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 11 February 2025
Venue:	Board Room, Ystwyth Building, St David's Park, Carmarthen and via Microsoft Teams

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:	Ms Anne Beegan, 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 Gareth Heaven, Audit Manager, NWSSP (VC) Mr Martyn Lewis, IT/Digital Audit Manager, NWSSP (VC) (part) Mrs Joanne Wilson, Director of Corporate Governance/Board Secretary Miss Charlotte Wilmshurst, Assistant Director of Assurance and Risk Mr Huw Thomas, Director of Finance Mr Ben Rees, Head of Counter Fraud (part) Professor Philip Kloer, Chief Executive (part) Mr Andrew Carruthers, Chief Operating Officer (part) Mr Peter Skitt, County Director Ceredigion (VC) (part) Ms Sharon Daniel, Interim Director of Nursing, Quality and Patient Experience (part) Dr Jonathan Arthur, Deputy Director of Health Sciences (part) Mr Dylan Jones, Head of Pathology Service(VC) (part) Mr Craig Baker, Cellular Pathology Service Manager (VC) (part) Dr Ardiana Gjini, Director of Public Health (VC) (part) Dr Bruce Bolam, Deputy Director Public Health (VC) (part) Mr Tim Harrison, Head of Health, Safety and Security (VC) (part) Mr Anthony Tracey, Digital Director (part) Mr Lee Davies, Director of Strategy and Planning (part) Mr Shaun Ayres, Deputy Director of Operational Planning and Commissioning (VC) (part) Ms Clare Moorcroft, Committee Services Officer (minutes)

Minutes Ref.	Item	Action
AC(25)01	**Introductions and Apologies for Absence** Cllr. Rhodri Evans, Audit and Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Members heard that there were some changes to the agenda order, to facilitate attendance by Executive Leads. Apologies for absence were received from: • Mr Michael Imperato, Independent Member • Ms Urvisha Perez, Audit Wales	

- Mr James Severs, Director of Allied Health Professions and Health Science

AC(25)02 **Declaration of Interests**

No declarations of interest were made.

AC(25)03 **Management of Bed Capacity (Limited Assurance)**

Mr James Johns introduced the Management of Bed Capacity Internal Audit report, explaining that the purpose of the audit was to provide assurance on the arrangements of established bed capacity baselines, and the allocation and utilisation of beds including the use and de-escalation of surge beds. Whilst positive actions have been undertaken in various areas, the audit has concluded Limited Assurance. Four high priority Management Actions were identified, around: Lack of evidence to support established core bed numbers for Section 25A wards; Variances in the established core bed numbers; Multiple sources of established core bed numbers with varying figures; Lack of a formal service change process, including the adjustment of established core bed numbers. One medium priority Management Action related to: Interpretation of surge and 'flex' beds potentially leading to variances in established core bed numbers.

Mr Andrew Carruthers thanked the Internal Audit team for their work on this audit. Issues around bed capacity have been the source of frustration for some time. A variety of different factors is involved, not least the terminology of surge capacity versus flex capacity. There has also been a lack of a clear and consistent mechanism to capture, track, monitor and triangulate bed capacity data with other data around finance and performance. Whilst many of the responses in the report discuss solutions which rely on the new Pt-Flow and E-Obs system, this cannot be viewed as the only answer. A more immediate response is required, around ensuring a more rigorous approach going forward. Mr Peter Skitt agreed that there is a need for an interim position, albeit one which is more 'manual' than would be desired. Implementation of the new Pt-Flow and E-Obs system will further improve the situation. It will be important to clarify the process for surge and flex, particularly as the organisation enters a position where it is boarding patients on wards and potentially moving to a continuous flow system, which will be essential anyway. The team is working on this issue, and intends to have it resolved by the end of March 2025.

Suggesting that the report makes for uncomfortable reading, Cllr. Evans focused particularly on the four high priority Management Actions. He queried why the 25A and 25B wards are being treated differently. In response, Mr Skitt explained that the requirements for these wards under the Nurse Staffing Levels (Wales) Act differ, as does the way they are run. From a bed point of view, however,

it is not viable to have two separate approaches and the intention is, therefore, that a single approach will be implemented.

Mrs Eleanor Marks requested clarification around the current process for managing bed capacity. Mr Carruthers advised that challenges in surge and flex reflect the ongoing pressures on healthcare since the COVID-19 pandemic. Use of both was much more infrequent previously, restricted mainly to winter pressures. Each site has a clear escalation plan; there are minimally two meetings/calls per day, at 10am and 4pm; sites consider demand and capacity and utilisation of space; movement of patients between sites is also discussed. There are regular conversations around the position, and there can be as many as three or four calls per day. He emphasised there is a rigorous daily process in place for discussing and assessing use of capacity. Where the issue has become challenged is that (due to the demand and pressures already mentioned) this additional capacity has almost become viewed as core, due to an inability to de-escalate. Also due to the pressures, it is difficult to change this mindset and culture. There has also been an ongoing challenge around establishing a 'real time' map of bed capacity; having this information available 'at a glance' would make it much easier to respond operationally.

Fundamentally, Mr Carruthers felt that there were two issues: Due to demand on the system, the culture has become that this additional capacity is always available. The reality on wards is that, as soon as a patient is discharged from a surge or flex bed, this is then reused immediately. This prevents de-escalation, removal of capacity and a 'reset' in approach. In addition, as mentioned earlier, there is a boarding process, whereby patients are added to wards but not in a bed space. This is generally in anticipation of a planned discharge later that day. There is a risk associated with this, however, in terms of discharges not taking place. In all, the process has become quite fluid. Mr Skitt agreed that, whilst there are the daily bed meetings, the situation is dynamic. In the time that this morning's discussions have taken, the situation will have changed. The current system requires manual data entry; however, the new Pt-Flow and E-Obs system will update the position as and when discharges and admissions take place.

In response to a query from Mrs Marks, Mr Carruthers confirmed that the issue was people/data entry dependent rather than systems dependent. He added that it was further impacted by the fact that the Health Board does not have ward clerks on every ward to undertake this data entry. Returning to the issue of culture and mindset, Mrs Marks enquired how this can be shifted, and how staff are coping in the current system. Mr Carruthers felt that this was a real challenge. With the system as it is, the organisation will only ever mitigate some of the risk, the resultant pressure on staff, and patient experience, safety and quality. There needs to be a more radical redesign of the service model in Urgent and Emergency Care, as mentioned at the most recent Public Board.

There has been a development session around this, and how the current system might be changed from an unscheduled, self-presentation model to a more scheduled, directed, signposted, appointment-driven, with alternative points of access. Mrs Marks final comment was one around lived experience and feedback from patients. Whilst accepting that any change in this area is challenging, it is not yet impacting on current patient experience and waits in A&E, for example, which are not acceptable.

Referencing the report's Action Plan, Mr Maynard Davies noted that the officer for all actions is the Deputy General Manager for Carmarthenshire. He queried this, requesting assurance that a three-counties approach was being taken. Mr Skitt explained that the individual in question has an interest in bed management and is keen to be part of the solution. He assured Members that this officer would be acting on behalf of all three counties. Noting the statements that the system is extremely manually intensive, Mr Davies suggested that improved data managed may be achieved by use of some of the current Wales Patient Administration System (WPAS) functionality and was concerned this was not being used. He expressed concern around the potential timescales for improvement otherwise, if dependent on implementation of a new Pt-Flow and E-Obs system.

Mr Carruthers suggested that there are several possible approaches. One would be to wait for implementation of the new Pt-Flow and E-Obs system. Another would be to improve, to some extent, the current manual process. Whilst he would like the latter to provide a daily position, this would be too time consuming in terms of data entry for every individual ward. Mr Skitt confirmed that a clear directive has been given that it is not acceptable to wait for the new system and that an interim solution is required. There is a system in place; it needs to be used more effectively. Due to constraints around data entry, it is likely that this will comprise a weekly position, update and reconciliation. With regard to implementation of the new Pt-Flow and E-Obs system, Mrs Joanne Wilson and Mr Huw Thomas reminded Members that the Board had only approved this in principle; recognising the WPAS system, although not perfect, is operational. Full implementation will be dependent on budgetary discussions and a Board decision. This is, however, being progressed as fast as possible.

Mr Davies agreed that it is not acceptable to wait for a new system, noting that a Limited Assurance Internal Audit report on Data Quality is also being considered today. He felt that there is a lack of ownership of data quality, and that this needs to be addressed before any new system is implemented, so that it is not seen as an 'additional responsibility'. Mr Davies reiterated that the potential of WPAS be explored in terms of producing a daily position; however, welcomed plans to improve the current process. Mr Carruthers agreed that there needs to be a concerted focus on data quality prior to implementation of the new Pt-Flow and E-Obs system, should the Board approve this.

Reiterating his concerns around the audit findings, Cllr. Evans highlighted in particular statements around the lack of evidence to support the established core bed numbers and differences between bed numbers on the patient flow daily 'sitrep' and data held by Informatics. Without these, he questioned how beds and finances can be effectively managed and was exceptionally concerned regarding this matter. Whilst stating that the report had provided interesting learning, Cllr. Evans requested assurance that there is a clear way forward. He also enquired whether the target dates are achievable. Mr Carruthers assured Members that he is clear on his expectations around this extremely important matter. He anticipated that there will be a stronger position, on a weekly basis as described above. He suggested that an element of the challenge has been created by the Health Board's deficit and how budgets have had to be set as a result. This has impacted on surge and flex and brought in an element of confusion, with the system not functioning optimally.

Another area which is being explored is the concept of an operational delivery unit to help coordinate the daily response. This would allow this task to be separated from the 'day job' of general managers. Such a unit would lend itself to development of a 'live' position with regard to data. Returning to the description of the process being dynamic, Mr Skitt explained that in some instances, beds are put in place for a matter of hours, to accommodate an anticipated discharge later that day, then removed. Introduction of a Pt-Flow and E-Obs system would provide not only live data around beds, but also live data on the care and monitoring of patients.

Whilst recognising where the organisation is currently, and that this is a dynamic situation (with the associated challenges), Mrs Marks wished to focus on pace of change, grip and accountability, and how the latter two can be assured. Mr Skitt welcomed this comment, indicating that he is utilising various aspects as 'levers' to achieve the target dates – for example, budgetary management, staffing profiles, the skill-mix on wards. Rather than presenting this as a requirement, he is presenting it as a positive tool to support teams. In response to a request for a financial input, Mr Thomas indicated that – from a financial planning perspective – this issue would be perhaps second in order of importance to the nurse rosters which need to reflect the Nurse Staffing Act requirements. Members were reminded that the recent Nursing Management Internal Audit had also returned a Limited Assurance rating. There is, however, probably another contribution into surging in A&E, which is more of a direct financial issue, as this is driving a significant level of cost through the system. Unlocking bed management more broadly would hopefully help to address how often the Health Board has to surge in A&E, and therefore support the system and facilitate a better response from a financial perspective.

Cllr. Evans enquired, with regard to Key Finding 4, around service change procedure and the associated safety, quality, staffing and

financial consequences, who will be approving these. Mr Carruthers advised that ultimately this will be him, but highlighted the upcoming revised operational governance arrangements item and that this would need to be aligned. Within the new structure and the operational governance arrangements, there will be a clear scheme of delegation via the Clinical Care Groups (CCGs). In this specific case, the actions will be progressed through Mr Skitt's leadership and the Community and Integrated Medicine CCG. Thence into the Integrated Quality, Finance and Performance Delivery Group (IQFPDG), which will be chaired by Mr Carruthers but would include other Executive Director colleagues. It is this group which would oversee these decisions.

Noting that, this is a procedure in governance terms, and potentially quite significant, Mrs Wilson advised that it will need to follow the written control policy process and go through this with the sponsoring group to get signed off. Timescales may be tight to achieve this by 31 March 2025. It was suggested that Mr Carruthers and/or Mr Skitt liaise with Ms Christine James from the Corporate Governance team, who can advise. Recognising the Limited Assurance rating, Mr Johns advised that a follow-up audit will be required. This will be incorporated into the Internal Audit Plan for 2025/26. Consideration will need to be given to the scope of this audit and whether it assesses the interim solution or implementation of the new system. **AC/PS**

Decision: The Committee **NOTED** the Management of Bed Capacity (Limited Assurance) Internal Audit report.

The Committee agreed to **ADVISE** the Board in relation to the Management of Bed Capacity (Limited Assurance) Internal Audit report, due to the findings and the significant concerns highlighted therein.

Mr Peter Skitt left the Committee meeting.

AC(25)04 **Mortuary Services (Limited Assurance)**

Dr Jonathan Arthur, Mr Dylan Jones and Mr Craig Baker joined the Committee meeting.

Ms Sophie Corbett introduced the Mortuary Services Internal Audit report, explaining this was a joint review of the arrangements in place between Swansea Bay University Health Board (SBUHB) and Hywel Dda University Health Board (HDdUHB) to support the effective provision of mortuary services, ensuring compliance with Human Tissue Authority regulations. The audit focussed on the arrangements in place for mortuary services only and did not review the wider pathology service. A Strategic Outline Case to support the development of a regional pathology service was approved by Welsh Government in November 2020 and an Outline Business Case (OBC) is being developed. However, the programme is effectively ‘on hold’ pending confirmation from

Welsh Government over capital funding. Independently of any decisions relating to the capital financing of the wider programme, both health boards agreed a transitional Memorandum of Understanding (MOU) to support joint working.

Overall, progress with the programme has been slow due to funding and staff capacity issues. Four high priority and five medium priority Management Actions have been identified requiring attention by each health board, around: the need to strengthen the documentation of roles and responsibilities and to clarify the financial arrangements between the health boards; The need to review the programme management structure for the mortuary element of the Regional Pathology Programme; Funding issues which have clearly impacted capacity to deliver the Programme; Key leadership roles not having been recruited resulting in a lack of robust business continuity arrangements; A need to review governance structures, to ensure they are effective and provide sufficient oversight over the mortuary element of the Programme. A rating of Limited Assurance had been returned.

Mr Carruthers clarified that Mortuary Services and the associated MOU are part of a broader workstream looking at a regional management structure for pathology services across south west Wales. A transitional MOU had been agreed to facilitate progress in this area. He acknowledged that there have been challenges in progressing the programme. National discussions around the capital aspect have probably distracted from the wider ambitions in this regard. It is still intended, however, to bring a report to both HDdUHB and SBUHB Boards in March 2025 which sets out a way forward from the transitional MOU to a more formal arrangement, at least for cellular pathology services, which would cover mortuary services. A couple of key meetings are planned to enable development of this report.

Mr Davies noted that, whilst the Regional Pathology Programme Director's two-year secondment ends in February 2025, there are a number of actions for which they are responsible with completion dates of March 2025 and the associated work is likely to go on longer. Mr Carruthers confirmed that this individual's secondment has been extended to facilitate completion of these actions. However, Pathology is recognised as a key regional programme, which will form part of the work overseen by the Regional Joint Committee (RJC). Mr Carruthers, Mr Lee Davies and others are engaged with colleagues in SBUHB in discussions around the potential for an office or function to support delivery of these key regional programmes. As such, steps are being taken in preparation, and to address business continuity concerns.

Mr Davies referenced Management Action 5, to 'ensure that all key issues and lessons learnt relating to the programme are documented. These will be shared at the Regional Management Meeting and Regional Mortuary Operations meeting'. He felt that this does not provide assurance regarding the actions which will be taken to address the concerns, only that they will be

documented, and suggested that the outcome of discussions at this meeting should be reported. Mr Carruthers committed to do so. Mr Davies' final query was around transitioning from the spreadsheet mentioned in Key Finding 3 to the full Service Level Agreement (SLA). He requested assurance that there will be no increase in costs to the Health Board as a result. Or, if there are, whether these are known and taken into account in financial plans for next year. **AC**

Mr Carruthers responded that work is being undertaken at the moment around the move from a transitional arrangement to the established Pathology Operational Delivery Network (ODN). This includes consideration of the current SLAs, budgets and finance positions for both organisations. The intention is that this would form part of the Board report in March. There are risks involved in the model; for example, job planning arrangements differ between the two health boards, with SBUHB operating a points system. A standardisation of approach may see HDdUHB losing productivity from its current capacity, with a potential impact on patient waiting times; something which is of concern to the operational team. In response to a query around a date for refurbishment of the mortuary, Mr Craig Baker advised that the Glangwili Hospital (GGH) facility is relatively new. An exercise is being undertaken, however, around body storage capacity and facilities on a Health Board wide basis.

Welcoming the report, Mrs Marks agreed that this does very much fall into the regional working domain, advising that she and the Vice-Chair at SBUHB have each been requested to explore Pathology governance and service delivery. In terms of the governance structure, Mrs Marks enquired where this reports and who holds accountability for delivery. In response, Mr Carruthers advised that he is the SRO for the ODN, which ultimately reports into the Programme Group and then into what has been the ARCH Recovery Group and into the two Executive Teams and then the Boards. Mrs Marks felt that this reporting structure was unwieldy. Agreeing, Mrs Wilson stated that the governance is not optimal, suggesting that the RJC would be a more appropriate route. Work needs to take place around governance, and the potential for freeing-up capacity to address this is being explored. Mrs Marks welcomed this context, recognising the challenges involved in taking proposals through two sovereign Boards.

Mrs Marks advised that she is visiting the Pathology Lab to meet with Mr Baker tomorrow, but in the meantime enquired why the system is not working. In response, Mr Dylan Jones assured Members that, operationally, the service does work. It is in a much more robust position today as a result of joint working. Both health boards had passed Human Tissue Act (HTA) audits with only minor recommendations, which have since been resolved. It is in the governance arena where more work is probably required. Mr Jones reminded Members that – as the first regional mortuary service – this is very much a 'test bed'. Mr Carruthers agreed that the complexity of establishing how to manage the joint service

was a major challenge, particularly as there are very few similar models from which to learn. The work involved in developing the MOU for mortuary services alone was significant. It has been extremely complex and difficult to navigate. Looking forward, however, Mr Carruthers felt that the more formal RJC arrangements between the two health boards puts it in a different position, and facilitates the necessary scrutiny.

Referencing Management Action 2, Cllr. Evans noted that reference to a doctor by their initials and suggested that it may be possible to identify them. It was agreed that this should be redacted in the version of the report published on the Health Board website. **JW** Cllr. Evans queried who specifically will be responsible for delivery of the Mortuary Service Delivery Plan (Management Action 6). In response, Mr Carruthers advised that there is a joint management structure for Mortuary Services across the two organisations in south west Wales, which he would expect to lead on this. The Regional Mortuary Manager is Ms Yasmin Brown. Dr Jonathan Arthur indicated that Mr Jones and Mr Brown have developed an action plan which sits below the Mortuary Service Delivery Plan. This will help to identify key individual responsibilities.

Referencing Key Finding 7, Cllr. Evans enquired whether issues with poor risk management have been resolved. In response, Mr Baker confirmed that the majority have, with only those around body storage outstanding. The team is working with the Executive Team on this matter. Mr Baker advised that there is a robust governance structure, risk register and action log. The two health boards are in the process of establishing a joint management meeting, at which they will share their risk registers and action logs for full disclosure of risks. In terms of assurance around Key Finding 8, Mr Carruthers advised that actions to address this are ongoing. There have been engagement processes around the changes over the last 12 to 18 months, including with staff. There will be an updated version of the Communications and Engagement Plan for this year.

Finally, Cllr. Evans requested assurance that the completion dates proposed for actions are realistic. Mrs Wilson noted that this is an important point, as failure to meet deadlines will result in higher levels of escalation, triggering a different set of processes. In response, Mr Jones indicated that his one concern is around the roles and responsibilities, given that there is no Pathology Director or Clinical Director appointed yet. The hierarchy in terms of the management structure and regional pathology is therefore not established, and Mr Jones was not sure that this was achievable within the proposed timescales. Mr Carruthers suggested that this issue be discussed at the upcoming planning meeting, and that **AC** the timescales be ‘tested’ there. In view of the fact that this is a finalised and joint report, it was agreed that there should be a **JJ/AC/** discussion around the feasibility of adjusting this date. **JW**

Mr Winston Weir reflected on the risk management arrangements, noting that, whilst there may not be a full management structure in place, there are still serious operational risks around this service. His concern was, although the teams are proposing to share the risk registers at their meeting, they should not wait that long. He suggested that the risk registers be shared now, to facilitate collaboration around management of the operational risks. Also, if capital resource is an issue, whether the two health boards can work together around securing this. Whilst Mr Weir was satisfied with the responses provided, he felt that this is an area which should be revisited. Due to this being a Limited Assurance report, Mrs Wilson assured Members that there will be a follow-up audit. There may also be links made to the internal escalation process.

Noting that the report will be considered by SBUHB's Audit Committee, that a report to both Boards is planned, and that the Vice-Chairs have been requested to undertake work in this area, Mr Davies felt that it would be useful to have a timescale for consideration of this topic by the RJC.

Decision: The Committee **NOTED** the Mortuary Services (Limited Assurance) Internal Audit report.

The Committee agreed to **ADVISE** the Board in relation to the Mortuary Services (Limited Assurance) Internal Audit report, due to the findings and concerns highlighted therein.

Dr Jonathan Arthur, Mr Dylan Jones and Mr Craig Baker left the Committee meeting.

AC(25)05 **Revised Operational Governance Arrangements**

Mr Carruthers presented the Revised Operational Governance Arrangements report, which he suggested is relatively self-explanatory. He recorded his thanks to Mrs Wilson, Miss Charlotte Wilmshurst and Ms Alison Gittins for their contribution. Whilst the report may be straightforward, the structure is not, and neither has the process been to reach this point. This exercise has involved a significant amount of work, which has extended to other teams across the Health Board. Its purpose was to address, for example, some of the concerns raised in previous Structured Assessments. As indicated in the report, there will be five CCGs, and each Group will hold a fortnightly Integrated Governance Group meeting. A standard agenda will cover, on rotation, planning and performance (including financial performance, workforce management, risk management), and quality, health and safety.

In a standardised approach across all five CCGs, each of their Integrated Governance Groups will report into the fortnightly IQFPDG meetings. The Terms of Reference for the latter will need to be amended accordingly. This should provide a much strengthened position, because the Executive Team will be in regular dialogue with the senior operational leadership around

matters of management and business accountability. Mr Carruthers would like to see these groups established in ‘shadow form’ during March, in preparation for full implementation in April. Members heard that a Standard Operating Procedure (SOP)/ framework for CCGs is being developed, which will seek to set out roles and accountabilities and align these to the organisational values. This will also include leadership expectation and indicators and a Scheme of Delegation.

Noting that this was a recommendation arising from the Structured Assessment in 2022, and recognising that progress has been limited, Cllr. Evans enquired regarding the intended timescale for implementation. In response, Mr Carruthers indicated that this will be 1 April 2025. There is work being undertaken in the background to facilitate the transition from current arrangements to the new structure, for example in terms of data transfer. Mrs Wilson confirmed that the majority of the elements required for implementation are ready and this will now be handed over to the operational structure to implement. However, as indicated by Mr Carruthers, the issue is around data and systems such as Datix, which will need to be shut down for a short time. This topic had been discussed at the Executive Risk Group last week.

Mr Weir welcomed both the report, which sets out clearly the intentions going forward, and the changes it describes. He queried, however, where in this structure quality, innovation and quality improvement are considered, particularly in a forward-looking sense around potential service change. Mr Carruthers advised that one of the integrated governance groups will consider issues around quality, safety and experience. With regard to the future service change issue, in addition to the governance structure described, Mr Carruthers also plans to establish a leadership group or community across the operational teams. This will also draw in corporate deputies at various points. It will offer a forum for clinical and management colleagues to debate topics and share ideas, in a peer group setting. Mr Carruthers is also planning a monthly meeting with the Care Group Service Directors and deputies, aimed at ensuring there are no interface issues between the CCGs. Mr Weir welcomed this response.

Mrs Wilson advised that the Chief Executive has requested that governance work be undertaken around ‘rewiring’ the Executive Team structure which sits above the new operational structure. However, this would be in addition to other governance ‘rewiring’ work and implementation of the new committee structure. As such, there will need to be prioritisation and management of expectations. It was recognised the corporate governance arrangements regarding the revised committee structure has to take priority for the governance team. Mr Davies thanked Mr Carruthers for the useful report. Returning to the issue of data quality, he suggested that there are opportunities to reinforce to CCG Directors that they are responsible for data quality within their directorates. Agreeing, Mr Carruthers advised that he is keen to schedule a series of ‘masterclasses’ around various topics,

which will set out roles and expectations. This would include data quality.

Also welcoming the report, Mrs Marks enquired who in the operational team – once the new structure is in place – will take responsibility for ensuring that the governance works effectively. In response, Mr Carruthers indicated that he had originally intended for this responsibility to be dispersed among the CCGs. However, he now felt that there is an opportunity to consider a central team to provide operational oversight, and would be giving this further thought. Mrs Marks' second query was around how the CCGs link with their various professional leads. Mr Carruthers replied that, within the structure are included assistant and associate directors (of nursing, for example), all of whom have accountability to their respective professional Board Member. There are also discussions taking place among the Executive Directors responsible for specific professions around the potential for multidisciplinary collaboration. Again, an ambition would be a quarterly leadership forum to include a focus on organisational development and multiprofessional leadership development.

In terms of taking this matter forward, Mrs Wilson advised that a final proposal is due to be considered for approval at Executive Team next week. Following this, it will be handed over to Mr Carruthers and his team for implementation. There will also be a requirement to change the performance management framework to align to the new structure, which Board Members will need to aware of and have assurance around, including changes in how escalation works. Mrs Marks highlighted that, as well as driving results and performance, the operational structure cannot be separated out from quality and safety. It will also need to interface with the Clinical Services Plan. Mrs Wilson suggested that all of this information be compiled into a 'package' for Board Seminar, to allow discussion and for queries to be addressed. **AC**

In response to a query from Cllr. Evans, Members heard that it is intended to schedule an Internal Audit on the new operational governance arrangements, their impact and outcomes. This is likely to report in the autumn. **JJ**

Decision: The Committee **TOOK ASSURANCE** on the Operational Governance arrangements to be put in place to establish the new Operational Structure within HDdUHB, in response to recommendation R2 from the 2022 Structured Assessment process; however, would **ADVISE** the Board regarding the capacity of the operational managers to implement this fully alongside all other requirements.

AC(25)06 **Structured Assessment - 2023 Management Response Update and 2024 Management Response**

Dr Ardiana Gjini and Dr Bruce Bolam joined the Committee meeting.

Mrs Wilson introduced the report, which focuses on the management response to recommendations from the 2024 Structured Assessment and outstanding actions from 2022 and 2023. With regard to the latter, the Health Board should be in a position to close both reports following implementation of the new operational governance structure. In terms of the 2024 Structured Assessment report, Mrs Wilson hoped that Audit Wales are content with the management response as presented.

In considering completion dates for these recommendations, Members heard that R1 and R2 are on track. For R3, whilst Mr Davies recognised the key role of the Director of Public Health, he felt that the Director of Strategy and Planning should also be involved. Mrs Wilson explained that, whilst responsibility for this sits with Dr Ardiana Gjini in the Scheme of Delegation, it is anticipated that there would be collaboration with Mr Lee Davies. Dr Gjini confirmed that this would be the case; however, it was noted that only one owner can be included within the AMAT system.

Ms Anne Beegan confirmed that Audit Wales are satisfied with the management response. Whilst the recommendation around the Well-being Objectives and strategy refresh is more involved, the others are relatively straightforward. Mrs Wilson advised that all recommendations will be added to the Audit Tracker and updates on progress provided.

Decision: The Committee **TOOK ASSURANCE** from the management response in that the recommendations within the Structured Assessment 2024 report, and the outstanding recommendations from Structured Assessments 2022 and 2023, will be addressed appropriately.

Mr Andrew Carruthers, Dr Ardiana Gjini and Dr Bruce Bolam left the Committee meeting.

AC(25)07 **Audit Wales Update Report**

Mr David Williams introduced the Audit Wales Update Report, advising that in terms of financial audit work, the Charitable Funds audit work had been completed in January 2025. Preparatory work for the main audit of Health Board accounts has commenced. In terms of performance audit, Ms Beegan noted that the Structured Assessment report has already been discussed. Audit Wales is seeking to conclude the Unscheduled Care and Planned Care review work by the end of March, for reporting to the April 2025 ARAC meeting. Work on the Digital Deep Dive has commenced, with a meeting to discuss the scope of this review. In terms of local work, the Capital Programme Prioritisation review has been delayed for various reasons; the project brief for the Outpatients review has been issued. In terms of the national report into Cancer Services, this will be presented to Audit

Committees on receipt of the management response from Welsh Government. The projected timescale for this coming to ARAC is also April 2025. Ms Beegan noted that the completed National Fraud Initiative checklist mentioned at the previous meeting has been included as part of the Counter Fraud Update report.

Referencing the planned Digital Deep Dive, Mr Thomas was conscious of the interface with Welsh Government and Digital Health and Care Wales (DHCW) and the impact at policy level. He suggested that it would be helpful to include, within the overall scope, clarity around the resource allocation approach taken by Welsh Government. Ms Beegan advised that this has been the topic of some debate. It is intended that the first phase will focus on local approaches, with a second phase to highlight national, DHCW and Welsh Government aspects, utilising input from the local exercise. In Exhibit 1, Mr Davies noted the deadline of 31 January 2025 for the Charitable Funds accounts; it was confirmed that this deadline had been met, with these having been approved at the Corporate Trustee meeting held on 30 January 2025.

Returning to the Digital Deep Dive, Mr Davies enquired whether Digital Independent Members (IMs) will be involved specifically. Ms Beegan confirmed that they are included on the interviewee list. The first phase will be a self-assessment – it has been agreed that there must be Board 'ownership' of this; therefore it may need to be considered by a Board forum. This would probably be Board Seminar or a Digital Committee rather than Public Board. IMs, including Digital IMs, will be part of the interview phase. As Chair of the All Wales Digital IMs Group, Mr Davies extended an invitation to Audit Wales to attend a meeting of this group. Ms Beegan agreed to pass this on to the staff involved. Regarding Board endorsement of the self-assessment, Mrs Wilson reported that different approaches were being proposed across Wales for Board endorsement, and that this will need to be considered. **AB**

Cllr. Evans was pleased to hear that the Unscheduled Care and Planned Care reviews are to be finalised for the April 2025 ARAC meeting. Mrs Wilson requested that it be ensured sufficient time is provided to Mr Carruthers and his team to agree the reports and their response to any recommendations. Members were advised that the reports should be available by the end of February 2025. There is one issue, in that the Unscheduled Care report also needs to be agreed by the Local Authorities; however, the Regional Partnership Board is being used as the mechanism to finalise that report, to save multiple clearance hurdles. Mr Thomas emphasised that the issue of clearance is significant for all audit reports. He had not been taken through the Charitable Funds accounts audit findings at a clearance meeting, and felt that the discipline of scheduling a clearance meeting was important and that these should be reinstated. Mr Williams acknowledged and this feedback and advised that it would be acted upon.

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

AC(25)08 **Audit Wales Outline Audit Plan 2025**

Ms Beegan presented the Outline Audit Plan, advising that the detailed Audit Plan will be provided for the April 2025 ARAC meeting. Mr Williams explained that this document includes information around the financial audit responsibilities, audit fee (with further information to be provided in the detailed Audit Plan), audit team (no changes) and timelines. Ms Beegan drew Members' attention to page 8, where the three main areas in respect of performance audit work are outlined. A Deep Dive into estates management is proposed; along with a thematic review of Cancer Services in Health Boards.

Noting that there are no details around timescales for performance audit, Cllr. Evans enquired whether there are likely to be delays in delivery, or capacity issues. In response, Ms Beegan suggested that this year should see an improved picture in terms of delivery. Audit Wales is still experiencing the impact of COVID-19, but is hoping to get back on track soon.

Decision: The Committee **NOTED** the Audit Wales Outline Audit Plan 2025.

AC(25)09 **Review of Urgent and Emergency Care**

DEFERRED to 15 April 2025 meeting

AC(25)10 **Planned Care Review**

DEFERRED to 15 April 2025 meeting

AC(25)11 **Review of Arrangements for Capital Programme Prioritisation**

DEFERRED to 24 June 2025 meeting

AC(25)12 **Internal Audit Plan Progress Report**

Mr Johns introduced the Internal Audit Plan Progress Report, which was of the usual format. The report includes, in Section 2, details of the five audits finalised since the previous meeting. In terms of progress, a number of areas of work have moved on since the report was prepared. Several meetings have taken place to discuss next year's Internal Audit Plan, which will be presented to the April 2025 ARAC meeting.

Cllr. Evans requested assurance regarding delivery of the remaining Internal Audits. Mr Johns confirmed that all reports will be completed in time to deliver the Head of Internal Audit Opinion. In response to a query around whether he has a sense of what this year's Opinion is likely to be, Mr Johns indicated that he has

discussed this with Mrs Wilson. There are a number of key pieces of work which need to be delivered prior to determining the Head of Internal Audit Opinion. Mr Davies highlighted that there are 10 Internal Audit reports and two Audit Wales reports scheduled for the next ARAC meeting. He did not feel that it was feasible to consider this many reports and give them the scrutiny they deserve. Mrs Wilson advised that it is 13 Internal Audit reports, and agreed that it is unreasonable to expect Members to scrutinise this many reports. It was suggested that there may need to be an extraordinary or extended meeting, with this to be discussed at today's agenda-setting.

Decision: The Committee **TOOK ASSURANCE** with regard to the delivery of the Internal Audit plan for 2024/25 year and the outcomes of the finalised audit reports.

AC(25)13 **Health and Safety (Limited Assurance)**

Ms Sharon Daniel, Dr Jonathan Arthur and Mr Tim Harrison joined the Committee meeting.

Ms Sophie Corbett introduced the Health and Safety Internal Audit report, advising that the purpose of this audit was to review the arrangements for ensuring compliance with Health and Safety regulations. Two high priority and three medium priority Management Actions had been identified, around: Lack of oversight of (non-mandatory) Health and Safety training participation rates; Insufficient monitoring of actions arising from Health and Safety site visits, significant volume of outstanding actions and weakness in the methodology for prioritising actions; Non-compliance with RIDDOR reporting timescales; Poor Executive Director attendance at Health and Safety Committee; Gaps in assurance reporting to the Health and Safety Committee. Some of the issues in regard to the latter had been identified in the recent governance review. A rating of Limited Assurance had been concluded.

Ms Sharon Daniel noted that the new operational governance arrangements have already been discussed. She advised that, in terms of the operational quality, health and safety arrangements going forward, this will be managed via the new Clinical Care Groups. It would be integrated; the agenda would be set and would incorporate the health and safety issues as well as the quality issues. She hoped that this would assist in monitoring any issues identified. Dr Arthur welcomed the audit and thanked the team. He advised that colleagues in Health and Safety have developed a sub action plan. They have also undertaken discussions with the Learning and Development team around Health and Safety training and taken steps to 'close the loop' on site visits. This will involve recording actions on the AMAT system. There are a number of other actions to be agreed as part of the forward workplan for the Health and Safety Committee (HSC). Mr Tim Harrison reported that the team has begun to consider how

Mandatory Training data can be improved. He was confident that an action plan is in place to meet recommendations. In terms of Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) compliance, the team is working with directorates to seek the return of information in a timely fashion, as this has been an issue until now. The importance of meeting deadlines has been reinforced. Use of the AMAT system will provide assurance around the monitoring of actions going forward, and these will be progressed via the quality and safety meetings within the CCGs.

Cllr. Evans noted reference to the additional bespoke training courses, which are not mandatory, and are not necessarily well attended. He enquired how staff are alerted to the availability of these courses and whether, for example, they are available via the ESR system. Mr Harrison advised that there is a mandatory Health and Safety course, which is delivered online and which has a compliance rate of 80-90%. The courses identified by the Internal Audit are those delivered by the Health and Safety team; for example, induction training for managers and the Control of Substances Hazardous to Health (COSHH) course. These tend to be targeted to specific groups, for example the COSHH course is targeted to those departments which use chemicals, etc. Where improvement is needed is in recording compliance figures. Ms Daniel emphasised that, whilst these courses are not mandatory, it is important to consider them from a training needs analysis perspective. Hence the involvement of the Learning and Development team.

Cllr. Evans requested assurance that there is clarity around the approach going forward. For example, in relation to Health and Safety site visits, the audit noted that 75% of actions were classed as unresolved. He enquired whether this figure has reduced. In response, Mr Harrison advised that, whilst the figure has reduced, this area still requires further work. Ms Daniel reminded Members that on the AMAT system, to close an action, the individual responsible must update the relevant evidence. Use of AMAT will, therefore, provide a robust mechanism for monitoring and closing actions. In response to a query around how actions are prioritised, it was confirmed that this was on a risk-based approach. It is both based on incidents that have occurred within departments and the type of department being visited, and whether these are higher risk (eg using hazardous chemicals). The aim is to visit at least eight departments per month, equating to 100 visits per year. This target is being met over a five year plan. Cllr. Evans expressed concern that this means a five year gap between visits to any one department. Mr Harrison replied that the programme of visits is constrained by the team's capacity; however, he emphasised that there will be focused work if a specific risk is identified.

Mrs Wilson highlighted that Mr Harrison's role is that of a professional Health and Safety advisor. Individual Health and Safety risks are not for his team to manage; they need to be owned in the operational structure. Mrs Wilson felt that this may

also potentially feed into the internal escalation process; however, this would require the audits being managed by the AMAT system. Concern was expressed that it had taken an Internal Audit to identify some of these areas, and it was suggested that there be a review, to ensure that Health and Safety data informs the HSC workplan. Mrs Wilson would discuss this matter with Mr James Severs. Mrs Marks expressed concern around the potential that certain of these issues might be 'lost' in the transition to the new operational structure. She emphasised that they are an issue not just for the CCGs, but also for the professional leads. She agreed with Mrs Wilson regarding the need to examine the data feed into HSC. **JW**

Mr Thomas shared these concerns, suggesting that there are a great deal of expectations of the new operational structure. He was concerned both around the transition to this, and around the 'bandwidth' of those within it to manage all of the various demands. It was suggested that there needs to be a clear articulation around the core expectations of the new operational managers. Mrs Marks agreed, emphasising again the need for grip and accountability. Mrs Wilson would communicate this suggestion to Mr Carruthers. Members were advised that work is ongoing around the Scheme of Delegation. Mr Davies wished to highlight that Health and Safety is a legal responsibility. The Health Board has a corporate responsibility for the health and safety of its employees. The Committee agreed that Health and Safety must be regarded as a collective responsibility. **JW**

Cllr. Evans concluded by asking whether Mr Harrison was content that the completion dates are achievable, to which he responded that they had been agreed within the team and that work has already commenced. Ms Daniel noted that, whilst actions are aligned to the process, more wide-ranging discussions are also required around the topics mentioned above.

Due to this being a Limited Assurance report, Members noted that there will be a follow-up audit in next year's Internal Audit Plan.

Decision: The Committee **NOTED** the Health and Safety (Limited Assurance) Internal Audit report.

The Committee agreed to **ADVISE** the Board in relation to the Health and Safety (Limited Assurance) Internal Audit report, due to the findings and concerns highlighted therein.

Ms Sharon Daniel, Dr Jonathan Arthur and Mr Tim Harrison left the Committee meeting.

AC(25)14 **Data Quality (Limited Assurance)**

Mr Anthony Tracey joined the Committee meeting.

Mr Martyn Lewis introduced the Data Quality Internal Audit report, advising that the purpose of this audit was to review the structures and processes for ensuring data quality within the Health Board. The audit had identified that there is guidance in place; there is an Information Quality Assurance policy which clearly sets out the characteristics of good quality data, and responsibilities across the Health Board. There is an Information Quality Assurance (IQA) team in place. Due to their resource constraints, they focus on WPAS data, but they do have good processes in place for checking and monitoring data quality within WPAS and reporting issues back to the services for resolution. Also, there is reporting to the Information Governance Sub-Committee, and the data quality team have developed a self-service data quality dashboard for staff to use. In terms of use of data, there is a Data Warehouse BI system in place to provide intelligence to staff, and a data science team who can start to build more products to provide more intelligence. It should be noted that the responsibility for fixing data quality issues lies with the services, because they are entering the data at source. If they do not resolve the issues and put in plans to prevent issues recurring, the Information Quality team is repeatedly having to pick up and report the same issues.

Three high priority and one medium priority Management Actions had been identified, around: A gap in the resources needed to fully implement and maintain data quality standards across all Health Board systems; Lack of accountability for data quality within service areas; Absence of data quality metrics to aid performance monitoring; Absence of a formal Information/ Intelligence Strategy to ensure a coordinated and systematic approach to utilising intelligence across teams and services. An overall rating of Limited Assurance had been returned.

Mr Thomas thanked Mr Lewis for the audit and report, and Mr Anthony Tracey for developing the response. Whilst appreciating that the audit has a Limited Assurance rating, Mr Thomas did take assurance from the arrangements in place and the design of these. The challenge, he felt, was the implementation of this at operational level and responsiveness in fixing issues at an operational level – a common theme. Mr Anthony Tracey echoed this view, stating that the processes in place are robust. The IQA team is mindful of the pressures on operational staff, and try to fix issues on their behalf; however, they should be fixed ‘at source’, which would free up capacity in the IQA team. Steps are being taken to address some of the ‘low hanging fruit’ particularly the recurring themes identified by the audit. An example is duplicate registrations – when services are busy, it can be quicker to register a patient rather than try to find their record via WPAS. The team is trying to develop training to assist services in searching for patients on the system. There are also plans to strengthen, via the Directorate Improving Together Sessions (DITS) and governance processes how data quality is reported. Mr Tracey has discussed with the team allocating a score to issues, to facilitate a risk assessment.

Conscious that this area is impacted by external factors, including the new operational structure, Cllr. Evans enquired whether the completion dates are realistic. In response, Mr Tracey indicated that they are, as the IQA team is already working with services who are involved with data quality. Mr Thomas suggested that, whilst it will be possible to respond to the audit recommendations within the proposed timescales, achieving more widespread improvements in data quality may well take longer. In response to a request for clarity around accountability, Members noted that Mr Tracey, as Digital Director, has officer responsibility and, at Board level, the responsibility sits with Mr Thomas.

In terms of future and ongoing implementation, Mrs Marks emphasised that data quality is only as good as the data which is input. She enquired whether consideration is being given to how improved data quality might be achieved, including the use of Artificial Intelligence (AI). Mr Tracey drew Members' attention to his management response to Key Finding 3, which mentions exploring investment in automated data quality monitoring tools, these being a form of AI. In addition, for any new Health Board system being implemented, it is intended to include more stringent data quality checks than has been the case previously. For example, the new Patient Flow system has more data quality checks built in, so staff cannot move to the next stage without completing the information. Whilst this may hamper them initially, it will hopefully change the mindset and culture longer term. Consideration is also being given to communicating the impact of poor data quality/entry in one area, on workload elsewhere.

In response to a query around whether Internal Audit is content with the management response, Mr Lewis confirmed that they are. From a governance perspective, Mrs Wilson highlighted the need to strengthen statements around data quality in the Digital, Data and Innovation Committee Terms of Reference. With regard to Key Finding 4, she also noted reference to an Information/ Intelligence Strategy, and requested – for consistency across the Health Board – that the terminology 'Strategic Plan' be used in such instances. Mr Davies wished to record that this topic is regularly discussed at the Information Governance Sub-Committee, and that HDdUHB is the second best in Wales in terms of Clinical Coding quality. He felt this distinction was important. He also agreed, however, that the importance of data quality processes must be emphasised across the organisation.

Due to this being a Limited Assurance report, Members noted that there will be a follow-up audit.

Decision: The Committee **NOTED** the Data Quality (Limited Assurance) Internal Audit report.

The Committee agreed to **ADVISE** the Board in relation to the Data Quality (Limited Assurance) Internal Audit report, due to the findings and concerns highlighted therein.

Mr Anthony Tracey left the Committee meeting.

AC(25)15 **Financial Management**

DEFERRED to 15 April 2025 meeting

AC(25)16 **Performance Management Arrangements**

DEFERRED to 15 April 2025 meeting

AC(25)17 **Executive Team Working**

DEFERRED to 15 April 2025 meeting

AC(25)18 **Elective Waiting List Management**

DEFERRED to 15 April 2025 meeting

AC(25)19 **Learning Lessons**

DEFERRED to 15 April 2025 meeting

AC(25)20 **Medical Workforce (Medical Locums Planned Care)**

DEFERRED to 15 April 2025 meeting

AC(25)21 **Financial Assurance Report**

Mr Thomas introduced the Financial Assurance Report, indicating that this is of the standard format. He wished to highlight in particular Figure 3, which details the positive progress in reducing Single Tender Actions (STAs). Less positive is the list of breaches of Standing Financial Instructions (SFIs), which is reported for the first time. The background to this is that representatives from the Procurement team attended a Sustainable Resources Committee meeting, at which the issue of breaches of SFIs was mentioned. Mr Thomas had been alerted to the fact that these have not been reported to ARAC, so had requested the team to produce a retrospective list of breaches in excess of £5k from the beginning of the current financial year. The list also includes actions to mitigate and avoid recurrence of breaches. Finally, the write-off of one loss over £5k, relating to a debtors invoice in respect of an Overseas Patient, is presented for approval.

With regard to the breaches of SFIs, Mr Davies enquired whether any have raised particular concern. In response, Mr Thomas highlighted Estates and Facilities, which is being discussed with the department. These are generally lower-level breaches. In respect of 2.3.1, Overpayments of Salaries, Mr Davies noted that

a number of these result from process issues. He enquired whether the automation of payroll systems mentioned some time ago is being taken forward or whether this has been suspended. It was confirmed that automation was still being progressed. Referencing Figure 4, Mr Thomas noted that the number and value of overpayments of salary showed an increase in December 2024, which has continued into January 2025. He is trying to establish the reason for this and address it with managers. His next set of meetings with those managers responsible for most salary overpayments is scheduled; at these, Mr Thomas will be clear on the impact and establishing the actions being taken to avoid recurrence.

With regard to 2.6.1, Compliance with VAT Requirements, Mr Davies requested clarification around the cost to the Health Board of tax advisors and whether they provide good value for money. Mr Thomas explained that tax advisors are employed on a contingency basis, with a percentage fee paid on recovery of monies. Where there are opportunities to save is ensuring that lessons are learned from the times they are used. The Health Board also now has an 'in-house' tax accountant who contributes in this respect. Referencing Appendix 1, Mr Davies noted use of the statement 'This contract award does not allow for an extension' in a number of instances. He queried this, in view of the fact that a number relate to hardware and software provision, which the Health Board is unlikely to be ceasing use of. Mr Thomas advised that most of these contracts are digital. He has requested that Mr Tracey looks to consolidate all digital contracts into the control of Digital Services. A similar process has already been applied to Mental Health and Learning Disabilities (MHLD) contracts. This enables larger, longer-term contracts, with the aim of reducing overall spend. In the interim, annual contracts are being awarded on framework. He agreed, however that the aim would be for fewer, but longer, higher-value contracts which provided better value for money.

Referencing 2.2.1, Invoices on Hold, and the increase in these, Cllr. Evans queried actions being taken to address this issue. Members noted that the biggest single contributor to the numbers of Invoices on Hold is Just Wales Ltd. There are questions around value for money, and it is anticipated that the Health Board will move to another supplier for courier services. Another of the suppliers, Totally Welsh, provides food and these invoices are low value. Members were assured that Procurement is working on this issue. Cllr. Evans requested and received confirmation that the two contracts mentioned in 2.2.5, Consultancy Contracts, were approved at Board.

For assurance, Cllr. Evans advised that he, Mr Thomas and Mrs Wilson had met to discuss the issue of SFI breaches. Mr Thomas committed to ensuring that there is education around this area, and that the correct procurement processes are in place. With the new operational structure, consideration will need to be given to the 'owners' of contracts. Some single suppliers have activity

across various parts of the Health Board. Despite this, there needs to be one identified operational owner of the contract. Mr Thomas is taking this work forward with Mr Carruthers' team.

The Committee agreed to **ADVISE** the Board in relation to the SFI breaches, noting the mitigation around work being undertaken with the operational team.

Decision: The Committee:

- **DISCUSSED** the addition of reporting on breaches of SFIs, which are reported for the first time
- **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
- **DISCUSSED** staff overpayments and **TOOK ASSURANCE** that actions to control them are sufficiently embedded
- **APPROVED** the write-off of loss exceeding £5,000
- **SCRUTINISED** the award of contracts listed

AC(25)22 **Annual Statement of Financial Procedures**

Decision: The Committee **NOTED** the Annual Statement of Financial Procedures.

AC(25)23 **Counter Fraud Update**

Mr Ben Rees introduced the Counter Fraud Update report, highlighting the issue of whether the existing Counter Fraud E-Learning package needs to remain mandatory. At a meeting last week, it had been decided that it should remain mandatory for new members of staff; however the requirement to renew certification every three years will be removed. To address any risks associated with this change, it is proposed that a refresher programme be included within the team's Inform and Involve work and that the online training package continue to be mandated for specific groups such as Procurement Officers. Referencing Appendix 1, the Audit Wales National Fraud Initiative Self-Appraisal Checklist, Mr Rees emphasised that completion of this will require the assistance of others across the organisation. The work will, however, be led by Counter Fraud, in partnership with Shared Services, and has already commenced. A report on progress will be shared In-Committee, with the aim of completing this by the end of Quarter 2 of next year.

With regard to the latter, Cllr. Evans highlighted question 11 'Have we documented our approach for risk assessing data match reports and investigating data matches?' and the answer of 'No'. Mr Rees explained that the process of what the organisation aims to achieve has been assessed and is documented. However, the body of work involved will need to be undertaken in partnership

with finance and other colleagues, spearheaded by Counter Fraud. On the same report, Mr Davies noted the intention to match data from different organisations, and assumed that this has been subject to the relevant data sharing protocols. He queried what sort of data the Health Board is being asked to produce and whether there are any problems in doing so.

Mr Rees confirmed that the data was matched and supplied to the Cabinet Office by Audit Wales last year. The data submitted relates to payroll and procurement. The data was matched on organisations' behalf and the results provided back to them. It will be this which is used to take the work forward. Returning to earlier discussions around data quality, Mr Rees noted reliance on the data received, which is derived from ESR. The exercise will provide an opportunity for the Health Board to identify potential issues around data on leavers, as it should identify who is leaving the Health Board and joining other public sector organisations. The data can be analysed for potential future improvements with regards to data quality on ESR and how this could be utilised going forward. Mr Thomas advised that there is a great deal of data comparators and cross-checking being undertaken as part of this work. For example, comparing public sector payroll data to Companies House data on company directors, and benefit claims.

Mrs Marks noted the planned exercise around 'Two workers, one shift' and enquired whether this was a widespread issue. In response, Mr Rees advised that there have been two instances reported recently. Detection is very much reliant on local checks; therefore Counter Fraud are reinforcing the message with the Nurse Bank and others. The risk is deemed relatively low, due to local controls. Mr Thomas indicated that it is less of a risk now, with lower nurse agency usage.

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

AC(25)24 **Audit Tracker**

Professor Philip Kloer joined the Committee meeting.

Mrs Wilson advised that Professor Kloer had been requested to attend for this item due to concerns raised at the previous meeting around the number of outstanding recommendations.

Miss Charlotte Wilmshurst introduced the Audit Tracker report, advising that there are a few concerning trends contained therein. The number of overdue reports has increased from 54 to 71; the number of red (overdue) recommendations has increased from 242 to 274; the number of recommendations without revised timescales has increased from 106 to 157. Further analysis is provided within the report. A breakdown by service is provided from page 8 of the report and the escalation status of services on page 10. Five directorates are in Level 3 escalation for the

Governance domain: Director of Operations, MHLD, Pathology, Radiology and Planned Care. Members were assured that support is being provided to directorates. Mrs Wilson advised that, due to concerns around recommendations going beyond due dates, Facilities are also to be escalated to Level 3.

Cllr. Evans reported that he had met with the Chief Executive to express his concern around the issue of outstanding audit recommendations and a lack of traction in this area. This dialogue had been positive, and he requested an update on progress. Professor Philip Kloer thanked ARAC for the invitation and recognised that this is an unacceptable position, with too many recommendations overdue. There have also been a number of recent Limited Assurance Internal Audit reports, following a Limited Assurance Head of Internal Audit Opinion last year. Professor Kloer, Mrs Wilson and Miss Wilmshurst have met with key Executive Directors to discuss each of these issues. He had left this meeting feeling more positive. Professor Kloer suggested that the organisation sometimes does not recognise that there are actions which involve factors outside its control. In such cases, it needs to be more proactive in flagging this. It also needs to ensure that recommendations and agreed actions are realistic, and that they have realistic timescales. Members heard that a report will be submitted to an Executive Team meeting. It is also intended that those directorates in Level 3 escalation with overdue recommendations are required to attend ARAC, to provide the necessary scrutiny. Professor Kloer would also hope to see improvements in those areas which have returned Limited Assurance Internal Audits; however, this remains to be seen.

With regard to MHLD, given the number of outstanding recommendations, the significance of the number of actions to be implemented has been recognised. Mrs Wilson advised that all are to be reviewed, and it will be determined how to take this forward. Should changes to recommendations be required, this will need to be agreed at ARAC. Mr Thomas, who chairs the internal escalation process and DITS, stated that, whilst it is disappointing to be in this position, it should be acknowledged that some directorates are being de-escalated. It is important to reflect on the effectiveness of the escalation process and develop new proposals which align with the new operational structure.

Cllr. Evans agreed that directorates are effectively ‘setting themselves up to fail’ if they set unrealistic actions or completion dates. Professor Kloer pointed out that the latter can always be challenged if they are considered too far ahead. Behind everything is and should be the aim of improving patient care and recognising that the Health Board is an organisation in Targeted Intervention (TI). Mrs Wilson added that recommendations should also be challenged if directorates feel that they are inappropriate, or the capacity to fulfil them is not available. This applies not only to Audit Wales and Internal Audit recommendations, but also to Healthcare Inspectorate Wales and other regulators.

Referencing earlier discussions, Mr Davies queried why Facilities is not red RAG rated for escalation. Mrs Wilson and Miss Wilmshurst explained that the report represents a point in time, at which the position had looked better; however, it has since deteriorated. Noting the 869 recommendations under this department, Mr Davies enquired whether any prioritisation or risk assessment process is applied, to target those which will make the most significant difference to patient care, for example. When advised that there is no such prioritisation, it was suggested that this should, perhaps, be encouraged.

Echoing earlier comments, whilst acknowledging that the merits of the new operational structure are clear, Mrs Marks expressed concern around the demands which will be placed on a relatively small group of managers as well as the small corporate teams who provide support. She emphasised the need for support, as well as grip and accountability, particularly during the transition between the current and new structures. Mrs Marks noted that information around outstanding recommendations is publicly available and subject to Freedom Of Information (FOI) requests, and suggested that it would be helpful to give consideration to further explanation of the external perception. On the first matter, Professor Kloer agreed that this is a concern, and is an issue of which Mr Carruthers is aware. However, following the meeting mentioned above, he felt that there are plans in place in relation to most of the Limited Assurance Internal Audits. The plans supporting this progress appear to be, in the main, independent from the new operational structure. In response to a query around whether any other interventions should be applied, Mrs Wilson suggested that this be reviewed following the next exercise with services. It was agreed, however, that an update on implementation of the new operational structure should be provided to the next meeting. **AC**

Decision: The Committee **TOOK ASSURANCE** on the rolling programme to collate updates from services in order to report progress to the Committee, including the revised performance management arrangements.

AC(25)25 **Minutes of the Meeting held on 10 December 2024**

Decision: RESOLVED – the Minutes from the meeting held on 10 December 2024 were approved as an accurate record.

AC(25)26 **Table of Actions**

An update was provided on the Table of Actions from the meeting held on 10 December 2024 and confirmation received that outstanding actions had been progressed. In terms of matters arising:

AC(24)171 – Cllr. Evans queried the extended timescale for this action. Mrs Wilson advised that release of the National Audit of Inpatient Falls data is anticipated to be April 2025. If not resolved by that point, this will be addressed.

AC(24)200 – Mrs Wilson advised that this reporting is now scheduled for the relevant committees; this action can be closed.

AC(24)198 – Members heard that Mrs Wilson, Mr Thomas, Ms Daniel and Mr Mark Henwood met on 10 February 2025. Mr Thomas reported the outcomes of this meeting:

- A Quality Impact Assessment (QIA) will be undertaken where there is non-participation in a mandatory clinical audit
- Under the revised governance arrangements, in each CCG, the annual clinical audit plan will be presented, national clinical audit recommendations and findings will be discussed
- Outcomes and participation compliance will be escalated to IQFPDG before any reporting to the Quality, Safety and Experience Committee (QSEC) or any Board Committee
- The aim being that the CCGs can demonstrate grip and control over the process they have in place

This work is being led by Ms Daniel.

AC(25)27 **Matters Arising not on Agenda**

There were no other matters arising.

AC(25)28 **Escalation Status Update Report**

Mr Lee Davies and Mr Shaun Ayres joined the Committee meeting.

Mr Lee Davies presented the Escalation Status Update Report, which he hoped was self-explanatory. Key highlights are drawn out, including the criteria assigned to ARAC, which contain no 'Alert' items. The report also provides updates on the 'Alert' items across other Board level Committees, which are mainly around finances and key performance areas, particularly Urgent and Emergency Care.

Mr Shaun Ayres noted that the report details nine 'Alert' items, which has subsequently reduced to seven, since the report was prepared. The two which have been changed to 'Advise' are Criterion 4 and 6, which are around the ability to meet Welsh Government expectations within the Plan. It is anticipated that the Health Board will achieve (if not exceed) the Control Total requirement, and identify £17m of £20m of savings for next year. These will, however, need to be monitored. Mr Ayres counselled that there is a potential risk in terms of capability and capacity; there is a significant programme of planning work in addition to

those around the Clinical Services Plan, etc. Consideration will need to be given to how this is resourced and prioritised. It needs to be undertaken in a financially sustainable manner, with cognisance around the consequences for other programmes of work. Thought also needs to be given to succession planning for key roles.

Thanking Mr Ayres for his report, Cllr. Evans enquired whether TI reporting has improved. In response, Mr Ayres suggested that the main area requiring focus is the TI Tracker. He explained that the premise behind this is that the 55 TI de-escalation criteria are updated by the relevant Lead Executive. The expectation is that evidence is provided to validate these updates. It is this process which needs to be improved. Following up on this point, Cllr. Evans enquired whether all elements of the TI Tracker are updated prior to consideration by Committees, to which Mr Ayres suggested that this needs to be more robust. Agreeing, Mrs Wilson felt that consideration should be given to how Executive Directors can support Mr Ayres, if he is not receiving updates in a timely fashion.

Mr Lee Davies emphasised that it is not desirable for TI to become an overly bureaucratic process. The Health Board needs to explore with Welsh Government whether there are areas where tracking can be stood down. Professor Kloer wished to highlight that there is a difference between statutory duty, de-escalation criteria and the Health Board's own ambitions as an organisation. In many cases, the latter is higher. Referencing Criterion 34: Demonstrate that all external recommendations (Royal Colleges, HIW, etc.) are discharged, verified, or scheduled under the longer-term improvement plan, Mr Maynard Davies suggested that this illustrates the importance of earlier discussions around outstanding audit/regulator recommendations. Mrs Wilson concluded by assuring Members that the TI Criteria have been reviewed to reflect the new Committee structure.

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

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

AC(25)29 **Targeted Intervention Governance (Reasonable Assurance)**

Members noted that the purpose of this review was to assess and provide independent assurance over the effectiveness of governance arrangements in place for the closure of Targeted Intervention (TI) actions. Professor Kloer thanked the Internal Audit team for their work, drawing Members' attention to the management response to recommendations. Mr Lee Davies felt that the report's findings were, overall, positive; noting that there were a couple of areas identified for consideration.

In response to a query around whether completion dates are realistic, Mr Ayres suggested that – if ARAC is satisfied with the new Escalation Status Update report format, with the addition of one further slide – the action for Key Finding 1 can be closed. He was confident that both can be closed by the proposed completion dates. Members noted that, again, this area links with the new operational structure.

Decision: The Committee **NOTED** the Targeted Intervention Governance (Reasonable Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Targeted Intervention Governance (Reasonable Assurance) Internal Audit report.

Professor Philip Kloer, Mr Lee Davies and Mr Shaun Ayres left the Committee meeting.

AC(25)30 **ARAC Workplan 2024/25**

Decision: The Committee received and noted the Audit Work Programme 2024/25, which would be updated in line with discussions and to align with Audit Wales and Internal Audit Plans.

AC(25)31 **Any Other Business**

There was no other business reported.

AC(25)32 **Matters and Risks for Escalation to the Board**

As noted.

AC(25)33 **Date and Time of Next Meeting**

9.30am, 15 April 2025