

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

Date and Time of Meeting:	9.30am, Thursday 20 June 2023
Venue:	Board Room, Ystwyth Building, St David's Park, Carmarthen and via Microsoft Teams

Present:	Cllr. Rhodri Evans, Independent Member (Interim Committee Chair) Mr Winston Weir, Independent Member (Committee Vice-Chair) (VC) Mrs Judith Hardisty, Vice-Chair, HDdUHB
In Attendance:	Ms Anne Beegan, Audit Wales (VC) Mr James Johns, Head of Internal Audit, NWSSP Ms Sophie Corbett, Deputy Head of Internal Audit, NWSSP (VC) Mr Martyn Lewis, Internal Audit, NWSSP (VC) (part) Mrs Joanne Wilson, Director of Corporate Governance/Board Secretary Mr Huw Thomas, Director of Finance Mr Ben Rees, Head of Local Counter Fraud Services Ms Claire Bird, Assurance and Risk Officer, deputising for Miss Charlotte Wilmshurst, Assistant Director of Assurance & Risk Ms Jill Paterson, Director of Primary Care, Community & Long Term Care (part) Mr Steven Hughes, Deprivation of Liberty Safeguards Coordinator (VC) (part) Ms Mandy Davies, Assistant Director of Nursing & Quality Improvement (VC) (part), deputising for Mandy Rayani, Director of Nursing, Quality & Patient Experience Mr Ian Bebb, Clinical Audit Manager (part) Mr Stefan Bajada, Clinical Director for Clinical Audit and Consultant in Trauma & Orthopaedics (VC) (part) Mr Lee Davies, Director of Strategy & Planning (VC) (part) Mr Jason Wood, Major Capital Development Manager (VC) (part) Mr Keith Jones, Director, Secondary Care (VC) (part), deputising for Mr Andrew Carruthers, Director of Operations Ms Diane Knight, Service Delivery Manager for Theatres/DSU/PAC (VC) (part), deputising for Gareth Rees, Deputy Director of Operations Mr Steven Bennett, Health Records Manager (VC) (part), deputising for Gareth Rees, Deputy Director of Operations Mr Anthony Tracey, Digital Director (VC) (part) Mrs Lisa Gostling, Director of Workforce & OD (part) Ms Clare Moorcroft, Committee Services Officer (minutes)

Agenda Item	Item	
AC(23)109	Introductions and Apologies for Absence Cllr. Rhodri Evans, Audit & Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Apologies for absence were received from: <ul style="list-style-type: none"> Mr Maynard Davies, Independent Member Mr Steve Moore, Chief Executive Mr Andrew Carruthers, Director of Operations 	

	<ul style="list-style-type: none"> • Mrs Mandy Rayani, Director of Nursing, Quality & Patient Experience • Miss Charlotte Wilmshurst, Assistant Director of Assurance & Risk • Mr Gareth Rees, Deputy Director of Operations • Ms Lydia Davies, Service Delivery Manager, Orthopaedics 	
AC(23)110	Declaration of Interests	
	No declarations of interest were made.	
AC(23)111	Minutes of the Meetings held on 18 April and 11 May 2023	
	RESOLVED – the Minutes from the meetings held on 18 April and 11 May 2023 were approved as an accurate record.	
AC(23)112	Table of Actions	
	<p>An update was provided on the Table of Actions from the meetings held on 18 April and 11 May 2023 and confirmation received that outstanding actions had been progressed. In terms of matters arising:</p> <p>AC(23)04 – Mrs Judith Hardisty, noting the update for June that the ‘Strategic Review Phase 2 work has now concluded and a business case for potential platform replacement is being prepared for submission to Welsh Government’, queried where this business case was being scrutinised and approved within the Health Board. In response, Mr Huw Thomas advised that the submission to Welsh Government does not require approval; what will require approval is whether the system is deployed within the Health Board, although any associated business case will require Board approval.</p> <p>AC(23)54 – welcoming the comprehensive update around HDD-STA-628, for single source procurement of a Echosens Fibro scanner, Mrs Hardisty enquired whether this had been considered by any forum other than ARAC. Mr Thomas explained that, whilst it had not, it had been through the appropriate/required governance processes for an STA.</p> <p>AC(23)54 – Mrs Hardisty queried the award of the Consultation Institute contract being via the East of England NHS Collaborative Procurement Hub. Members heard that NHS organisations are able to utilise any procurement framework approved by the NHS throughout the UK, as this will have been subject to a national approval process. Mr Thomas accepted that even this was not reflective of best practice – which would be procurement via tender – and emphasised that such requests are always challenged.</p> <p>AC(23)54 – referencing Appendix 1, Cllr. Evans reminded Members that any expenditure exceeding £25k requires Board approval. Whilst the information provided is extensive, this had been requested by the Committee and it is important to have received clarification. Mr Thomas suggested that the most relevant information is probably contained on page 11, which provides a definition of consultancy and professional services.</p> <p>AC(23)101 – it was noted that information regarding the Scanning project Business Case had not yet been received. Mr Winston Weir</p>	

	<p>reminded Members that this action had arisen from the findings of the Internal Audit that 'There has been no full and detailed cost benefit analysis for the overall digitalisation programme.' In response, Mr Thomas assured the Committee that he has put in place a process to capture cost benefits, as part of the revised savings reporting to the Sustainable Resources Committee (SRC), and that he will ensure this data is included. As a result, it was agreed that this action could be closed.</p> <p>Completed actions would be removed from the Table of Actions.</p>	HT
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AC(23)113	Matters Arising not on the Agenda	
	There were no matters arising.	

AC(23)114	<p>Escalation Status Update</p> <p>Mr Thomas presented the Escalation Status Update report, explaining that this comprises two sections: an update in relation to the Joint Executive Team (JET) meeting held with Welsh Government on 19 May 2023 and an update on the activities of the Escalation Steering Group (ESG). The latter is an internal Health Board group, chaired by the Chief Executive, and the notes of the meeting held on 31 May 2023 are appended for information, as previously agreed. The discussions at that meeting probably reflect a point in time at which the organisation was transitioning to a 'thematic' approach, which has now largely concluded. This has resulted in seven 'master actions' in relation to Targeted Intervention, which were discussed at the most recent ESG meeting on 7 June 2023. Appendix 2 is the response from the NHS Wales Chief Executive following the JET meeting. This had been a 'rounded' and positive meeting and the letter reflects this, together with Welsh Government's ongoing areas of focus and concerns. The next quarterly meeting with Welsh Government is scheduled for 21 June 2023; a presentation has been prepared for this meeting, which would be shared, together with ESG notes.</p> <p>Mr Weir observed that the ESG notes convey the scope of the work being undertaken and welcomed the comprehensive update following the JET meeting. It was felt that the information on page 4 of the report in particular articulates well the Health Board's position. On page 2 of the report, Mr Weir noted reference to support from the Financial Delivery Unit (FDU), requesting an update in this regard, and queried the 'specific finance interventions' mentioned. Mr Thomas explained that this encompasses ongoing work, and that FDU support could be viewed more in terms of scrutiny. Members were assured that the Health Board has responded to all of Welsh Government's requests for information and, as a result, there is nothing outstanding which requires further clarification. Indeed, HDdUHB has been able to provide exemplars which are now being utilised by Welsh Government with other Health Boards. It was noted that there are now seven Health Boards unable to achieve financial balance; HDdUHB is no longer an outlier in this respect. Welsh Government is undertaking the same process with these organisations as it did with HDdUHB previously.</p>	JW
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	The Committee NOTED the Escalation Steering Group notes from the meeting held on 31 May 2023, the update from the JET meeting held 19 May 2023 and the response from the Chief Executive NHS Wales.	
AC(23)115	Review of HDdUHB Standing Orders (SOs) and Standing Financial Instructions (SFIs)	
	Mrs Joanne Wilson introduced the Review of HDdUHB Standing Orders (SOs) and Standing Financial Instructions (SFIs) report, advising that amendments are summarised within the covering SBAR. Members heard that further Welsh Government amendments to the Model Standing Orders are awaited, as a result of the disbanding of Local Community Health Councils (CHCs). ARAC is requested to consider interim recommendation to Board for approval at its July 2023 meeting.	
	Mrs Hardisty enquired regarding the consequences in terms of the Annual General Meeting and sign-off of the Annual Report/Annual Accounts, should Welsh Government amendments not be received. In response, Mrs Wilson explained that a temporary variation order has already been granted in this regard. The issue is around amendments required as a result of changes to CHCs and the introduction of the Duties of Quality and Candour.	
	The Committee RECOMMENDED the revised version of HDdUHB's Standing Orders and Standing Financial Instructions to the Board on 27 July 2023 for approval.	
AC(23)116	Notification of the Annual Review of the Committee's Self-Assessment of Effectiveness	
	Mrs Wilson presented the Revised Annual Report and Self-Assessment Process for 2023/24 report, which follows discussion of this matter at a recent Board Seminar. Members heard that the new process will be trialled by the Quality, Safety & Experience Committee (QSEC) in October 2023.	
	Mrs Hardisty wished to highlight that the Mental Health Legislation Committee (MHLC), which she Chairs, is not currently serviced by the Corporate Governance team. This will make it challenging to undertake the proposed process and Mrs Hardisty requested that the implications are discussed in more detail with the MHLC Executive Lead, Mr Andrew Carruthers.	JW
	The Committee TOOK ASSURANCE from the refreshed approach to the Annual Report and Self-Assessment process for 2023-24.	
AC(23)117	All Wales NHS Audit Committee Chairs' Meeting Update	
	The Committee NOTED the All Wales NHS Audit Committee Chairs' Meeting Update.	
AC(23)118	Execution of the Contract for the Construction of the Day Surgery Unit, Prince Philip Hospital	
	<i>Mr Lee Davies and Mr Jason Wood joined the Committee meeting.</i>	
	Mrs Wilson introduced the Execution of the Contract for the Construction of the Day Surgery Unit, Prince Philip Hospital (PPH) report. The report outlines a breach of Standing Orders, which Health	

Board officers are duty-bound to report to ARAC. Mr Lee Davies confirmed that there had been a breach of Standing Orders, explaining that this had occurred as a result of various factors, including the speed at which this contract had been agreed in order to begin the project at pace, the timing of the agreement being over the Christmas period and the fact that an external Project Manager had been charged with bringing the contract to Health Board Headquarters. The contract has been inappropriately signed by officers who did not have authority to undertake this action leading to the seal not being applied at all. These various factors had contributed to what was, fundamentally, a breakdown in process as a result of human error. Once the breach had become evident, the best course of action to mitigate risks was considered. It was recognised that this situation should not have occurred and that it should be reported to ARAC. Members were assured that measures have been put in place to avoid a recurrence.

Cllr. Evans noted that there were warranty implications involved with the common seal not having been applied and requested further detail. Also, assurance that lessons have been learned and processes put in place to avoid a repetition of this situation. In response, Mr Jason Wood explained that the main difference is that a Deed has a limitation period of 12 years (the period when a party can make a claim for breach of contract) and a simple contract is six years from the date the cause of action accrued. He stated, however, that he had not been involved in a late defect claim during his time with the NHS. Mr Weir noted that the breach had become apparent on 15 January 2023 and queried why it had taken until June for ARAC to receive a report. In mitigation, Mrs Wilson explained that the Health Board had been working with its legal advisors during ongoing discussions with the contractor regarding potential compensation for delays which had occurred. Until discussions had concluded, it would have been inadvisable to bring a report to ARAC. Members were assured that information has been presented at the earliest opportunity possible.

Mrs Wilson wished to emphasise that the Health Board has in place an extremely robust process for application of the common seal. In this instance, due process had not been followed. Mrs Wilson was unable to explain why, as the Corporate Governance team had not been involved; if they had, the standard advice regarding process and protocols would have been given. Mr Davies confirmed that this was the case, and that a recognised process is in place, which has been reinforced within the relevant areas of the organisation. Whilst disappointed that this situation had occurred, Mr Davies assured Members that it was an isolated incident and was confident that it would not be repeated. Members were also informed that the Health Board Chair, Chief Executive and previous Chair of ARAC had been briefed regarding the breach of Standing Orders as soon as it had become apparent. Miss Maria Battle confirmed that this was the case.

In response to a query around whether there should be a review of the process for applying the common seal, Mrs Wilson reiterated that there is a defined and robust process in place; however, would be happy for the Head of Internal Audit to conduct a review. Whilst Mr Weir took assurance from the information provided, he expressed concern that

	<p>there might be other breaches of which the organisation is not yet aware. Mrs Hardisty, as Health Board Vice-Chair, confirmed that there is a robust process in place, overseen by the Corporate Governance team. Clarification was requested around why – with the contract having been approved by the Board in November 2022 – there had been insufficient time to organise appropriate application of the common seal, following due process, prior to the Christmas period. Mrs Hardisty suggested that there needs to be a clear directive that, as soon as a contract is agreed by the Board, those responsible arrange for the common seal to be applied appropriately. Mr Wood agreed, assuring Members that Health Board staff are now fully aware of the process for agreeing contracts. The issue in this instance had been that the individual involved was external and not familiar with Health Board processes; this was a governance and project control issue. During further discussion, it was clarified that the external individual was an external Project Manager acting on the Health Board’s behalf, not the contractor themselves. Mrs Hardisty emphasised that this demonstrates the need for all such individuals to be fully briefed regarding governance requirements and processes.</p> <p>It was agreed that Mrs Wilson and Mr James Johns would discuss and review the current process in place for the signing of contracts, to ensure that it is as robust as possible. Cllr. Evans thanked all of those involved for their candour and openness.</p> <p><i>Mr Lee Davies and Mr Jason Wood left the Committee meeting.</i></p>	<p>JW/JJ</p>
	<p>The Committee NOTED, and REPORTED to the Board, the Health Board’s decision to mitigate the breach of Standing Orders by proceeding with the JCT Design and Build Contract 2016 dated 23 December 2021 between the Health Board and Vanguard for the construction of the Day Surgery Unit in Prince Philip Hospital, as a simple contract, with a limitation period of six (6) years from the date the cause of action accrued.</p>	

<p>AC(23)119</p>	<p>Counter Fraud Update</p> <p><i>Mr Ben Rees joined the Committee meeting.</i></p> <p>Mr Ben Rees provided an update on the Counter Fraud work completed within the Health Board, drawing Members’ attention to the link to the latest Counter Fraud Newsletter shared via Teams. The Newsletter includes a focus on overpayment of salary, to raise staff awareness, information around mileage expenses claims, and recent fraud cases, including a medical professional who had obtained employment without possessing the relevant qualifications. A risk assessment exercise is being conducted in the area of recruitment, recognising the importance of pre-employment checks. The Counter Fraud team is planning to undertake further risk assessments around over/underpayment of salary. Finally, proactive work in relation to nursing/off-framework agency usage has commenced.</p> <p>The report was commended for its clarity. It was highlighted that the issue of use of off-framework agencies had been discussed at the People, Organisational Development & Culture Committee (PODCC) held on 19 June 2023. Mr Weir queried the source of the referral for this</p>	
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	<p>work and the degree of confidence in findings. In response, Mr Rees advised that it had originated from a Counter Fraud investigation and assured Members that there are controls and defined processes in place in order for off-framework agency staff to be utilised. There is an issue around the importance of how financial information is reported, which is the focus of a multi-agency exercise with the Finance team.</p> <p><i>Mr Ben Rees left the Committee meeting.</i></p>	
	<p>The Committee RECEIVED for information the Counter Fraud Update Report and appended items.</p>	

AC(23)120	Financial Assurance Report	
	<p>Mr Thomas presented the Financial Assurance Report, noting that this is of the standard format, and highlighting in particular:</p> <p>2.2.1 Breaches of the No PO, No Pay Policy This demonstrates an increasing trend, both in value and numbers, which suggests breaches of process and protocols. Mr Thomas has requested that the Finance team undertakes a proactive exercise in this area.</p> <p>2.2.3 Single Tender Actions A summary of the Single Tender Actions (STAs) presented to the Committee during the previous 12 months is appended to the report. It is pleasing to note that there have been none for two months.</p> <p>2.3.1 Overpayment of Salaries This remains a persistent issue, with a gradually increasing trend. Whilst the average repayment period is fairly static, the balance outstanding continues to increase. The Health Board is taking forward with NHS Wales Shared Services Partnership (NWSSP) the issue of digitalisation of payroll processes.</p> <p>2.4.1 General Losses and Special Payments The Committee is requested to approve one write-off; this comprises an unusually high overpayment of salary totalling £14,262 made between April 2016 and April 2017. The debtor had been pursued by CCI; however, had been declared bankrupt and so, disappointingly, the debt could not be recovered.</p> <p>2.6 Compliance with Tax Requirements Ernst & Young (EY) have been formally appointed as Tax Advisors to the Health Board. Further to earlier discussions, this appointment falls very much into the 'professional services' category, in that EY will be undertaking a specific technical task. Such appointments are generally on a 'recovery fee' basis, ie payment on recovery of tax on the Health Board's behalf.</p> <p>2.7 Compliance with reporting requirements The Annual Accounts process remains ongoing. As would be expected, there is a particular focus on accruals; however, nothing of concern has been raised to date. Members of the Finance team meet with Audit Wales staff on a weekly basis.</p>	

Cllr. Evans enquired whether there are mechanisms in place to mitigate against, as far as possible, debtors avoiding repayment. In response, Mr Thomas explained that if overpayments are made to current members of staff, a repayment plan would be negotiated. The individual mentioned above had left the Health Board's employment and civil recovery had, therefore been the only recourse. Referencing the list of suppliers on page 2 of the report, Mrs Hardisty enquired whether any of these were via All Wales contracts or whether all were Health Board arrangements. Whilst recognising there are limited alternatives to, for example, Royal Mail, Mrs Hardisty queried whether any sanctions are applied prior to a decision not to use that supplier again. Mr Thomas explained that these are generally low level transactions, but over an extended period. Once the new 'Hybrid Print and Post' process is implemented, there will be an alternative to Royal Mail. It was agreed that a different approach is required, and that sanctions or bans could be considered.

In regard to Appendix 1, Mrs Hardisty highlighted the scale of certain contracts awarded, for example Faculty Science Ltd for £659k, and queried how these are scrutinised/signed-off. In response, Mr Thomas advised that, whilst not approved at Board level, they are subject to a defined approval process. Also in relation to Appendix 1, now the STAs section, Mrs Hardisty highlighted HDDSTA-601 for Rotamap, querying why a system had been procured just for Glangwili General Hospital (GGH) and PPH. Mr Thomas explained that this STA had been scrutinised by ARAC during Quarter 1 last year and that this query had been raised at the time. The justification related to specific service needs and an exit strategy had been agreed. The system in question had now been replaced by the Allocate system. Mrs Hardisty welcomed this clarification, whilst requesting assurance that this arrangement will not be repeated after March 2024.

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Referencing the Direct Awards via Framework Agreement, Cllr. Evans reminded Members of earlier statements around any consultancy expenditure exceeding £25k requiring Board approval. It was suggested that the first two of these contracts, if not the third also, are consultancy, and Cllr. Evans requested assurance around the process and how value for money can be ensured. Mr Thomas advised that the third one of these (Faculty Science Ltd) had been awarded under the GCloud Framework, which is a recognised digital procurement framework. However, the new Head of Procurement has suggested that it is sub-optimal and it has been agreed that its use will be stopped with immediate effect. Members were assured that all contract awards are subject to a recognised approval process; however, Mr Thomas committed to ensuring that the optimal method of awarding contracts is followed, recognising that frameworks are not necessarily the most appropriate route. With regard to the contracts awarded to Curtins Consulting and DRAC Consulting, there was a need to move at pace in both these instances. Mr Thomas noted that, although both suppliers are called '...Consulting', they were actually providing professional services to the Health Board, based on the definition discussed earlier. Mr Thomas acknowledged that more robust processes are required, to avoid the use of direct award contracts in the future, and assured Members that these are being put in place.

Based on all of the foregoing discussions, Miss Battle requested that the Committee seek clarification around the GCloud Framework and contracts awarded. Also, that consideration be given to 'erring on the side of caution' when determining whether contracts comprise consultancy or professional services and that such proposals be presented to ARAC for scrutiny. Furthermore, Miss Battle requested that this information be provided retrospectively, to ensure absolute transparency. Mr Thomas emphasised that the processes which have been approved by the Committee are being followed, whilst accepting that there are areas of 'judgement'. Cllr. Evans agreed that there are areas of ambiguity, and that clarity is required. Mr Thomas committed to preparing a report outlining the issues requested for the August 2023 ARAC meeting. It was agreed that this report would include information on whether contracts had been awarded via frameworks, direct awards, and a review of all contracts awarded on the GCloud Framework. This would also be included in future Financial Assurance Reports. Furthermore, a review of these contracts to establish if these should have been treated as consultancy with a further review of consultancy vis a vis professional services. Mrs Wilson agreed to support with this review as this aligns to the consultancy review previously requested by the Chair.

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In respect of breaches of the No PO, No Pay policy, Mr Weir noted that the Health Board's Public Sector Payment Policy (PSPP) Compliance is very good and suggested that a delay in payment to those suppliers who frequently breach this policy may bring the matter into focus. It was also suggested that data on the volume, in order to assess the potential impact of such measures, would be useful. With regard to overpayment of salary, Mr Weir noted that there is potential for frequent failures in communication with Payroll, including late submission of forms. He wondered whether there is scope to raise awareness among managers and require them to respond to Payroll on a monthly basis, whether there is a change in staffing position or not. This would depend on the nature of the process/system. It would, however, potentially avoid the situation described above, where a bankrupt individual is being pursued for an outstanding debt. Finally, Mr Weir noted that there are STAs for the Carers Trust detailed on pages 11, 12 and 15 of the report, which are all classed as 'one off', for the same Directorate and totalling £426k.

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Mr Thomas agreed with Mr Weir's first two comments. In response to the STA query, Members were reminded that a report on this topic had been presented to ARAC at its meeting on 18 April 2023, by Mrs Lisa Gostling. It was emphasised that the Financial Assurance Report is intended to ensure transparency, with any contract awarded in excess of £25k being captured and presented to the Committee. Mr Thomas was not sure that this was the case at all Health Boards. Whilst recognising and commending this, Cllr. Evans emphasised the need to ensure value for money as well as transparency. It is hoped that the report mentioned above will provide further assurance in this regard.

The Committee:

- **DISCUSSED** and **NOTED** the report

- **APPROVED** the write-off of Losses and Special Payments over £5k noted within

AC(23)121

Independent Mental Capacity Advocate (IMCA) Services Single Tender Action

Ms Jill Paterson joined the Committee meeting.

Ms Jill Paterson presented the Independent Mental Capacity Advocate (IMCA) Services Single Tender Action report, reminding Members that there had been a request for her to account for signing this STA retrospectively. Whilst Ms Paterson acknowledged that neither the use of an STA nor the approval of this retrospectively was ideal, she wished to provide assurance around the governance involved. When originally presented with the STA in question, Ms Paterson had declined it, on the basis that a tendering process would be the most appropriate course of action. The request had been submitted late, and the Health Board had been informed that NWSSP Procurement Services were intending to develop an All Wales IMCA contract. Following delays in the latter, further discussions between the Directorate and Procurement, and further consideration, Ms Paterson had signed the STA. At the point it was considered by the Director of Finance, concerns had also been raised, prompting further discussions. As a result, time had passed and it was too late to enter into a tendering process for the year in question, which meant that a second STA was required. Ms Paterson apologised for this situation and assured Members that lessons had been learned, not least the need to set clear timescales for service procurement requirements. Work has now commenced on an All Wales procurement and the Health Board will be participating in this process.

Cllr. Evans requested clarification around the learning from this event, to ensure that it is not a regular occurrence. In response, Mr Thomas stated that such processes will naturally be incorporated into the Financial Assurance Report. It was reiterated that STAs are never the optimal route to procure services; however, this case is a transitional year. Mrs Wilson clarified that there will be a similar STA for the current year, as it is not possible to cease this service for vulnerable patients, however for future years the tender process will be followed. It was emphasised that Ms Paterson had been provided with erroneous information, which has now been corrected. Mrs Hardisty recognised that Health Board staff rely on advice from experts. It was highlighted, however, that the organisation is often in the position of waiting for All Wales processes to be implemented and can be disadvantaged as a result. Mrs Hardisty suggested that it would perhaps be pragmatic to take the approach of continuing with local arrangements unless specifically instructed otherwise. Such an approach would have avoided the situation described. Mr Thomas agreed that this happens regularly and that a decision on whether to continue or wait needs to be made. He confirmed that Ms Paterson had relied on advice from NWSSP which had, in this instance, been incorrect. A new procurement team with new leadership has since been put in place and the Health Board is receiving an improved service.

Ms Jill Paterson left the Committee meeting.

The Committee **TOOK ASSURANCE** that the Single Tender Action requests relating to the provision of IMCA services in 2022/23 and proposed for 2023/24 are appropriate while a national procurement process is in progress and which will be completed in time for the April 2024 renewal date.

AC(23)122	Clinical Audit Update and Forward Workplan	
	<p><i>Ms Mandy Davies, Mr Stefan Bajada and Mr Ian Bebb joined the Committee meeting.</i></p> <p>Mr Ian Bebb introduced the Clinical Audit Update and Forward Workplan report, highlighting that certain variabilities remain in terms of resources, which impact on national audit data collection and outcomes. There has, however, been some improvement since the previous report. Whilst the Clinical Audit team continues to experience staff shortages, it is utilising new technology to mitigate this as far as possible; this includes the Audit Management and Tracking (AMAT) Software. AMAT is a multi-functional software package, which is being used by a number of teams, including the Clinical Effectiveness team, and Mr Bebb was of the opinion that this platform will help to improve Clinical Audit. The Clinical Audit team is working with various other teams and taking steps to triangulate data to the greatest extent possible. Mandatory audits, set by Welsh Government, have largely been reinstated. Concerns arising from these are escalated and feature on Risk Registers. 36 mandatory audits are underway/planned. There had been a smaller number of local audits last year, although quality over quantity was a priority. None had been abandoned, although progress has been slower on certain audits. This year is seeing more local audits, with 41 plus planned. Shared learning has been facilitated via the Whole Hospital Audit meetings (WHAM) programme. All events have taken place as scheduled, in addition to smaller fora.</p> <p>Mrs Hardisty commended the report and the work undertaken by what is an extremely small team. Mrs Hardisty enquired whether any consideration has been given to more formally linking the Clinical Audit, Clinical Effectiveness and Quality Improvement teams, suggesting that this might assist in terms of resources. In response, Mr Bebb confirmed that the relationship with the Quality Improvement team is a close one, as they are each part of the same Directorate. Meetings take place on a weekly basis. The Clinical Effectiveness team is part of the Medical Directorate. Members were assured that there is proactive interaction, and that the Clinical Audit team is striving to establish more links. There is always more which could be done; however, Mr Bebb was confident that there were no barriers to effective working as a result of the current organisational structure. Via the Online Chat facility, Ms Mandy Davies stated that the Clinical Audit and Quality Improvement teams have been taking steps to connect their work, to ensure that they inform each other and are working towards the same priorities.</p> <p>Welcoming the positive report, Mr Weir stated that he was assured by the number of shared learning events being offered. There were a number of events for doctors and nurses, and Mr Weir enquired whether other healthcare professionals such as pharmacists and therapists are also involved. Mr Bebb advised that the programme of</p>	

	<p>events was mostly aimed at doctors, although there is a nursing element also. Members were assured, however, that pharmacy audits are conducted and that this group of staff is being actively engaged with currently. Audits are often undertaken by students and trainee pharmacists. Whilst Mr Bebb was unsure whether it would be feasible for all disciplines to be invited to the WHAM programme 'en masse', the Clinical Audit team is mindful of the need for a multi-disciplinary approach. Mr Stefan Bajada confirmed that steps are being taken to increase the number of pharmacy audits, including an antibiotic audit. The team is committed to ensuring the involvement of all professional groups and is taking this forward. The comment around the WHAM events was, however, acknowledged. Mr Weir welcomed these assurances and suggested that consideration could be given to widening participation in the WHAM programme for future years.</p> <p><i>Ms Mandy Davies, Mr Stefan Bajada and Mr Ian Bebb left the Committee meeting.</i></p>	
	<p>The Committee:</p> <ul style="list-style-type: none"> • TOOK ASSURANCE from the increase in clinical audit programme activity for 2023/24; • NOTED the low levels of clinical audit activity for 2022/23; • NOTED the continued development of the clinical audit function with the introduction of AMAT software; • TOOK ASSURANCE from the continuation of the majority of mandatory national audits and the processes followed for the escalation of concerns (without exceptions); • NOTED the current position of the 2022/23 and 2023/24 programmes, which will be available to view from July 2023; • TOOK ASSURANCE from the continued shared learning through WHAM; • NOTED the appointment of a new Clinical Director for Clinical Audit. 	
<p>AC(23)123</p>	<p>Audit Wales Update Report</p> <p>Ms Anne Beegan presented the Audit Wales Update Report, highlighting in particular progress with the Financial Audit process, which had identified no significant issues and is on track to report in July 2023. The national and local Orthopaedic Review reports are scheduled for discussion at today's meeting. Primary Care and Workforce Planning Reviews have been forward planned for the August ARAC meeting and findings have been shared with Executive Directors to inform Targeted Intervention discussions. Scoping is nearing completion for the Review of Operational Governance Arrangements across Service Directorates, with fieldwork due to begin in July 2023. An update on Structured Assessment from 2021 and 2022 is the next agenda item; Audit Wales is about to begin work in relation to Structured Assessment 2023 and will be observing various Health Board committees as part of this work. In terms of local work, as noted on page 9, risk-based discussions have taken place and a work programme is being developed. Finally, the Auditor General Forward Programme 2023-2026 appears later on the agenda.</p> <p>Cllr. Evans reiterated his request from a previous meeting that clarity be provided around planned local audit work, in order that the ARAC</p>	

	Workplan can be populated accordingly. Ms Beegan advised that the outcome of discussions with Executive Directors is being finalised, which will be followed by discussions with Internal Audit and the Director of Corporate Governance to agree the work programme. It was agreed that this information would be provided to the August 2023 ARAC meeting.	AB
	The Committee NOTED the Audit Wales Update	

AC(23)124	Structured Assessment 2022 - Management Response Update <i>Mr Lee Davies joined the Committee meeting.</i>	
	<p>Mrs Wilson introduced the Structured Assessment - Management Response Update report, drawing Members' attention to progress with the outstanding recommendations from Structured Assessment (SA) exercises in 2021 and 2022. All remain within target date.</p> <p>In response to an enquiry from Cllr. Evans, Mr Thomas and Mr Davies both confirmed that the recommendations for which they are responsible are on track for completion by the specified date. With regard to Recommendation 1 from SA2021, Mr Davies added that the finalised Welsh Government Peer Review report mentioned in Appendix 1 has now been received. The outcome of tomorrow's Targeted Intervention discussions with Welsh Government will also feed into SA discussions. Mrs Wilson advised that, based on discussions with Mr Carruthers, Recommendation 2 from SA2022 in relation to operational structure remains on track. Whilst comfortable with most of the timescales and responses provided, Mr Weir felt that the completion date for Recommendation 2 from SA2022 was rather protracted, given the original date. Mrs Wilson, on behalf of Mr Carruthers, explained that this was not an issue which could be resolved quickly, and may require a formal Organisational Change Process; it was emphasised that due process must be observed. Mr Carruthers has been in discussion with the Chief Executive and would be asked to provide an update.</p> <p>Members were assured that Audit Wales will also take a view, as part of the SA2023 process, on the Health Board's progress/position.</p> <p><i>Mr Lee Davies left the Committee meeting.</i></p>	AC
	The Committee DISCUSSED and CONSIDERED progress made in respect of the recommendations from the Structured Assessment 2021 (Phase 1) and 2022.	

AC(23)125	Workforce Planning Review	
	DEFERRED to 15 August 2023	

AC(23)126	Follow-up Review of Primary Care	
	DEFERRED to 15 August 2023	

AC(23)127	Orthopaedic Services Review (National and Local Audit Wales Reports and GIRFT Orthopaedics Report)	
	<i>Mr Keith Jones joined the Committee meeting.</i>	

Ms Beegan introduced the Orthopaedic Services Review item, noting that this includes consideration of two Audit Wales reports (national and local, together with the Getting It Right First Time (GIRFT) Orthopaedics Report. Members heard that the GIRFT report has been more 'visible' in HDdUHB than in other Health Boards, which is reassuring. The local Audit Wales report sets out a number of questions for Board Members to seek assurance on, and the Health Board has responded to these.

Mr Keith Jones drew Members' attention to the somewhat complex documentation provided, explaining that the management response and appended documents set out the Health Board's response to the Audit Wales national and local recommendations, along with an updated position statement with regard to the GIRFT review and report, which is more targeted towards variation in clinical practice. Mr Jones hoped that the extent of the report demonstrates the seriousness with which the clinical team treats these reports and stated that it represents a considered approach and response. It should be noted, however, that the operational response (post COVID-19 pandemic recovery) is somewhat constrained by resource limitations, both financial and workforce. Members were also advised that a regional plan for Orthopaedic clinical pathways is being discussed and developed.

In response to a query from Cllr. Evans, Ms Beegan confirmed that Audit Wales is content with the Health Board's response, with this described as 'comprehensive'. Mrs Hardisty welcomed the information provided, stating that it is extensive, whilst acknowledging its relevance. Referencing page 21 of the local Audit Wales report, Mrs Hardisty noted that HDdUHB has the highest number of patients waiting over 14 weeks for Physiotherapy. Whilst this was addressed in part in the Health Board's response, there was no mention of potential alternatives to traditional Physiotherapy services, such as Occupational Therapy and no reference to how the Health Board intends to reduce waiting times. Secondly, on page 10 of the Health Board response, it is stated that there are challenges in relation to the recruitment of theatre and anaesthetic staff. However, it is not clear whether all the Health Board's theatres operate in the same way, as a standardised approach may mitigate some of the challenges.

With regard to the first query, Mr Jones stated there needs to be a distinction between generic Physiotherapy services and the Clinical Musculoskeletal Assessment and Treatment Service (CMATS). The latter provides a robust service and continues to operate efficiently. The broader Physiotherapy service extends beyond Orthopaedics alone and, therefore, requires a broader view. Even pre COVID-19, there had been challenges in terms of substantive recruitment and a historic reliance on other service providers. The pressures on Physiotherapy are not, however, necessarily a rate-limiter in terms of volume of Orthopaedic delivery; other factors are impacting to a greater degree. Mr Jones offered to provide a more detailed report on Physiotherapy services to ARAC or another committee if deemed appropriate. Whilst accepting these comments, Mrs Hardisty suggested that patients who need and are unable to access Physiotherapy services are more likely to deteriorate and present with Orthopaedic issues. It was agreed that a report should be forward planned for a future QSEC meeting.

AC/KJ

On the topic of theatres, Mr Jones advised that the inpatient operating capacity is currently around 30% below pre COVID-19 levels. This is directly as a result of workforce issues; predominantly anaesthetic capacity, but also theatre staff capacity. There has been a degree of improvement in the latter. Members heard that there is a 'mismatch' between the availability of physical infrastructure capacity and the workforce available to enable this to be fully utilised. The Health Board, since the onset of COVID-19, has not been in a position to deliver inpatient Orthopaedic activity through Worthybush General Hospital (WGH). Inpatient pathways are concentrated around PPH and Bronglais General Hospital (BGH). Orthopaedic surgeons are working across the Health Board; challenges remain around the anaesthetic workforce. The GIRFT report had made observations in respect of variation in clinical practice pre COVID-19, the reduced number of locations in which Orthopaedics is now operating has gone some way to addressing this issue and reducing variation, although there is more which could be done. Variation in clinical practice was one of the prompts behind the national review and is a driver for the regional discussions/approach mentioned earlier. HDdUHB compares relatively well in this respect, as recognised by the GIRFT review team.

In response to a query from Cllr. Evans, Mr Jones confirmed that those actions RAG rated Green remain Green; the update reflects the position at the end of May 2023 and provides the most up-to-date information available. It was highlighted to Members that, whilst GIRFT represent external clinical expertise, certain of their recommendations are more reflective than SMART (Specific, Measurable, Achievable, Realistic, Time-bound). The update is, however, an honest and objective statement on progress. Cllr. Evans enquired whether the Memorandum of Understanding (MOU) mentioned in the GIRFT summary response has been progressed. Mr Jones advised that this forms part of the regional discussions and is being developed by the Regional Recovery Group. There is uncertainty around to what extent the MOU requires formal adoption. In response, Mrs Wilson emphasised that any MOU would need to be subjected to the relevant Health Boards' legal advisory processes and considered/approved by their Boards. The Assistant Director of Corporate Legal Services and Public Affairs is liaising with Mr Jones on this matter.

KJ

Members noted that all recommendations/actions will be tracked via the normal Audit Tracker processes.

Mr Keith Jones left the Committee meeting.

The Committee **CONSIDERED** the findings and recommendations outlined within the GIRFT Recommendations and Actions report and the Orthopaedic Services in Wales Audit Report and **TOOK ASSURANCE** from the progress achieved by the Orthopaedic Clinical Team to date and the further work currently in development.

AC(23)128	Internal Audit Plan Progress Report	
	Mr James Johns introduced the Internal Audit Plan Progress Report.	

	<p>Members' attention was drawn to Section 2, which outlines the reports finalised since the previous meeting. The Records Digitalisation report had also been re-finalised, following discussion at the meeting on 11 May 2023. All audits in the 2022/23 Plan have now been completed, reported and are included within the final Head of Internal Audit Opinion and Annual Report, which appears later on the agenda. Progress is being made with planning for the 2023/24 audit work, and a workplan for the year will be presented to the August 2023 meeting. The Internal Audit team is currently recruiting, with staff resource issues potentially impacting on delivery of the earlier audits.</p> <p>Cllr. Evans noted the need to be aware of capacity within the team and planning audits accordingly, in order for ARAC to populate its Workplan accordingly.</p>	
	<p>The Committee TOOK ASSURANCE with regard to the completion of the delivery of the Internal Audit plan for 2022/23 and assurance from the finalised audit reports.</p>	

<p>AC(23)129</p>	<p>Head of Internal Audit Opinion & Annual Report 2022/23</p> <p>Mr Johns presented the Head of Internal Audit Opinion & Annual Report 2022/23. Key messages include the overall Opinion, one of Reasonable Assurance (as detailed in Section 1.2) following the conclusion of all audits from the 2022/23 workplan. This represents a positive outcome for the Health Board. Also included on page 5 of the report is a summary of audit findings, the majority of which are positive. Early audits returning Limited Assurance ratings have been followed-up later in the year. The report details how the final Opinion is formed and comments on the follow-up of recommendations. Also contained within the report are details of wider audit activity including work with other NHS Wales organisations and information around compliance with the Public Sector Audit Standards.</p> <p>Cllr. Evans thanked Mr Johns and the team for the report and welcomed the overarching rating of Reasonable Assurance.</p> <p>The Committee CONSIDERED and TOOK ASSURANCE from the Head of Internal Audit Opinion and Annual Report 22/23.</p>	
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<p>AC(23)130</p>	<p>Theatre Loan Trays & Consumables (Limited Assurance)</p> <p><i>Mr Keith Jones and Ms Diane Knight joined the Committee meeting.</i></p> <p>Ms Sophie Corbett introduced the Theatre Loan Trays & Consumables report. The purpose of this audit had been to provide assurance over the arrangements and processes in place for the decontamination of theatre trays loaned to and reprocessed for private healthcare providers' use, and the issue of single use consumables for use within private facilities. Limited Assurance has been concluded, with a number of significant matters requiring attention. These include unused theatre trays returned by the private healthcare facility not being decontaminated as required; no central record of trays issued; loss of income due to charging methodology; lack of stock control measures; informal loan arrangements which may not be appropriate or equitable. Seven high priority, four medium priority and one low priority matters arising had been identified. As a result of the audit findings, and in the</p>	
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interests of patient safety, loan arrangements had been suspended except in the case of emergency requests.

Mrs Hardisty described the report's findings as 'very concerning' and raised a number of queries. Firstly, it is not clear from the action plan what processes have been put in place to prevent recurrence in the future. Assurance was sought regarding emergency requests, and whether a full decontamination process will be in place for such instances. Secondly, whether the financial loss to the Health Board has been quantified. Thirdly, what patient safety risk/risk of harm to patients there has been due to the failure to decontaminate trays. Finally, what steps are being taken around stock control. In response to the first query, whilst Ms Corbett was aware of a written process developed around emergency requests, she was not sure that it explicitly addressed this concern. It had not been possible to determine the financial loss to the Health Board, as there is no record of trays issued and not charged for. The cost would be offset by the cost of decontamination.

Ms Diane Knight advised that, when the findings had first come to light, further investigations were conducted. Different processes were being utilised across the various sites, with no single process for recording/tracking loans. This has been the case since 2014 or earlier. As detailed above, the decision had been made to suspend further loan agreements and discussions had taken place with the private healthcare facility to advise them of this decision. It had been agreed that support would be provided in the event of an emergency. Ms Knight informed Members that a written protocol is being developed, under which the Health Board would charge for certain items rather than request their return. In terms of stock control, there is no existing system in place; however, a UK wide procurement process for the purchase and implementation of an inventory management system is being undertaken, to which Welsh Government is committed. HDdUHB is the first Welsh Health Board to participate, with implementation beginning at BGH as they have a range of items, but in lower volumes. It is hoped that the system will 'go live' at BGH in September 2023, followed by PPH and then GGH or WGH. When the system is implemented, it will be possible to see live stock levels and items being ordered. Consideration is also being given to how stockrooms might be rearranged to delineate between different types of stock. Whilst thanking Ms Knight for this additional information, which was somewhat assuring, Mrs Hardisty was extremely disquieted that no process had been in place since at least 2014.

Cllr. Evans noted that many of the dates in the action plan were July 2023 and suggested that an update on progress should be scheduled for the not too distant future. Ms Knight advised that she would be happy to prepare an update, which could include progress with implementation of the new stock system at BGH. Within the Online Chat facility, Mr Thomas suggested that a benefits realisation assessment of the new stock system, once operationalised and embedded, would be valuable. Members were reminded that, as a Limited Assurance rating had been returned, a follow-up audit would be conducted as a matter of course. Mr James suggested, however, that the scope of this should

	perhaps be widened to include the stock management position. It was agreed that a follow-up audit would be conducted in six months.	JJ
	<p><i>Ms Diane Knight left the Committee meeting.</i></p> <p>The Committee NOTED the Theatre Loan Trays & Consumables (Limited Assurance) update.</p>	

AC(23)131	<p>Records Digitalisation (Limited Assurance)</p> <p><i>Mr Martyn Lewis, Mr Steven Bennett and Mr Anthony Tracey joined the Committee meeting.</i></p> <p>Mr Johns introduced the Records Digitalisation report, reminding Members that this had initially been presented at the previous meeting on 11 May 2023. Following discussion and concerns raised at that time, there had been a series of meetings and minor amendments had been made to the context section of the report. These had been minor changes in nuance, with no impact on the overall assurance rating, key findings, recommendations or management response. Mr Martyn Lewis explained that the purpose of this audit had been to consider the progress made and governance arrangements in place for the Records Digitisation Project. An assurance rating of Limited Assurance had been issued, with it noted that the Health Board does not currently have in place an overarching programme for records digitalisation. There are two separate projects operating, in relation to scanning and the document management system. Whilst there has been appropriate scrutiny of these projects, there is no overarching programme or plan to consider independencies, for example. Project reports do not include information on costs or delivery schedules; there is no fully-detailed cost benefit analysis and no benefit tracker in place.</p> <p>Mr Thomas thanked the Internal Audit team for their work and suggested that, in spite of the issues highlighted and assurance rating, there had been successes in this area. One million documents have been transferred to the new Electronic Record Document Management System (ERDMS) and it has been possible to remove 300,000 medical records from physical storage. This has been an extremely complex exercise, requiring coordination and collaboration between the Medical Records and Digital teams. The priority now is to take forward implementation.</p> <p>Referencing the management response, Mrs Hardisty was disappointed to note that the two issues she had highlighted at the previous meeting had not been addressed. There had been assurance that the wording in response to Recommendation 1, 'We will <u>aim to</u> establish an overarching programme' would be amended to reflect a commitment to do so. Mrs Hardisty was also still not sure that the Executive Team had signed off on the increased costs. Mr Thomas apologised for these oversights, confirming that a programme will be established. It was also confirmed that costs had been submitted appropriately for approval, with Mr Anthony Tracey acknowledging that there is information/context missing around the 1 year versus 3 year cost, resulting in the apparent disparity in figures. During further discussion, Members were assured that there was no suggestion of inappropriate or inadequate reporting with regard to costs; the issue stems from a lack of overarching</p>	
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	<p>programme and a resulting lack of clarity. It was agreed that Mr Tracey would work with Ms Claire Bird to amend the wording and clarification would be included in the Table of Actions.</p> <p>Mrs Wilson advised that she had met with Mr Gareth Rees and Mr Tracey regarding the need for clarity around the SRO for this area going forward. The current situation is generating difficulties and creating a governance issue. Agreeing, Mr Thomas highlighted that this area also involves two Executive Leads, himself and the Director of Operations. In addition, the Digital team does not 'own' all of the digital systems across the Health Board, as certain are clinically managed. This requires further consideration.</p> <p>Members were reminded that this audit will be subject to a follow-up, given its assurance rating of Limited Assurance.</p> <p><i>Mr Martyn Lewis, Mr Keith Jones, Mr Steven Bennett and Mr Anthony Tracey left the Committee meeting.</i></p> <p>The Committee NOTED the Records Digitalisation (Limited Assurance) report.</p>	AT/CB
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AC(23)132	<p>Lessons Learned (Reasonable Assurance)</p> <p>Ms Corbett introduced the Lessons Learned report, which had returned a rating of Reasonable Assurance. The purpose of the audit was to review arrangements across the Health Board for the implementation of lessons learned and actions resulting from incidents, claims and complaints. Two medium priority matters arising had been identified relating to the lack of evidence for the sharing of lessons learned and the consistent and accurate recording of lessons learned and their sharing within case files recorded on the Datix system.</p> <p>The Committee NOTED the Lessons Learned (Reasonable Assurance) report.</p>	
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AC(23)133	<p>Strategic Transformation Programme Governance (Limited Assurance)</p> <p>Ms Corbett introduced the Strategic Transformation Programme Governance report, which outlined the findings of a high level review of the governance arrangements in place to ensure that identified schemes are achievable and managed as formal strategic change programmes with appropriate assurance reporting mechanisms in place. Three high priority matters arising had been identified, in relation to a lack of evidence to demonstrate that strategic programmes of change have been subject to appropriate scrutiny and approval prior to recognition as formal programmes, and a lack of evidence to demonstrate formal programme governance arrangements. As a result, a rating of Limited Assurance had been concluded overall. The findings were consistent with those of a second review into savings schemes undertaken by the Director of Corporate Governance.</p> <p>Highlighting Matter Arising 2, Mrs Hardisty expressed concern that operational staff are held responsible for delivery and queried the apparent lack of support from the Transformation Programme Office. Members were informed that, whilst there are regular reports on the activity of this Office, none of this aligns with savings schemes. Ms</p>	
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Corbett explained that the audit had been a high-level review rather than a specific review of the Transformation Programme Office. Miss Battle emphasised that governance of savings opportunities is critical to delivery of the Health Board's Annual Plan and enquired how quickly the required governance can be put in place. Mr Thomas advised that he had requested this review as he was concerned about the response of the organisation to the challenges it faces. Whilst he was aware of the issues, it is disappointing that the Health Board is not in the position it would wish to be and is probably not maximising the opportunities it could. The recent Executive Team Residential had discussed this matter in detail and has established the three following groups:

- Strategy and Communications Group
- Core Delivery Group
- Clinical Group

Further discussions will take place at the upcoming Board Seminar. The Core Delivery Group is meeting on a weekly basis and will be driving governance arrangements. This is in addition to the existing Directorate Improving Together meetings. Steps have already been taken to respond to the findings of this review and the review conducted by the Director of Corporate Governance. The various opportunities are being analysed and categorised. The challenge will be to ensure that each programme has in place support to take forward delivery, without burdening operational staff. Whilst welcoming this assurance, Miss Battle emphasised that processes should have been more robust at an earlier stage and queried whether project management support can be implemented at pace. Mr Thomas explained that the Transformation Programme Office is led by the Director of Strategy & Planning and suggested that this matter will likely be discussed at the Board Seminar on 22 June 2023.

Mr Weir felt that the report was fair, and stated that it had confirmed his expectations. Whilst noting that the majority of the actions sit with the Director of Finance, it was pleasing to hear that there has been a discussion with the wider Executive Team. This matter links with Mr Weir's concerns around the operational structure, and whether operational staff have the required capacity to respond to all the demands and pressures to which they are subject. Mr Weir felt that it was important for the Health Board to accept and acknowledge the need to invest in order to improve its financial position. He would also like to see more formal clinical engagement. Mr Thomas indicated that it was correct for actions to sit with individual Executive Leads, even if they are acting on behalf of the Executive Team in some instances. He reiterated that the current position is not where the organisation would wish to be and a concern that valuable time had been lost. It should be noted, however, that the Health Board has been facing a particularly challenging period operationally and the priority must be recovery.

Mrs Wilson suggested that an update on this issue be scheduled for the next meeting, together with consideration of the savings governance review findings, and that Mr Davies be invited to attend for this item. Also, that a follow-up audit be conducted in September 2023.

CM

JJ

The Committee **NOTED** the Strategic Transformation Programme Governance (Limited Assurance) report.

AC(23)134 Agency & Rostering (Reasonable Assurance)

Mrs Lisa Gostling joined the Committee meeting.

Ms Corbett introduced the Agency & Rostering report, which had resulted in a rating of Reasonable Assurance. The overall objective of this audit had been to establish and review the systems and processes in place to manage and control agency use. Five medium priority matters arising had been identified, around lack of senior review/oversight of final rosters; retrospective recording/approval of over-establishment shifts; resource priority and escalation processes not being formally documented; Bank and agency being given equal priority for booking unfilled shifts; non-framework agency spend being non-compliant with Standing Orders; and Directorates not widely utilising the Health Roster reporting functionality to monitor agency use, with no real-time reporting of agency use or spend to the Director of Nursing or Director of Operations.

Mrs Lisa Gostling advised that a considerable amount of work has taken place since the audit, with all actions on target for delivery by the end of June 2023. Discussions are taking place on a regular basis with the relevant staff. The issue of retrospective recording/approval has been investigated and findings will be reported at the Executive Team meeting on 21 June 2023. There is a need to establish whether this approval was truly retrospective. In relation to Out of Hours, a 'script' is being developed to provide guidance for managers regarding acceptable actions. Escalation processes are also being put in place. The booking process time is being reduced from 72 to 24 hours. A series of Quality Improvement assessments are being undertaken, and it is intended to remove all non-framework agency use by the end of July 2023.

Referencing page 20 of the report, Mr Weir noted the action to report the breach of Standing Orders to ARAC and completion date of September 2023, suggesting that it has been reported to this meeting and does not need to be reported again. He did query, however, why this had only been rated as medium priority, given that it was a breach of Standing Orders. Ms Corbett confirmed that this had been deliberated, whilst highlighting that the Health Board is in a 'Catch 22' situation; a contract would not be allowed by Welsh Government, however it is not necessarily feasible to cease non-framework use, due to patient safety issues. The ongoing implementation of the Nurse Stabilisation Programme is noted; in the meantime, the organisation is obliged to use non-framework agency staff. Acknowledging these comments, Mr Weir suggested that there should be a way to report exceptional circumstances. Whilst agreeing with Mr Weir's comment, Mrs Hardisty suggested that not all areas are consistently following the required procedures before sourcing non-framework agency staff. Mrs Wilson agreed that there is currently no alternative and that this would require a report of every breach of Standing Orders. The overriding priority must be to provide safe care for patients. Mrs Gostling reiterated the intention to remove all non-framework agency usage by the end of

	<p>July 2023; this would resolve the issue. Members heard that this matter would form part of the standard Nurse Stabilisation Programme report to PODCC; Mrs Gostling committed to ensure that it is highlighted in the October 2023 report. This matter will be reported to future ARAC meetings if a future breach occurs.</p>	LG
	<p><i>Mrs Lisa Gostling left the Committee meeting.</i></p>	
	<p>The Committee NOTED the Agency & Rostering (Reasonable Assurance) report.</p>	

AC(23)135	<p>Financial Management (Reasonable Assurance)</p> <p>Mr Johns introduced the Financial Management report, which related to an audit to assess the adequacy and operation of systems and processes in place for aspects of Financial Management and the financial reporting mechanisms. Two medium priority matters arising had been identified, around the level of narrative commentary on finance reports, and variation in approach to business partner meetings. An overall rating of Reasonable Assurance had been returned.</p> <p>Whilst agreeing with the report’s overall conclusion, Mr Weir observed that the auditors appeared to have only interviewed Finance team staff, rather than the ‘end users’ of finance reports, such as committee members or other recipients. Mr Johns advised that the scope of the report was around systems and processes, confirming that discussions had focused predominantly on business partner processes. It was accepted that Independent Board Members and/or operational staff could have been consulted also. Mr Weir emphasised the value of different perspectives. On page 7, in relation to Accountability Acceptance Letters being sent to budget holders, Mr Weir noted a varying degree of feedback, and highlighted the importance of obtaining a sense of where pressures are being experienced. Mr Johns stated there is an ongoing process/dialogue between the Finance team and budget holders and the Internal Audit team had not felt that there was anything further to add.</p> <p>Mr Thomas thanked the Internal Audit team for this review, with the report representing an important part of governance arrangements. Members were assured that the two matters arising can be resolved easily, with the first already completed. Mr Thomas has tasked the Finance team with developing a framework as described under the management response to Matter Arising 2. In response to Mr Weir’s comment around consulting ‘end users’, Members were advised that Archus have been commissioned to undertake a piece of work in this area, which recognises the importance of the business partnering approach. The report of Archus’ findings will be presented to SRC, and Mr Thomas was happy for its recommendations to be tracked in the usual way. With regard to Accountability Acceptance Letters, Mr Thomas advised that there has probably been more engagement around this in the current year than for the previous three; representing a significant move forwards.</p> <p>The Committee NOTED the Financial Management (Reasonable Assurance) report.</p>	
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AC(23)136	Audit Tracker	
	<p>Mrs Wilson presented the Audit Tracker report. Members heard that since the previous report, 12 reports have been closed or superseded, with 18 new reports received by the Health Board. As at 17 May 2023, the number of open reports has increased from 89 to 95. 32 of these reports have recommendations that have exceeded their original completion date, a slight decrease from the 33 reports previously reported in April 2023. There is an increase in the number of recommendations where the original implementation date has passed, from 115 to 126. The number of recommendations that have gone beyond six months of their original completion date has decreased from 56 to 42, as reported in April 2023. There are currently 405 open recommendations on the Audit Tracker, an increase from 327 reported in April 2023. Mrs Wilson felt that Appendix 2 is an extremely helpful summary. Members heard that the position with regard to the Mental Health & Learning Disabilities and Women & Children Directorates has improved. Highlighting the increase in recommendations that do not have revised timescales (where the original date has passed and not known (N/K) is reported), Ms Claire Bird stated that the increase is primarily driven by:</p> <ul style="list-style-type: none"> • 19 recommendations from 2 new HEIW reports which were presented at PODCC yesterday • 7 recommendations from the GIRFT Orthopaedic report presented at ARAC today • 22 recommendations which have recently lapsed to N/K status, due to a timing issue <p>It is hoped that an improving picture will be seen at the next meeting.</p> <p>Cllr. Evans thanked the Assurance & Risk team for their work.</p>	
	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.	
AC(23)137	Auditor General Forward Programme 2023-2026	
	The Committee RECEIVED and NOTED the Auditor General Forward Programme 2023-2026.	
AC(23)138	Audit & Risk Assurance Committee Work Programme 2023/24	
	The Committee received and noted the Audit Work Programme 2023/24, which would be updated in line with discussions and to align with Audit Wales and Internal Audit Plans.	
AC(23)139	National Internal Audit Reports	
	None to report.	
AC(23)140	Any Other Business	
	There was no other business reported.	

AC(23)141	Reflective Summary of the Meeting	
	A reflective summary of the meeting will form the basis of the ARAC Update Report, and highlight and escalate any areas of concern to the Board.	

AC(23)142	Date and Times of Next Meetings	
	9.30am, 26 July 2023 (Sign-off Annual Accounts) 9.30am, 15 August 2023 (Routine Meeting)	

UNAPPROVED