUSSED** and **NOTED** the Planning Maturity Matrix Draft Report and agreed to **ASSURE** the Board.

Mr Shaun Ayres left the meeting.

AC(24)110

Reinforced Autoclaved Aerated Concrete (RAAC) Programme – Withybush General Hospital Final Internal Audit Report (Substantial Assurance)

Mr Rob Elliott and Mr Julian Wheeler Jones joined the meeting.

Mr Eifion Jones presented the Reinforced Autoclaved Aerated Concrete (RAAC) Programme – Withybush General Hospital (WGH) Final Internal Audit Report to the Committee which reviews the arrangements to deliver the programme of works to address RAAC at WGH. Mr Jones noted that this audit was related to the Major Incident report which was published in March 2024 and presented to ARAC in April 2024. In regard to timings, it was found that programme targets were met, and expenditure costs were within budget. Mr Jones added that the use of local frameworks significantly reduced the procurement process and thus reduced costs in this area. It was also noted that the decision to vacate key areas reduced the level of risk in relation to access and disruption to patients and staff.

The final report made a total of three recommendations which are outlined in the paper, and an overall rating of substantial assurance was found due to the performance against quality, time and cost measures. Mr Jones advised that a further review would be carried out later this year to provide an updated audit opinion.

Mr Rob Elliott thanked Internal Audit colleagues and was pleased to receive substantial assurance on this scheme particularly considering the urgency and scope of the work which is testament to the work of Mr Julian Wheeler Jones and his team. Mr Wheeler Jones informed the Committee that all three of the recommendations of the report have now been implemented, including the project escalation plans, and reported to the RAAC Control Group.

The Chair commended the team on the excellent outcome of the report, Mr M Davies echoed these sentiments and commented

that the team's communication with Independent Members was also excellent throughout.

Decision:

The Committee **DISCUSSED** the and took **ASSURANCE**. The Committee agreed to **ASSURE** the Board.

AC(24)111

BGH Chemotherapy Day Unit Final Briefing Paper

Mr Peter Skitt joined the meeting.

Mr Johns introduced the Bronglais General Hospital (BGH) Chemotherapy Day Unit (CDU) Final Briefing Paper which he noted was an advisory report which outlines areas of future learning, and therefore there was no assurance rating included in this report. The focus of the report was on the reason for the discrepancy between the estimated costs and the final tender return relating to the redevelopment costs. An additional area of concern which the report set out to investigate was the process for escalating the funding shortfall, and to identify learning points.

Mr Carruthers welcomed the report and responded that it was important to reflect on the learning points of the advisory report which highlighted some important areas to address and mitigate going forward. Mr Peter Skitt who is the Programme Manager for the BGH Chemotherapy Day Unit, agreed there were lessons to learn, and noted that this project has been particularly complex due to the nature of the funds being jointly provided from charitable funds raised by the local community, as well as public funds.

The Chair questioned if this report were a full audit, rather than an advisory report, what would the assurance rating be. Mr Johns responded that as the remit is different for an advisory report, the auditors had a different set of criteria and therefore it would not be possible to give an indicative assurance rating.

Mrs Marks commented that she had visited the site where the Unit will be built and was impressed by the level of community engagement and fundraising involved in this project which ultimately made the project possible.

Mr Skitt confirmed that he would be working closely with Mr Carruthers going forward to address the future learning points outlined in the report. Mrs Wilson noted that it was difficult to track that these learning points would be addressed in future projects unless they are documented in project processes, and as an advisory report, there is no requirement for a management response with leads and timescales, that can be tracked.

In addition to this, the Chair identified the need to formalise the management response to the advisory report in order to provide assurance to ARAC. It was agreed that this would be presented at

the August 2024 meeting, and Mr Skitt agreed to author this response. Mr Skitt informed the Committee that the majority of learning points outlined in the report are already in place.

PS

Mrs Delyth Raynsford was in attendance in her capacity as the Chair of the Charitable Funds Committee (CFC) and requested that Mr Skitt's management response also be presented to the next CFC meeting to provide appropriate oversight. Mrs Raynsford added that all Independent Members are Trustees of the Hywel Dda Health Charity and therefore updates to the CFC are also required. Mrs Raynsford also noted that the report has identified trends and learning opportunities in regard to capital projects within the Health Board more generally, especially in relation to rising costs.

Mr Thomas responded to Mrs Raynsford request for the management response report to be presented at CFC by stating that whilst charitable funds are involved in the project, the project is essentially a Health Board related matter, and therefore CFC could receive the report for information, but actions would be tracked through the Tracker and capital function.

CSO

Mr M Davies echoed Mrs Raynsford's sentiments in regard for the need for broader lessons learned to be applied in regard to capital projects. Mr M Davies cited the Cross Hands scheme as an example of this; the scheme undertook three tender estimates, and delays to commencing works led to an increase in costs. Mrs Marks and Mr M Davies both highlighted the need for increased rigour in this area more generally.

Mr Thomas accepted that these two schemes had unfortunately been affected by a very high inflationary environment, which has increased both labour and supply costs. Mr Skitt agreed to include this in his management response report and link in with Ms Williams in regard to including the management response on the Health Board Audit Tracker.

PS

Decision:

The Committee **DISCUSSED** and **NOTED** the BGH Chemotherapy Day Unit Final Briefing Paper. The Committee agreed to **ADVISE** the Board on this matter. It was agreed that a Management Response Report addressing each of the learning points outlined in the briefing paper would be brought to ARAC in August 2024 to provide the Committee with assurance.

Mr Peter Skitt, Mrs Delyth Raynsford, Mr Rob Elliott and Mr Julian Wheeler Jones left the meeting.

**Head of Internal Audit Opinion and Annual Report 2023/24
(Limited Assurance)**

The Head of Internal Audit Opinion and Annual Report 2023/24 was introduced to the Committee by Mr Johns. Mr Johns advised that a draft of the report was presented at the ARAC meeting in May 2024 along with a supplementary paper which supported the assessment of the overall opinion of the Health Board's risk, governance and control arrangements. The report presented provides a level of detail of the basis for that assurance, the criteria and the factors taken into account which formulating the opinion, as well as the delivery of the plan and the outcomes. Mr Johns noted that due to the number of audits which returned an overall opinion of limited assurance, and level of significance of some of the areas, this ultimately led to his conclusion of limited assurance in regard to the Health Board's performance in the year 2023/24.

The Chair noted that the final report was indicative of both the Committee and the Health Board's commitment to transparency in asking Internal Audit to review areas of concern to drive improvements across the Health Board, whilst conceding that nonetheless the overall assurance rating of limited assurance was of course disappointing.

Mr Thomas expressed his gratitude to the Internal Audit team for their work over the past year and the high level of professionalism, and noted that it was clear the areas in which the Health Board are not achieving our own standards. Mr Thomas echoed the Chair in expressing his disappointment in the limited assurance rating and wished to provide the Committee assurance that he and the Executive Team take the findings of the report extremely seriously.

Mr M Davies queried how this report may affect Welsh Government's opinion of the Health Board. Mr Thomas responded that this report alone would not result in a further escalation as this covers the period in which we were placed in Targeted Intervention by Welsh Government.

On a positive note, Mrs Wilson advised that two areas have already increased in assurance from limited, to reasonable assurance which was encouraging. Mr Thomas added that it was appropriate to ask Internal Audit to focus on areas of risk however the organisation could not demonstrate improvement in older issues by demonstrating timely responses to audit recommendations. Mr Thomas added that it was an issue which required further scrutiny to ensure that colleagues are responsive to internal audits and engage fully with the process. Mrs Wilson noted that addressing the number of outstanding audits will be a key priority for the new Health Board Chair.

In regard to the Internal Audit Workplan, the Chair queried whether the audits would be more evenly spaced out across the year next year. Mr Johns responded that the Internal Audit team have experienced resourcing issues, however the team is now up to capacity and therefore will be able to offer increased support to the Committee and a better workflow going forward.

Mrs Marks reflected that whilst the rating is disappointing, it was a realistic reflection of the Health Board, and reiterated that historic audits should be resolved as soon as possible. It was noted that the Integrated Quality, Finance, Planning and Delivery (IQFPD) Committee will be helping to progress the work in this important area.

Decision:

The Committee **DISCUSSED** the Head of Internal Audit Opinion and Annual Report 2023/24 and **NOTED** the overall assurance rating. It was agreed that the Committee would **ADVISE** the Board due to the Limited Assurance rating.

AC(24)113

Financial Assurance Report

Mr Thomas introduced the Financial Assurance Report to the Committee and advised that a number of colleagues within the organisation and suppliers were surveyed in relation to their awareness and understanding of finance related Health Board policies. Mr Thomas noted that participation in the survey was optional, and the overall uptake of those completing the survey was low. Nonetheless, the survey found that eight per cent of participants were not aware of our policies, which is concerning. Mr Thomas noted that this would be addressed as part of an education programme.

Mr Thomas noted that Appendix 4 outlines the Enhanced Operational Financial Controls which have been implemented and guidance from HFMA on how to work best with external audit. It was agreed that Mr David Williams and Mr Antony Veale from Audit Wales would meet with Mr Thomas to reflect on the guidance with a view to provide assurance to the Committee that best practice is being followed.

**HT /
DW/
AT**

Mr M Davies noted that in Appendix 2 on page 286 of the report, the majority of the overpayment of salaries is due to invoicing errors. Mr M Davies queried what is being done to combat this and ensure that managers realise the seriousness of this issue. Mr Thomas responded that workforce and finance are working collaboratively to address this, and going forward salary overpayments will be reported to the Director of Workforce and Organisational Development and a root cause analysis will be carried out by the line manager as to the reason for the overpayment which will then be stopped and prevented from

reoccurring. Mr Thomas added that some errors are inevitable, and this cannot be fully eliminated.

Mr Thomas advised that they are exploring the possibility of using the Electronic Staff Record (ESR) Self-Service function to reduce the number of errors. Mr Thomas added that ESR is also being used to facilitate training provision by including course recordings for those unable to attend in person sessions.

Mr M Davies noted Appendix 3 mentions Primary Care, and Mr M Davies asked whether this was referring to managed practices, or all of Primary Care. Mr Thomas agreed to follow up on this with Mr M Davies once he has more information. Mr Thomas also added that he has requested an annual report from the Welsh Risk Pool to improve his oversight in this area to provide assurance to the Committee.

HT

Regarding clinical negligence, Mr Imperato queried whether the costs included damages and legal costs, and Mr Imperato noted that he was interested in interrogating the cost ratio in these cases. Mr Thomas confirmed that the figures quoted represented the entirety of our costs. Mr Imperato noted that he was interested in exploring the value for money in terms of legal costs the Health Board is paying to Shared Services.

Mr Thomas suggested that the Committee invite colleagues from the Welsh Risk Pool to attend a future ARAC meeting to address these more in depth questions and provide assurance to the Committee. The Chair agreed to this proposal and Mrs Wilson suggested that the Director of Nursing, Quality and Patient Experience and key members of her team should also be invited to attend this session with Welsh Risk Pool colleagues.

**HT /
JW**

Mr Weir welcomed the Enhanced Operational Financial Controls and queried whether the team had experienced any pushback in the process of implementing these. Mr Thomas responded that he had not received any pushback from colleagues thus far following consultation with key executives and professional leads, but had not consulted with the organisation as a whole.

The Chair queried whether the 'No Purchase Order (PO), No Pay' policy was implemented in response to the change of contract in relation to the two suppliers who lost their procurement contracts. The Chair added that the survey found that 40% of the responders were not aware of this policy. Mr Thomas said to address this, suppliers would receive a letter alerting them to the policy in that invoices would be rejected unless they request a purchase order, and there will an internal training and education programme on financial governance will be developed. The Chair raised concerns that 67% of respondents were not aware of Standing Financial Instructions or what they were, however, Mr Thomas advised that the education programme would also help address this and many

requisitioners would not need to a great understanding of SFIs to raise a requisition.

Mrs Marks identified a trend of a large number of POs with a relatively low monetary value, and asked how we might address this and reduce the number. Mr Thomas responded that they are developing some control mechanisms aimed at combating this.

Mr Thomas noted that they reached 96% compliance overall on 'No PO, No Pay' which is a positive achievement and in relation to the six measures outlined in section 2.2.6 of the report, all of these have now been implemented.

Decision:

The Committee **NOTED** and **DISCUSSED** the Financial Assurance Report, and agreed to **ASSURE** the Board. It was agreed that the concerns raised regarding clinical negligence would be picked up with Welsh Risk Pool colleagues who will be invited to attend a future ARAC meeting to provide assurance.

AC(24)114

Annual Summary of Single Tender Actions

Mr Thomas introduced the Annual Summary of Single Tender Actions report to the Committee; the purpose of which is to detail Single Tender Actions awarded by Hywel Dda University Health Board (HDdUHB) during the financial year 2023 to 2024. Mr Thomas advised the Committee that the Health Board currently has eight suppliers in total listed in the report. Mr Thomas advised that going forward their aim is to regularise certain frequently used suppliers such as St. John's Ambulance Cymru, Pembrokeshire Carers Outreach Service via Adferiad and Mental Health Matters – IMCA to help streamline the process.

Other suppliers listed in Appendix 1 of the report included; Merlyn Fire Services, Echosaurs UK Ltd, NuvoAir and LinkedIn Ireland. Mr Thomas noted that the use of NuvoAir was most likely a one-off occurrence, whereas with LinkedIn, there is no other suitable alternative supplier and therefore it is likely that this supplier will be used again. Mr Thomas said that he would explore the possibility of longer-term contracts with these companies in an effort to increase value for money and decrease the number of future breaches. Mr Thomas assured the committee that STAs are reviewed with services to prevent the requirement for further STAs.

Mrs Marks queried whether it was correct that the Mental Health Matters – IMCA tender started in July 2023 and Mr Thomas confirmed that the date listed is correct.

Mr M Davies queried the 5 years maintenance fee for Echosaurs UK Ltd. Mr Thomas responded that these types of contract are generally better value and avoidance of future revenue costs.

Decision:

The Committee **DISCUSSED** and **NOTED** the Annual Summary of Single Tender Actions for 2023/24 report. The Committee agreed to **ASSURE** the Board.

AC(24)115

Counter Fraud Update

Mr Benjamin Rees presented the Counter Fraud Update to the Committee. Mr Rees advised that his action outlined in the Table of Actions (**AC(24)56**) has now been completed and he has met with the Health Board's Policy Co-ordinator to discuss the Counter Fraud Workplan and the relevant training has been provided to Procurement and IT, and has been offered to Estates to undertake a similar exercise in the next two weeks. The Self Review Tool has now been submitted for approval. There were no further questions from the Committee on this occasion.

Decision:

The Committee **RECEIVED** for information the Counter Fraud Update Report and appended items. The Committee agreed to **ASSURE** the Board.

AC(24)116

Clinical Audit Update and Forward Workplan

Mr Ian Bebb joined the meeting.

Mr Ian Bebb was in attendance to introduce the Clinical Audit Update and Forward Workplan. Mr Bebb informed the Committee that the purpose of the update and workplan is to provide ARAC with an overview of the Health Board's Clinical Audit function as well as its work programmes and forward plan for 2024/25.

Mr Bebb advised the Committee that since the launch of the new software, there has been an increase in engagement with clinical audit projects. Mr Bebb added that there are currently a total of 1200 users of the AMAT (Audit Management and Tracking) system, which makes audit more accessible and allows the team to capture more information. The National Clinical Audit Programme is progressing well, and clinical audit activity in the form of local audits are ongoing, with shared learning, whole hospital audit meetings, and are currently compiling this year's programme.

Mr M Davies noted that the AMAT system is listed as only being funded up until January 2025, and queried whether this was an All-Wales system. The Committee were informed that it is a Health Board system, which was procured via clinical effectiveness funds, and has been expanded to incorporate a number of other areas in the Health Board, and steps are already being taken to continue that system into the next financial year. Mrs Wilson raised that the AMAT system which was previously procured via the G-Cloud framework should be risk assessed. Mrs Daniel would feed this back to the Interim Medical Director as this is a risk within his directorate

SD

responsibility. It was noted it was essential that a resolution was found due to the system now being included in the audit tracker.

Mr M Davies queried how the activity figures 136 relates to new projects for the previous year, which includes the 54 local projects. It was clarified that this was not a definite indication of quality, as we do not currently have a benchmark in this area.

The Chair queried the impact of not participating in national projects. The Committee were advised that it was not an indication that quality is not in place, only that it cannot be benchmarked, therefore there is potential risk of reputational damage as these reports are in the public domain, and that opportunities may be missed for quality improvement. Concerns regarding non-participation would be raised with the Chief Executive and Medical Director Welsh Government

The Committee were assured that the Clinical Audit Plan is now in place and that they are in the process of finalising the details.

Decision:

The Committee **NOTED** the Clinical Audit Update and Forward Workplan and took **ASSURANCE** regarding the workplan and the actions outlined in the update. The Committee agreed to **ASSURE** the Board.

Mr Ian Bebb and Mrs Daniel left the meeting.

AC(24)117

Audit Tracker

Mrs Wilson presented the Audit Tracker to the Committee. In addition to the introduction of the Internal Escalation Framework, Directorates have received a letter from the Audit and Risk Assurance Committee Chair reflecting the concerns of the Committee of the number of recommendations detailed in the tracker which had not been progressed or had revised target dates for completion with the expectation of improvement by end of June.

Mrs Wilson advised the Committee that since the previous report, 12 reports have now been closed, however, a further 18 have been opened. In addition, 60 reports have now exceeded the original completion date, with 277 overdue recommendations, of which 150 do not have revised timescales. Mrs Wilson stressed that updated actions or revised timescales were required in a timely fashion from risk owners to provide assurance. It was noted that some areas were of particular concern due to their escalated status as being a service of concern, such as scheduled care; with a concerning trend identified in Women's and Children and Estates and Facilities, with improvements noted in both Digital Services and Mental Health and Learning Disabilities.

Mrs Wilson advised that Ms Rachel Williams is the point of contact for services. Ms Williams advised that there had been good engagement by services, with services offered training as and when required. The Committee were assured on the Internal

Escalation process, there would be an 'alert, advise and assure' assessment of each directorate in terms of their responsiveness, which would be reported to this Committee, and subsequently the Board. The Chair and Mrs Wilson thanked Ms Williams for her work and support in this area.

In relation to outstanding recommendations, Mrs Marks raised concerns as to the managerial response to addressing recommendations particularly those over 6 months, which is a significant concern for the Board. Mrs Wilson advised that some reports, such as GIRFT (Getting it Right first Time), do require significant service change and services have not given this sufficient consideration in their responses and timescales, whereas the number of 'not known' reflect that the original timescale has passed and there is no revised timescale provided. The Chair queried whether the reason was capacity or whether some senior staff do not view it as a priority. Ms Williams responded that in her experience, services engage well with the process when escalated however increased ownership is required from senior staff generally in this area.

Decision:

The Committee took **ASSURANCE** on the rolling programme to collate updates from services on a bi-monthly basis in order to report progress to the Committee; and **DISCUSSED** and **AGREED** any relevant action for those services highlighted as a Service of Concern. The Committee agreed to **ADVISE** the Board.

AC(24)118

Risk Assessment Procedure

The Committee was asked to approve the updated risk Management Procedure.

Mr M Davies suggested that the wording on page 8 of the procedure could be revised slightly to include 'patients or staff' to highlight the importance of our staff, as well as our patients to the Health Board. Mrs Wilson thanked Mr M Davies for his feedback and agreed to update the wording accordingly.

RW

The Chair asked how many risks in total required updating. Mrs Wilson responded that she did not have the exact the figure to hand, however would look into it and respond to the Chair with the precise number.

JW

Decision:

The Committee **APPROVED** the Risk Assessment Procedure, prior to its submission to the Board for approval on 25 July 2024. The Committee also agreed to **ASSURE** the Board.

AC(24)119

Post Payment Verification (PPV) Report

Ms Amanda Legge joined the meeting.

Ms Amanda Legge introduced the PPV report to the Committee, the main purpose of which is to outline how practices have been performing, to highlight PPV progress, as well as providing a comparison in terms of overall performance of the Health Board against the national PPV visits. Ms Legge informed the Committee all planned audit visits were completed, and the team have recently commenced a new pilot regarding invoice price claims in relation to community pharmacy services.

In relation to data, Ms Legge noted that in three quarters of the data experienced issues, however, there is now an in-house solution available to address this going forward. In regard to clinical waste, Ms Legge reported that we are compliant in this area.

The Chair noted that roadshows for Practice Managers were now available, and queried the uptake levels for these. Ms Legge responded that live sessions were initially offered via Microsoft Teams, however the uptake was low, so in response to the level of engagement pre-recorded sessions are now offered.

Decision:

The Committee **RECEIVED** the Post Payment Verification (PPV) Report and took **ASSURANCE** from its contents. The Committee agreed to **ASSURE** the Board.

AC(24)120

Primary Care Post Payment Verification (PPV) Report

Ms Paterson joined the meeting.

Ms Paterson introduced the Primary Care PPV Report to the Committee. Ms Paterson advised that the report sets out an updated position on PPV for primary care for the period from January 2024 to March 2024, and the update for community pharmacy covers the period from April 2023 to March 2024.

Ms Paterson advised the Committee that in relation to the optometry service, training would be provided to prevent a reduction in figures in the future.

Decision:

The Committee **NOTED** the Primary Care PPV Report and took **ASSURANCE**. The Committee agreed to **ASSURE** the Board.

Ms Paterson left the meeting.

AC(24)121

Audit & Risk Assurance Committee Work Programme 2024/25

The Committee reviewed the Audit and Risk Assurance Committee Work Programme for the forthcoming year 2024/25. Mrs Wilson reiterated that since the revised Committee Terms of Reference were approved at today's meeting, the Work Programme should be

JW

reviewed to ensure that it aligns with the Targeted Intervention Escalation Framework.

AC(24)122 Any Other Business

There was no other business on this occasion.

AC(24)123 Matters and Risks for Escalation to the Board

Matters and risks for escalation to the Board will be raised in the Audit and Risk Assurance Committee report to Board on 25 July 2024.

In summary, there were no matters to alert the Board on this occasion, however, the following items were noted to advise the Board; Escalation Status Update Report (due to financial targets not currently being met), Review of Operational Governance Arrangements across Services Directorates (due to delays in the implementation of the revised operational governance structure, and lack of clarity regarding lines of accountability and reporting) and the Bronglais General Hospital Chemotherapy Day Unit Final Briefing Paper (due to a discrepancy between the estimated costs and the final tender return).

AC(24)124 Date and Time of Next Meeting

- Tuesday 9 July 2024, 1.30pm - 3:00pm (Sign-Off of Annual Accounts and Annual Report)
- Tuesday 13 August 2024, 9.30am - 1:00pm (Routine Meeting)

UNAPPROVED MINUTES of the Audit and Risk Committee Meeting (Review of Final Annual Accounts)

Date of Meeting: **01:30pm, Tuesday 09 July 2024**
 Venue: **Microsoft Teams Meeting / Ystwyth Boardroom**

Present: Cllr. Rhodri Evans (Chair and Independent Member)
 Mrs Eleanor Marks (Hywel Dda UHB - HDUHB Vice Chair)
 Mr Maynard Davies (Hywel Dda UHB - Independent Member)
 Mr Michael Imperato (Hywel Dda UHB - Independent Board Member)

In Attendance: Mr Timothy John (Senior Finance Business Partner (Accounting & Statutory Reporting))
 Prof Philip Kloer (Hywel Dda UHB - Interim Chief Executive)
 Mr Huw Thomas (Hywel Dda UHB - Director of Finance)
 Mrs Joanne Wilson (Hywel Dda UHB - Director of Corporate Governance/Board Secretary)
 Mr James Johns (NWSSP - Internal Audit)
 Ms Rhian Davies (Hywel Dda Health Board - Assistant Director of Finance - Financial Planning & Statutory Reporting)
 Mr Anthony Veale (Audit Wales)
 Ms Kate Gannon (Hywel Dda UHB - Committee Services Officer)

Minutes Ref.	Item	Action
ARAC(24) 125	Introductions The Chair introduced everyone to the Extraordinary Audit and Risk Assurance Committee to review and approve the end of year accounts and annual report.	
ARAC(24) 126	Apologies Apologies were received from Mr Winston Weir.	
ARAC(24) 127	Declaration of Interests There were no declarations of interest to report.	

Year-end Governance

ARAC(24) ARAC Annual Report 2023/24 128

The Chair introduced the ARAC Annual Report 2023/24 and thanked the team for all their hard work as well as Committee members, internal audit and Audit Wales for their ongoing support and engagement.

The Committee were happy to **APPROVE** the final ARAC Annual Report 2023/24 for onward submission to Board on 11 July 2024.

ARAC(24) HDdUHB Annual Report 2023/24 129

Mr Phil Kloer and Mr Huw Thomas both thanked all involved in producing the annual report recognising a significant amount of hard work has gone into producing these documents. Thanks, were particularly shown to Mrs Price in the Performance team and Mrs Hancock in the communications team.

In relation to the Performance Report, Mr Huw Thomas acknowledged that whilst there were a number of successes achieved during the year that the Health Board can be proud of there are many areas where patients are still waiting too long for care and that must be acknowledged and understood too.

Mrs Jo Wilson introduced the Accountability Report to Members and wanted to express her thanks to Ms Charlotte Wilmshurst for all her hard work. Thanks, were also afforded to Internal Audit, Audit Wales and Welsh Government for the prompt feedback s to enable the health board to meet the required timescales.

Mr Maynard Davies asked for assurance whether the Welsh version of the reports have been proof-read by the Translation Team. Mrs Jo Wilson confirmed that they have been through the Communications and Welsh Translation Team prior to publishing.

Mrs Jo Wilson confirmed that Judith Hardisty the previous Chair had fully reviewed all documents prior to the end of her tenure as Chair (on page 229 of the meeting book) Neil Wooding's name (as the new Chair) will be replaced as an amendment for the final reports to Board.

JW

Mr M Davies asked whether there should be an amendment on page 340 to provide more clarification on the 'Interim Deputy Chief Executive' interim date and when the individual took on the additional responsibility. Further clarity was also required in relation to the date the interim Chief Executive became the Accountable Officer. Mrs Jo Wilson took an action to amend the wording to provide further clarity prior to the final version being approved by Board.

JW

Mrs Eleanor Marks asked whether a photograph could be added of the Associate Member, Jeremy Hockridge. Mrs Wilson noted the Health Board

did not have a photograph and would therefore be unable to take this action forward.

The Chair asked the Interim Chief Executive to provide assurance that the Accountability Report is a true and fair reflection of the work undertaken during the last year on the systems of governance within the health board. Mr P Kloer confirmed his assurance in respect of this matter.

Decision:

The Committee **TOOK ASSURANCE** that a robust governance process was enacted during the year and (subject to the amendments requested) the Committee **APPROVED** the HDdUHB Annual Report 2023/24 for onward submission to the Board, prior to its submission to the Welsh Government, via Audit Wales, by 15 July 2024, and its subsequent presentation at the Annual General Meeting on 26 September 2024.

ARAC(24) Final Accounts for 2023/24
130

Mr Huw Thomas introduced the Final Draft Accounts for 2023/24 to the Committee.

Last year was an extremely challenging financial year and a process of replanning had to be undertaken halfway through the year. The financial position at year end was in excess of the target control total by just over £20 million pounds. The Health Board is grateful to Welsh Government for ensuring the Health Board can continue to operate.

The Health Board has gone through a rigorous audit process with Audit Wales and have been open and transparent in relation to the challenges.

Mr Thomas took the opportunity to thank Mrs Wilson and the wider Corporate Governance Team for their support as well as colleagues in the Communications Team and Finance colleagues for their contributions over the year. He also paid particular thanks to finance colleagues for preparing a set of accounts. This is representative of the challenges across the organisation and while the deficit is not acceptable, it could have been more challenging if it wasn't for the support from colleagues in other departments across the health board who supported the delivery of cost savings that were achieved.

Ms Rhian Davies highlighted a few points from the report which was taken as read. Following the audit there were no changes in overall performance and no changes required to the bottom line.

Ms Rhian Davies summarised some of the areas praised by Audit Wales (Page 86 of the report):

- The Related Parties (Note 30) amended for late change to balances within Velindre NHS Trust, however these did not affect the bottom line. They were more of a presentational issue.
- Inclusion of monies owed by and to the health board charities was omitted from the draft accounts. These were included this year.
- Events after the reporting date were amended for disclosure in respect of the 2023/24 Pay Award agreements for junior

doctors, SAS doctors and consultants. (Notified on 28 June 2024)

One recommendation was made in relation to stock, particularly theatre stock. This will be addressed this with the roll out of Scan for Safety and manually before then if not fully achieved in time for next year's accounts submission.

Mr Maynard Davies asked whether the pay rises will be backdated in this years' accounts or 2024/25 accounts? Rhian confirmed that these will be included in 2024/25 accounts. Mr Huw Thomas clarified that regarding the pay award the liability falls in financial year 24/25 rather than in 23/24 financial year due to the timing of when the health board was notified.

Mr Maynard Davies asked for clarification on page 87 relating to adjustments; income from Velindre. NHS Trust recognising the Health Board accounted for 7.2 million in the draft accounts and 6.2 million in the final accounts which leaves a discrepancy of £1m Mrs Davies clarified this was due to this had been accounted for in the main part of the accounts and hadn't adjusted note 30 as this was a late adjustment.

The Chair thanked Mr Thomas and Mrs Davies and their respective teams for their hard work in producing the final accounts.

**ARAC(24)
131**

Audit Wales ISA 260 and Letter of Representation

Mr Antony Veale presented the Audit Wales ISA 260 and Letter of Representation.

preparing the accounts requires significant hard work and project planning. The Audit of the Accounts is a partnership and thanks were afforded to the finance and corporate governance team for their contributions.

Mr Veale commended Finance colleagues in the Health Board and their co-operation.

Mr David Williams from Audit Wales gave an overview of the report to the Committee which summarises the findings from their audit of the 2023/24 annual accounts. All work has been completed.

Page 9 of the report confirms the view that in undertaking the work Audit Wales have complied with all ethical standards. The report has been discussed with the Finance Team. Mr Williams explained Audit Wales are proposing an opinion of 'unqualified true and fair' but a qualified regularity opinion on the accounts. The audit opinion in respect of the regularity of expenditure is qualified because the Health Board did not meet its revenue allocation over the three year period ending 31 March 2024 and therefore did not meet its statutory duties relating to finance and planning.

There are no uncorrected misstatements above the trivial level (£0.669m) but lower than materiality (£13.387m).

During the audit, misstatements that have been corrected during the audit are highlighted within the report (set out in Appendix 3). One issue to be brought to the attention of the Committee is in relation to the inventory balances and stock checks. This relates to the one recommendation (set out in Appendix 4).

EM noted that on page 57 is a date noted as XX – Anthony Veale clarified that this will be completed and updated before the Board meeting. This was due to including the Audit Opinion which is incorporated into the Financial Statements. It was noted this action had already been completed in the version included within the Board papers.

The Chair suggested that the implementation for the recommendation in Appendix 4 to be achieved by Quarter 4 2024/25 to be added to the Audit Tracker.

JW

Decision:

The Committee were happy to **APPROVE** the accounts.

ARAC(24)
132

Any Other Business

There was no other business to discuss on this occasion.

ARAC(24)
133

Date and Time of Next Meeting

Tuesday 13 August 2024, 9:30am - 1:00pm (Routine Meeting)