

**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 14 April 2026**
 Venue: **Virtual, via Microsoft Teams and Picton Terrace**

Present: Cllr. Rhodri Evans, Independent Member (Committee Chair)
 Mr Winston Weir, Independent Member (Committee Vice-Chair) (VC)
 Mrs Eleanor Marks, Vice-Chair, Hywel Dda UHB

In Attendance: Ms Urvisha Perez, Audit Wales (VC)
 Mr David Williams, Audit Wales (VC)
 Mr James Johns, Head of Internal Audit, NWSSP (VC)
 Ms Sophie Corbett, Deputy Head of Internal Audit, NWSSP (VC)
 Mr Murray Gard, Audit Manager, Specialist Services Unit, NWSSP (VC) (part)
 Mrs Joanne Wilson, Director of Corporate Governance/Board Secretary
 Mr Huw Thomas, Executive Director of Finance (VC)
 Mr Ben Rees, Head of Counter Fraud (VC) (part)
 Professor Philip Kloer, Chief Executive (VC) (part)
 Mr Lee Davies, Executive Director of Strategy and Planning (VC) (part)
 Mr Shaun Ayres, Director of Delivery (VC) (part)
 Mr Andrew Carruthers, Chief Operating Officer (part)
 Ms Lisa Humphrey, General Manager, Planned Care (VC) (part)
 Mr Mark Henwood, Executive Medical Director (part)
 Mr Ian Bebb, Clinical Audit Manager (VC) (part)
 Mr Paul Williams, Head of Property Performance (VC) (part)
 Mr James Severs, Executive Director of Allied Health Professions and Health Science (part)
 Mr Paul Lambert, Audit Chair, Betsi Cadwaladr UHB (VC) (observing)
 Ms Haidee Jepson, Assurance and Risk Officer (observing)
 Ms Clare Moorcroft, Committee Services Officer (minutes)

Minutes Ref.	Item	Action
AC(26)33	<p>Introductions and Apologies for Absence</p> <p>Cllr. Rhodri Evans, Audit and Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting, particularly Mr Paul Lambert, the Audit Chair at Betsi Cadwaladr UHB. Apologies for absence were received from:</p> <ul style="list-style-type: none"> • Mr Maynard Davies, Independent Member • Miss Charlotte Wilmshurst, Assistant Director of Assurance and Risk • Mr Craig Baker, Cellular Pathology and Mortuary Service Manager • Ms Angela Bell, Assistant Director of Quality, Safety & Patient Experience for Allied Health Sciences 	
AC(26)34	<p>Declaration of Interests</p> <p>There were no declarations of interest made.</p>	

AC(26)35

Minutes of the Meeting held on 10 February 2026

Decision: RESOLVED – the Minutes from the meeting held on 10 February 2026 were approved as an accurate record.

AC(26)36

Table of Actions

An update was provided on the Table of Actions from the meeting held on 10 February 2026 and confirmation received that outstanding actions had been progressed. In terms of matters arising, it was suggested that updates on the outstanding actions **AC(25)171**, **AC(25)187** and **AC(26)27** be sought from Mr Andrew Carruthers later in the meeting.

AC(26)37

Matters Arising not on Agenda

There were no other matters arising.

AC(26)38

Escalation Status Update Report

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

Mr Lee Davies advised Members that the Health Board is in a period of transition currently. It is between two Annual Plans, is subject to the requirements of revised Escalation arrangements, and is awaiting any change in direction resulting from the imminent Senedd election. The report presented describes recent changes to the Escalation framework. Introducing the report, Mr Shaun Ayres reflected on the largely positive progress made since the Health Board was placed into Level 4 in January 2024. He indicated that ARAC can take assurance that criteria are appropriately aligned to other Board level committees. Mr Ayres felt that the more pressing issue is around delivery of the organisation's Annual Plan. If being critical, it might be suggested that the Plan is not sufficiently ambitious. However, to deliver the content it sets out will already require significant capability and capacity. As highlighted during discussions at the Board Seminar, there is a causal effect between decisions, choices and consequences. It is likely that further 'unpalatable' decisions will be required to achieve both the £41m forecast deficit and to deliver the level of performance set out in the Plan. Mr Ayres wished to emphasise the scale of the challenge involved. Issues such as sickness absence rates cannot be ignored, given that they suggest an organisation under pressure. No committee, other than ARAC, will see the totality and expectation.

Cllr. Evans welcomed the honest assessment presented by both the report and Mr Ayres summary. Professor Philip Kloer felt that certain of the escalation criteria map to committees relatively easily; others could span more than one. He agreed that positive progress had been made, particularly in the past year. However, the underlying issues and challenges associated with the financial position and inability to produce an Integrated Medium Term Plan (IMTP) remain. Whilst the current planning round involves uncertainty resulting from the upcoming election, the Health Board should not allow itself to be distracted by this. Professor Kloer felt

that next year's Annual Plan is ambitious. In those areas where the organisation is struggling to meet targets, it is seeking to build organisational capability to deliver. Examples included the enabling actions in value and productivity work around Planned Care and Cancer. There are also aspects of the Plan which seek to address strategic challenges, including work in relation to the Clinical Services Plan (CSP) and Urgent and Emergency Care (UEC). The Health Board's submission has not yet elicited a formal response from Welsh Government.

Cllr. Evans enquired whether there were particular areas or criteria of concern in relation to Escalation. In response, Mr Ayres emphasised that the basis for escalating the Health Board in the first instance had been concerns in relation to financial position, planning and UEC. All of these remain challenging and requiring improvement. His main concern, however, was the potential disruption to Health Board activity caused by delivering the plan in totality. It is questionable whether the organisation has the capability and capacity to meet financial requirements; and the consequences of doing so are potentially detrimental. These concerns are based in transparency rather than negativity; there needs to be cognisance of the impact on staff of further demands and savings.

Mrs Eleanor Marks, who had commenced in post at around the time the Health Board was put into Escalation, commended the Executive Team, leadership and all staff on the progress made. When the process began, it was not necessarily anticipated that Year 2 would be even more challenging, and Year 3 more challenging still. In addition to the three areas of concern identified above by Mr Ayres, Mrs Marks highlighted healthcare associated infections (HCAIs). There had been a detailed discussion about these at the Quality, Safety and Experience Committee (QSEC). HCAIs are low in number, but stubbornly resistant to reduction. Whilst content with the measures being taken, the low numbers involved will continue to make this target challenging to achieve. In terms of UEC, Mrs Marks' view was, however much progress is made, the patient experience is not yet good. This needs to remain an area of focus, in addition to de-escalation requirements. Fundamentally, however, Mrs Marks shared Mr Ayres' concerns around whether the capacity and/or capability exists within the organisation to project manage all of these demands.

Professor Kloer emphasised a commitment to patient experience as well as achieving targets. Whilst the Plan contains a great deal around achieving financial, Planned Care and UEC trajectories, it also focuses on improving governance, particularly operational quality governance. As part of the UEC work, there will be a focus on customer experience, which will be a key aspect of Executive objectives. There is also much work planned around productivity, value and quality improvement. It is intended to build organisational capability with the aim of improving patient experience. In terms of capacity, it is unlikely that sufficient exists to undertake all that the Health Board would wish to do; and the

Executive Team is assessing the best way to approach this issue. A Systems Leader discussion, involving Executive deputies and senior operational staff is taking place this week. Professor Kloer anticipates that this will identify the need for support, perhaps including external. The potential for requesting support from NHS Wales Performance and Improvement is also being discussed.

Whilst welcoming this context, Cllr. Evans was not sure that the crucial question posed within the report has been addressed:

‘...whether we have sufficient organisational bandwidth to deliver the totality of what is required, and how any shortfall in one area may cascade into others.’

He enquired whether this should form the basis of a Corporate Risk, with Mrs Joanne Wilson suggesting that it could be linked to the Risk in relation to Planning. Mr Davies indicated that this issue features in a number of risks and committed to consider it further.

Mr Huw Thomas agreed with Mr Ayres’ assessment. He highlighted that, whilst the Board had approved submission of the Annual Plan, the response from Welsh Government is that it is insufficient. Further actions will, therefore, need to be presented to the Board for discussion, with the May 2026 Public Board being critical. The next challenge will be delivery against the agreed position. Mr Thomas and Executive colleagues shared Members’ concerns around the organisation’s ability to deliver against the Plan. Hence discussions around new ways of working, and whether a Project Management Office (PMO) is required. Both of these will need to be discussed at a future Board Seminar. In addition, there are ongoing conversations around internal escalation beyond Level 3, and the support needed in that space. All of these issues need to be worked through urgently as an Executive Team and brought back to the Board.

LD

Mr Winston Weir welcomed the candid and informative report, which provides helpful guidance around de-escalation. His understanding was that – based on the Plan and an internal assessment of organisational capacity and ability to respond – there is unlikely to be significant change around those areas in Level 4: finance, strategy and planning, UEC, HCAs and clinical services. However, he felt that consideration should be given to achieving some of those de-escalation criteria, if not in totality. The first question should be which committees should be tasked with this, as he did not feel that it is the pragmatic or correct use of ARAC. In terms of ARAC’s role, however, consideration should be given to what makes it unique. One aspect is the external and independent assessment, through Internal Audit and Audit Wales, of the Health Board’s position; and associated evidence base.

Also, its overarching view of risks, tactical, operational, or strategic. Whilst not sure ARAC should be the coordinating committee, Mr Weir felt that it should have an active and dynamic relationship with others, in particular the Finance and Planning

Committee (FPC) the Strategy and Planning Committee (SPC) and QSEC. Finally, Mr Weir suggested that the organisation has been ambitious with this year's Annual Plan; in terms of trying to address long-standing operational risks and de-risk the organisation. Even in doing so, there is still a gap. His instinct, in common with others, was that the organisation 'cannot do it all'. It will, therefore, need to prioritise those areas to commit resources and time and innovation to. For this reason, it may be sensible to consider a PMO for the organisation, to add focus and direction.

Mrs Wilson advised that she and Mr Ayres have already met to discuss the mapping of escalation criteria to committees in terms of accountability. There is also the 'helicopter' view provided by ARAC and the Board. In terms of ARAC's role, as well as the areas highlighted by Mr Weir, there is also governance. Today's agenda includes two Limited Assurance reports relating to governance, which contain significant recommendations for the wider Health Board. As a result, Mrs Wilson did feel that there is a role for ARAC, in terms of ensuring that both the corporate governance and the underpinning governance is working as it should. She suggested that an update on mapping, which is being reflected in committee workplans for the forthcoming year, could be provided to the next meeting. Mr Ayres would echo the comments made by Mr Thomas and Mrs Wilson. He suggested that one area requiring an increased focus for the Health Board is identifying and declaring 'milestones'. Any organisational PMO would need to address this issue.

JW/SA

In view of the foregoing discussions, Cllr. Evans requested assurance that the Plan, as set out, is deliverable. In response, Mr Davies reminded Members that it has been developed via a lengthy and detailed process. The Plan seeks to achieve a balance between ambition, credibility and deliverability. However, it does place demands on the organisation which are in addition to those which have already been experienced during the past two years. There are significant challenges in a number of areas of performance and a financial position which is seen by Welsh Government as unsupportable. Going beyond the Plan and addressing those risks is, by definition, extremely difficult and not something upon which assurance can be given. The discussion in the coming months is, firstly, around providing confidence that the organisation can deliver a plan which is ambitious; and secondly, identifying opportunities to improve it further.

Cllr. Evans queried whether Independent Board Members (IMs) should receive specific training or information around the new Welsh Government Escalation arrangements, once these are confirmed. Mrs Wilson suggested that this be taken forward after the planned session on Risk.

JW/SA

Decision: The Committee **CONSIDERED** this approach and **AGREED:**

- To note the changes in the revised February 2026 Escalation Framework and the cumulative de-escalation progress since January 2024
- That ARAC's role in relation to the Annual Plan is to provide overarching assurance on the deliverability and coherence of the totality of commitments, including organisational capacity to achieve overarching escalation
- To receive a consolidated position on delivery against the framework at each meeting, including cross-cutting risks and interdependencies
- To refer specific concerns to the relevant Board committee for detailed scrutiny and response
- To report to Board where the Committee identifies material concerns about overall deliverability

Whilst assured by the processes in place, the Committee agreed to **ADVISE** the Board in relation to the Escalation Status Update, given its concerns around the organisation's capacity to deliver against both the Annual Plan and de-escalation requirements.

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

AC(26)39

Annual Review of Standing Orders and Standing Financial Instructions

Decision: The Committee **RECOMMENDED** the revised version of HDdUHB's Standing Orders and Standing Financial Instructions to the Board on 28 May 2026 for approval.

The Committee agreed to **ASSURE** the Board in relation to the Annual Review of Standing Orders and Standing Financial Instructions.

AC(26)40

Audit Wales Update Report

Mr David Williams introduced the report, advising that it represents the usual update to ARAC. In terms of financial audit work, progress is positive, with planning and testing for the audit of Health Board accounts underway. Planning work in relation to the Charities accounts has also commenced. Mr Thomas provided assurance to the Committee around the year-end financial position, indicating that the draft interim outturn will be within the Target Control Total: £22.086 (or £22.1m). He did not envisage any issues with achieving Audit Wales deadlines for submission of the accounts.

Moving onto the performance audit work, Ms Urvisha Perez advised that the Outpatient Management review is complete and included on today's agenda. The draft report for the Digital Investment review is in clearance, with the aim of presenting this to the May 2026 meeting. The Radiology review is in the latter stages of reporting. Audit Wales is in the early stages of fieldwork for the Estates Management and Cancer reviews. Both reviews have been delayed due to issues in fieldwork caused by a mixture

of operational pressures, annual leave, and (for the Estates review) restructuring with the team. Progress will be kept under review and updates provided at routine catch-up meetings.

Ms Perez drew Members' attention to recent national reports which the Health Board may wish to consider and discuss in more detail. The first is the Managing the Regional Integration Fund (RIF) report. Whilst the recommendations are for Welsh Government, one focuses on ensuring health boards and local authorities have appropriate oversight of Regional Partnership Board business and activity, and how the RIF is being used. The second is the national report and a supporting data tool on Additional Learning Needs (ALN). Again, there are no recommendations for health boards, only Welsh Government; however, the report does include general commentary about health service input and the health boards' perspective about spending on ALN. Following discussion, it was agreed that it would be more appropriate to await Welsh Government management response before considering whether these should be added to committee workplans.

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

The Committee agreed to **ASSURE** the Board in relation to the Audit Wales Update Report.

AC(26)41

Audit Wales Audit Plan 2026/27

Presenting the Audit Wales Audit Plan for 2026/27, Mr Williams explained that this covers planned financial and performance audit work for the year. The financial audit section references the report to be prepared on the financial statements. It also details the materiality levels applied and references the higher level audit risks, together with the planned response. As in previous years, there is one significant financial statement risk, around the risk of management override. Exhibit 1 on page 12 sets out the financial statements audit timetable. Ms Perez advised that the Plan also outlines performance audit work for this year. This includes the routine Structured Assessment work. The thematic review, to encompass all health boards, is a review of management and prevention of diabetes. This is likely to focus on the ambitions set out in the Tackling Diabetes Together Programme and the extent that NHS bodies are implementing initiatives like the All Wales Diabetes Prevention Programme and the High Value Impact pathway for diabetes. Local work this year is a review of Eye Care services, given the high risks in relation to this service. This is likely to consider both secondary and community Eye Care services. With regard to the audit team, Mr Dave Thomas, the Performance Audit Director for the health team has now retired, and the new director is Mr Tom Haslam. Audit Wales' next Update Report will reflect the 2026 Plan.

Mrs Wilson wished to note the valuable contribution provided by Mr Dave Thomas, and it was agreed that a letter of thanks would

be issued on behalf of the Committee. It was further agreed that a meeting between Cllr. Evans, Mrs Wilson, Mr Thomas and Mr Tom Haslam would be scheduled. Mrs Wilson thanked the wider Audit Wales team for allowing Health Board staff to input to the Plan and endorsed the planned work around Eye Care.

JW

JW

Noting the above-inflation increase in Audit Fee, Mrs Marks enquired whether it is anticipated that any additional work will be undertaken over and above what is indicated in the Plan. Members were advised that, whilst there were no plans to undertake additional work, the actual fee may be lower than the estimate. Mr Thomas highlighted that increases in Audit Fee have been below inflation for some time. There were, however, perhaps opportunities for reducing costs by the use of Artificial Intelligence tools, for example.

Decision: The Committee **APPROVED** the Audit Wales Audit Plan 2026/27.

The Committee agreed to **ASSURE** the Board in relation to the Audit Wales Audit Plan 2026/27.

AC(26)42

Structured Assessment - Progress Update on Recommendations

Mrs Wilson introduced the report, which provides an update on progress made against the recommendations from Structured Assessments in 2024 and 2025. It is pleasing to note that all have been implemented, with one caveat regarding the recommendation around Performance Reviews. There will be changes as a result of the new ways of working being implemented operationally. This means that some actions may be reopened as this year's Structured Assessment and Audit Wales reviews are undertaken.

Decision: The Committee **TOOK ASSURANCE** on the progress made in respect of recommendations from the Structured Assessments 2024 and 2025.

The Committee agreed to **ASSURE** the Board in relation to the Structured Assessment - Progress Update.

AC(26)43

Internal Audit Plan Progress Report

Mr James Johns presented the Internal Audit Plan Progress Report, which provides the usual update on progress in delivering the Internal Audit Plan. Section 2 of the report details those audits finalised since the previous meeting, with a mixture of assurance ratings, including two Limited Assurance reports. One audit due to be presented at today's meeting has been deferred to May 2026, and it has been suggested that a couple are deferred until next year. The Committee's approval is sought for these changes.

Cllr. Evans enquired regarding the likely Head of Internal Audit Opinion rating for this year. In response, Mr Johns suggested that this may well be Limited Assurance; given that there are two more

reports with Limited Assurance ratings presented today, giving a total of seven so far during the year. Mrs Wilson highlighted that, if this is the case, it will have significant implications for the Health Board, requiring reflection as an organisation. Members heard that Mr Johns will be providing additional narrative in relation to those areas which have returned Limited Assurance ratings. Cllr. Evans welcomed this, emphasising that such context will be crucial.

Reminding Members of the Limited Assurance reports in relation to Staff Sickness Management and Nursing Management, Mr Weir enquired whether these will be revisited to assess whether the position has improved. If there have been improvements, this would suggest that audit concerns are being addressed. Mr Weir highlighted that audits can provide a valuable improvement mechanism to increase focus on controls, etc. Mrs Marks suggested that the Health Board has become better at requesting audits into areas about which it has concerns. She wondered, however, whether this may contribute to the number of audits returning ratings of Limited Assurance. Whilst agreeing that an accompanying narrative will be important, she felt that this aspect should also be reflected in that narrative. Mr Johns assured Members that a more detailed supplement to his report will be prepared, which will describe all of the aspects that have contributed to audit ratings.

To address Mr Weir's query, this supplement will also indicate where follow-up work has been conducted. A follow-up of the Staff Sickness Management audit is being undertaken and will be presented to the Committee. As can be seen from today's agenda, a follow-up of the Human Tissue Authority audit has also been completed. There are some instances where progress has not been made, which will be indicated in the additional narrative. The 'split' between Corporate and Operational audits will also be detailed. Mr Thomas agreed that the additional context will be key. Returning to Mrs Marks query, Mr Johns indicated that linking the Internal Audit plan to areas of organisational risk is an important aspect. It is probable that this does increase the likelihood of Limited Assurance ratings, and identification of the challenges faced by the organisation in addressing these. However, the Professional Audit Standards direct auditors to take this approach. Whilst not wishing to return to the previous approach applied in selecting areas for audit, Mrs Marks also expressed concern about the possibility of being penalised due to the methodology used. Mrs Wilson suggested that there is potential learning for the Health Board in this regard.

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

Whilst assured by delivery, the Committee agreed to **ADVISE** the Board in relation to the likely Head of Internal Audit Opinion rating, given that this may be one of Limited Assurance.

Internal Audit Plan 2026/27

Mr Johns introduced the report, indicating that this is the annual submission of next year's Internal Audit Plan for approval. The report includes detail around the planning approach, which conforms with the global audit standards and is similar to the last few years. Whilst there have been changes to the global standards, these have not had a significant impact in terms of the process of developing the Plan. As discussed in the previous item, the Plan focuses on areas of organisational risk and challenge. It also includes work deferred from the previous year, and follow-up and re-audits of areas which have returned Limited Assurance. During the planning process, Internal Audit have met with a number of key individuals within the organisation. Mr Johns emphasised that the Plan will be kept under review, with regular discussions undertaken with Health Board staff. One point he wished to note was in relation to Section 5, where the fee for the work of our Specialist Services Unit is omitted. He apologised and indicated that the relevant figure is £31,279.05. Finally, Members' attention was drawn to Appendix C, which comprises the Internal Audit Mandate and Charter. This describes in more detail the audit approach, which has not been subject to any significant changes from the current year.

Mrs Marks welcomed the comprehensive document.

Decision: The Committee **APPROVED** the Internal Audit Plan, Mandate and Charter for 2026/27.

The Committee agreed to **ASSURE** the Board in relation to the Internal Audit Plan, Mandate and Charter for 2026/27.

Review of the Management of Outpatients

Mr Andrew Carruthers and Ms Lisa Humphrey joined the Committee meeting.

Presenting the Audit Wales Review of the Management of Outpatients report, Ms Perez highlighted a number of key messages. She reminded Members that this was primarily an assessment of progress in implementing recommendations from the 2015 and 2017 follow-up outpatient reviews. The audit had found that the Health Board has significantly reduced the number of patients waiting over 52 weeks for a first patient appointment, meeting the Welsh Government target by March 2025. However, the focus on first outpatient appointments has affected its ability to reduce the number of patients experiencing delayed follow-up outpatient appointments. Whilst the Health Board has a good understanding of the barriers to improving outpatient services and is taking steps to modernise and improve efficiency; as yet, there is no long-term plan in place to support sustainable outpatient services.

Board oversight of outpatient performance is strong and operational arrangements are improving. However, the Board

level reporting on patient harm from long waits needs to be strengthened. Finally, whilst validation processes are in place, they only focus on patients with very long waits. There is a need to strengthen clinical validation and improve earlier identification of potential harm. In terms of the recommendations, of the ten recommendations from previous reviews, five are complete, four are in progress, and one has been superseded by a new recommendation. There are two recommendations within the report, which focus on helping a long term plan for patient services and improving clinical and administrative validation. The completed management response in relation to these two recommendations is also provided.

Mr Andrew Carruthers thanked Ms Perez and the Audit Wales team for the report. Members will be aware from the recent Public Board meeting in relation to the CSP that there has been a significant focus on fragile Planned Care services. The wider challenge, made in the report, around the Health Board's long-term strategy for Outpatients is a fair one. It is only right that the organisation begin to consider this in more detail, along with where community provision might be appropriate. Mr Carruthers highlighted that the Health Board's performance position has changed since the audit. Significant progress has been made, by utilising recovery funding to facilitate a focus on this area. As a result, patient numbers on waiting lists have been reduced. Whilst accepting that the first outpatient appointment position has improved, Cllr. Evans noted that the position for follow-ups has deteriorated.

Providing an update, Ms Lisa Humphrey advised that there are no patients waiting over 52 weeks, which is positive. The Health Board has also halved the number of patients waiting over 26 weeks for their first outpatient appointment, from 10,000 to 5,000. In terms of follow-ups, there has been an overall reduction in patients on a follow-up waiting list and progress has been made on reducing those patients waiting for a follow-up that are 100% delayed. Specifically in those patients – termed 'historic long waiting patients', waiting since 2023 – there has been a reduction in all specialties except one: Ophthalmology. This is where the remaining focus will be this year, due to it involving the largest volumes and the most significant risks. Ophthalmology is also the specialty where there have been challenges in terms of administrative validation (versus clinical validation). The NHS Wales Performance and Improvement team will support the Health Board with this work

In terms of overall outpatient numbers, the reduction to just under 15,000 is not the progress which was wanted. The aim had been to achieve 11,000. As indicated above, most of these patients are in Ophthalmology. The organisation is exploring digital opportunities and has a strong Waiting List Support Service. Feedback from the Civica system indicates that, when patients do attend, they have a good experience. However, the key focus now

needs to be on developing short- to medium-term improvement plans for outpatients.

Cllr. Evans queried the reasons for the time taken in addressing this issue. He expressed concern around the lack of a long-term plan and enquired regarding the level of confidence in achieving the report's recommendations and waiting list targets in a timely manner. Cllr. Evans' main concern was around the potential harm for patients who have not been given appointments within a reasonable time. In response to Cllr. Evans' first query, Mr Carruthers suggested that certain of the challenges are due to fragility, particularly around workforce, resulting in significant demand and capacity imbalances. This is an issue shared by several services who went through the CSP process. To deliver improvements and reduce waiting times, therefore, there has been a reliance on additional activity. However, Mr Carruthers felt that the efficiency and productivity work undertaken in Outpatients over the last four or five years has resulted in significant progress.

Annual Plan submissions in the last two or three years have regularly identified a £2-3m efficiency benefit from this work. Even in follow-ups, where the team has suggested that too little progress has been made, HDdUHB has the lowest percentage of patients per head of population on a follow-up waiting list in Wales. Mr Carruthers indicated that the decisions made by the Board around the CSP will help a number of specialties to start working through their longer term plans. Similar thought processes are required for those specialties not included in the CSP, and how this aligns with the broader organisational strategy. This will include, as indicated, consideration of different ways of working, including service provision in the community. The health community pathways work will be an important tool, particularly its use as a driver for change. In response to the query around whether the stated completion dates will be met, Mr Carruthers advised that these have been determined by the service and that he will hold them to account for delivery.

Mrs Marks had a number of comments and queries. Firstly, she noted that the Health Board still has an issue with Did Not Attends (DNAs) and Could Not Attends (CNAs) and suggested that it would be helpful to develop a strategy for managing these. Secondly, there had been a discussion at QSEC around strengthening Board understanding of clinical risk, which she felt should be triangulated with ARAC discussions. Thirdly, it was suggested that Recommendation 7, in relation to harm, should be considered at QSEC. Finally, Mrs Marks noted that the completion date for Recommendation 1 has passed, and requested an update.

AC

Regarding the first of these, Mr Carruthers indicated that this ties into the wider work on waiting list management and Single Point of Contact. Whilst there are operational aspects to this, there is also work in terms of organisational culture. He agreed, however, that the various elements of this conversation need to be collated, to

provide the Board with assurance. This will form part of discussions at the Systems Leader meeting tomorrow. In response to Mrs Marks' second query, Mrs Wilson reminded Members that the organisation does have a defined Risk Appetite framework, and should apply it when appropriate. Regarding the final query, Ms Humphrey advised that the completion date relates to undertaking demand and capacity work, which was part of the Annual Plan process. The focus now is on developing robust plans, including a workforce plan, to deliver on Outpatients improvement work.

Referencing Paragraph 33, around executive and operational oversight, Cllr. Evans noted that Executive Improving Together Sessions (EITS) and Integrated Quality, Finance and Performance Delivery (IQFPD) are both being stood down. He queried how, therefore, oversight will be maintained. Mr Carruthers advised that a robust replacement structure will be implemented, which will strengthen and formalise oversight. The next Board Seminar will include a session in relation to this. Mrs Wilson clarified that the replacement structure is being worked on, and will need to link with operational governance processes; however, added that this had not been established before the new arrangements had been put in place.

Cllr. Evans expressed concern around the lack of a consistent approach identified in Paragraph 42. He also noted the statement in Paragraph 39 that 'The Health Board reported that risks from delayed follow-up appointments are not recorded on its operational risk register.' He enquired why services are not viewing this as a priority. Mr Carruthers emphasised that the most significant risk, in relation to Ophthalmology, appears on both the Operational and Corporate Risk Registers and has been the topic of Deep Dives at QSEC and FPC. He committed, however, to consider this matter further. Mr Weir highlighted Paragraph 29, around the need for a longer term plan in relation to Outpatients. This needs to take account of demand, and consider the potential use of Primary and Community services. He felt that this was an issue requiring scrutiny and monitoring by SPC.

AC

AC

Bringing discussions to a close, Cllr. Evans requested confirmation that Audit Wales are content with the management response. Ms Perez indicated that this is considered both pragmatic and realistic, and that it is recognised that the earlier reports are now both fairly dated.

Decision: The Committee **NOTED** the Audit Wales Review of the Management of Outpatients and associated management response.

The Committee agreed to **ADVISE** the Board in relation to the Audit Wales Review of the Management of Outpatients, given their concerns around its findings.

Ms Lisa Humphrey left the Committee meeting.

AC(26)46

Review of Radiology Services

DEFERRED to 23 June 2026 meeting

AC(26)47

Review of Investment in Digital Systems

DEFERRED to 7 May 2026 meeting

AC(26)48

Operational Governance Arrangements (Limited Assurance)

Ms Sophie Corbett introduced the Operational Governance Arrangements Internal Audit report. This audit had reviewed the governance arrangements in place to support the Clinical Care Group (CCG) model implemented in April 2025. She described the governance structure, processes and documents developed to support the new arrangements. The fact that the Integrated Governance Groups (IGGs) feed directly into IQFPD means that the CCGs are being held to account by the Executive Team rather than the Chief Operating Officer. The arrangements are otherwise well designed and have been adopted by all CCGs. However, application is inconsistent and not operating as intended. The reporting and escalation system has proved too rigid, not allowing sufficient flexibility around operational pressures.

Meeting administration was found to be onerous, with, in her opinion, insufficient resources assigned at CCG level to facilitate it effectively. There is inconsistent record-keeping and lack of transparency regarding discussion, coverage and resulting actions. Items for escalation to IQFPD were not clearly identified within meeting records. This audit was undertaken alongside a separate audit of internal escalation arrangements, which is next on the agenda. Collectively, these reviews identify duplication of reporting between operational governance and internal escalation frameworks. Links between operational governance and escalation arrangements are not clear. An overall rating of Limited Assurance has been concluded, with four high priority findings.

Mr Carruthers thanked the Internal Audit team and welcomed the report. He indicated that it had always been intended to review implementation of the new arrangements, meaning that the audit was both timely and helpful. He also wished to emphasise, however, that there are various complexities. The Standard Operating Procedure (SOP) had been developed with clear intentions, and the operational governance arrangements were designed to deliver on that intent. However, the way in which they have actually been operationalised is not as intended.

Mr Carruthers was less concerned by the finding that issues are being reported to IQFPD before himself, as this was by design. He was more interested in the fact that there might be another, more suitable, governance approach, which is the topic of work being undertaken. The other key insight from the audit is that the established process is quite burdensome for the CCGs. Whilst designed for good reason, the fortnightly pattern is challenging to manage. Mr Carruthers suggested that the breadth of the agenda CCGs are expected to cover makes them comparable to business

units effectively the size of small NHS provider trusts in England, with a similar amount of time and input needed. This was not the intention when arrangements were put in place; nor was making them as 'paper heavy' as the audit had identified them to be, as this was due to how CCGs had implemented them.

Clearly, further work is required. This will include how to separate individual executive accountability from performance management and assurance. Mr Carruthers felt that, whilst the SOP as written did this, the way in which it has been implemented has not. The audit is, therefore, timely. It will assist in finalising and implementing a different model through May 2026. He also suggested that, as part of Phase 2 of the Organisational Change Process (OCP), CCGs will need to consider their own business function and structure. This will be necessary to ensure both capacity within their teams to deliver on requirements; and the oversight, grip and control locally on issues which are regularly flagged as concerns. The Systems Leader event tomorrow will provide an opportunity to introduce some of this work.

Noting that the Limited Assurance rating is disappointing, Cllr. Evans queried whether an internal audit was required to identify that the arrangements are not operating as intended. In response, Mr Carruthers indicated that it was probably not, and that work on this area was already being undertaken. However, the audit has provided a useful additional perspective. Among the various issues identified by the audit, Cllr. Evans was particularly concerned by findings around difficulties in accessing meeting papers and inconsistent record-keeping. He highlighted the potential issues this would cause in responding to another Public Inquiry, for example. Mr Carruthers shared this concern, noting the need to develop clear plans to address these findings. In response to a query around the timeline for doing so, Members heard that initial work will be commencing in April and May 2026.

Mrs Marks felt that there are various key elements missing. For example, with IQFPD being stood down, she enquired regarding corporate accountability. Whilst this should sit in part with the Chief Operating Officer, it also needs to involve the Chief Executive and Board. Mrs Marks agreed that each CCG is the equivalent of a small organisation, and that managers need to be trusted to take ownership of and accountability for their own areas. However, there is a need for a clear line of sight from decisions, actions, governance, so that it is clear where the delegated responsibility lies and who is accountable. This clarity is needed at the earliest possible juncture. Assurance was also requested that the May 2026 deadline will be met. Mrs Marks was not convinced by the suggestion that CCGs are under-resourced. As has been indicated, they are not small units and should contain sufficient capacity to deliver the demands made of them.

On the latter, Mr Carruthers indicated that this aligns with his thinking. He suggested that the key will be to use CCG personnel differently rather than to add additional human resource. He also

agreed regarding the need to ensure day-to-day accountability. Mrs Marks recognised the challenges involved in this, particularly in achieving the correct balance; however, her main concern was to ensure that accountability was defined. Mrs Wilson wished to ensure clarity around the May deadline; and whether this relates solely to the Chief Operating Officer's element of the structure, rather than consideration of how performance reviews will be undertaken, etc. In response, Mr Carruthers advised that he is focusing on re-engineering his role in May. To give a sense of that, there will be a weekly rhythm around performance, a monthly rhythm around CCG level performance reviews, and what is currently the senior operational leadership team will be more formalised to receive the 3As reports from the IGGs. He hoped that this will 'neaten' the accountability; further work will be required around the support and performance framework needed for this structure.

Mr Weir agreed that the report is timely. He suggested that the intentions when designing an SOP are always different to how it works in practice. The report also identifies the challenges involved in implementing something 'designed in goodwill'. What is required, however, is to ensure that the new way in which IQFPD and the CCGs work is both practical and implementable. Mr Weir queried whether all the CCG posts are fully recruited. He also emphasised the need to ensure consistency, with all CCGs and CCG staff following the SOP. He suggested that a committee should oversee and monitor implementation of the SOP. Mr Weir shared Cllr. Evans' concerns around meeting administration and inconsistent recording of actions, particularly given the importance of documenting responses to operational pressures. He also agreed that this should not be about more resources; rather deploying resources in a different way and 'working smarter' by using digital and other tools.

Mr Carruthers agreed that AI could be used to track actions, etc. He also agreed that clarity and line of sight is needed, with a governance structure which drives delivery and performance. This will require the Executive Team to work differently also. All these aspects will form part of the upcoming Board Seminar discussion. In response to the suggestion regarding committee oversight, Mrs Wilson advised that this will also be discussed at the Board Seminar; however, it is likely to be ARAC in the first instance, with escalation to Board if required. Cllr. Evans noted reference to an email having been issued with information regarding the new governance arrangements and the appropriateness of this. He enquired whether more specific information, training or support had been offered. Mr Carruthers indicated that requirements had been clearly communicated and that Mrs Wilson's team had conducted follow-up training. The audit's findings suggest, however, that this has not necessarily been complied with. Members heard that a management trainee is working with the Chief Operating Officer's team at present, and will consider this as part of a piece of work they are undertaking.

Mrs Marks emphasised the need to ensure any culture change is managed. For example, operational leads and their teams need to understand that governance is a fundamental part of their 'day job'. Whilst agreeing, Mr Carruthers suggested that the issue is not so much an acceptance of this fact, it is around the duplication and replication of effort. There is a cultural aspect to this but the issue is also a broader one. Mrs Wilson indicated that, whilst guidance and training materials such as governance toolkits can be reissued, unnecessary duplication does need to be eradicated. In addition, Mr Carruthers suggested that accountability can be viewed as threatening. As such, individuals and teams sometimes try to 'protect themselves' by producing excessive reports and detail. This perception and culture needs to change, as do the accepted ways of working.

Decision: The Committee **NOTED** the Operational Governance Arrangements (Limited Assurance) Internal Audit report.

The Committee agreed to **ALERT** the Board in relation to the Operational Governance Arrangements Internal Audit report, given its Limited Assurance rating and findings. They further agreed that an update should be provided to a future meeting.

AC

AC(26)49

Internal Escalation: Level 3 and 4 Functions (Limited Assurance)

Ms Corbett introduced the Internal Escalation: Level 3 and 4 Functions Internal Audit report. This audit had reviewed the Health Board's 'Our Improving Together Framework', designed to drive performance improvement across the organisation within seven key domains. Five functions had been sampled, based on the number of domains in escalation. Whilst the internal escalation process is generally well designed, the audit found that it is not operating as intended or resulting in the desired performance improvement. The audit was unable to confirm that sufficient or appropriate actions have been identified for all areas in Level 3 escalation. Actions are not formally documented in a single central repository, which impedes oversight, traceability and monitoring. There were also instances where actions had not been identified, were insufficient or were not SMART (Specific, Measurable, Achievable, Realistic/Relevant, Timely).

With regard to performance review and escalation arrangements, there was little evidence of monitoring of escalation levels. In many cases, the monthly executive recovery meetings did not take place as planned due to senior leadership availability, both at a corporate level and within the CCGs or the functions. The escalation route for domains assessed as Alert were not clear. At the time of audit, there was a significant volume of overdue and undated actions on the meeting trackers for both the Executive Improving Together Sessions and the executive recovery meetings. The findings of this review and any corrective actions should be considered in the context of the operational governance arrangements covered in the previous report.

There are opportunities to better integrate and streamline escalation processes and operational governance arrangements to reduce the burden on functions already dealing with service pressures and allow them to focus on operational priorities. An overall rating of Limited Assurance has been concluded, with three high and four medium priority findings.

Mr Thomas wished to apologise for the position described by the report. The audit had clearly identified a number of weaknesses, which need to be addressed promptly. A number have already been addressed, such as actions tracking. Mr Thomas did not agree with the assertion in the report that the Health Board should be centrally tracking actions upon which CCGs were providing assurance, and this would not be taken forward. There should, however, be a clear tracking of actions agreed in meetings. The remaining actions will be addressed by means of the revised process being put in place. This will also need to be embedded and aligned with the new operational ways of working, which will be discussed in the Board Seminar. Whilst it was emphasised that Improving Together has provided a robust process for escalation, process is only one part of generating an outcome. Leadership is also required, and Mr Thomas recognised that the organisation has perhaps been let down by a lack of collective leadership in this area. The Executive Team should reflect on this, and ensure that lessons are learned when putting in place the new process.

Mr Weir felt that Mr Thomas was being overly harsh in his assessment. Developments such as the escalation dashboard had been extremely helpful to IMs. Whilst the audit had flagged concerns around ability to rely on the process, Mr Weir suggested that this simply requires reflection on the changes required. He recognised that the rating was disappointing; however, this is a timely report which offers valuable opportunities for learning. Agreeing, Mrs Marks noted that a number of actions to address the report's recommendations are already in place. She shared Mr Weir's positive view of the 'escalation on a page' document.

Mrs Marks did raise, however, a concern around Population Health given the number of areas in escalation. In response to the latter, Mr Thomas reminded Members that the criteria in relation to Population Health are extremely limited. These are probably more representative of the Director of Public Health's executive portfolio than the scope of the organisation's Population Health work. The criteria focus on Business Continuity Plans and Staff Vaccinations. Whilst the RAG ratings for these still present cause for concern, it is limited in extent. Mrs Marks welcomed this context; however, remained concerned by escalation levels in these areas. Agreeing, Mr Weir suggested that SPC could examine them in more detail if this was felt to be necessary. Mr Thomas emphasised that the Improving Together process was never intended to address the broader strategic conversations, it was about improvement rather transformation. The latter can only really be done as part of the planning cycle, where resources are consciously reallocated to address strategic decisions.

Cllr. Evans highlighted the need for assurance around grip and control, and that this will be facilitated under the new governance structures. In response, Mr Carruthers reiterated links with the previous agenda item, and with discussions at QSEC. He felt that penetrating to the core of the risks and issues will start to address the root cause of the issues in performance. It is important to recognise that certain of these are process-heavy in terms of management processes. This requires further consideration. However, there is also a more fundamental sustainability issue in certain services. As identified during discussion at QSEC, there needs to be triangulation of the broader risk issues, to identify what CCGs and services are focusing on. This will aid in understanding why there is a lack of progress and/or why there are complaints and incidents.

Reflecting on discussions, Mr Thomas recognised Members' concerns, which were shared by the Executive Team. With so many CCGs in Level 3, and given that the escalation framework will not be changing significantly, a basic assessment is required across the organisation:

- Is it a case of insufficient capacity?
- Is it a case of insufficient competency?
- Is it that the challenge itself is too complex?

The organisation still needs to determine what Level 4 escalation looks like and the consequences for a CCG or function of being placed into Level 4 escalation. There is also a need for much greater transparency around the core challenges and issues driving the Health Board's performance, in terms of finance, quality and safety, to facilitate proper Board oversight.

Decision: The Committee **NOTED** the Internal Escalation: Level 3 and 4 Functions (Limited Assurance) Internal Audit report.

The Committee agreed to **ALERT** the Board in relation to the Internal Escalation: Level 3 and 4 Functions Internal Audit report, given its Limited Assurance rating and findings. They further agreed that an update should be provided to a future meeting.

HT

Mr Andrew Carruthers and Mr Shaun Ayres left the Committee meeting.

AC(26)50

Estates Assurance – Space Utilisation (Advisory Report)

Mr Murray Gard, Mr Lee Davies and Mr Paul Williams joined the Committee meeting.

Mr Murray Gard introduced the Estates Assurance – Space Utilisation Internal Audit report. This review had been undertaken on an advisory basis to evaluate the management of space utilisation within the Health Board. The review had also been undertaken elsewhere in NHS Wales, with learning shared where possible. Whilst HDdUHB systems and processes compared

favourably to the other organisations reviewed, it is recognised that, across NHS Wales including HDdUHB, available data within which to drive more effective space utilisation could be improved. HDdUHB has recognised this challenge and established firm foundations to take space management activities forward. As this is an advisory review, there is no assurance rating. However, a number of areas for management consideration have been identified. Actions have been agreed, with time scales set out within the body of the report.

Mr Lee Davies welcomed the report, advising that this is an area of work to which the Health Board has been applying a great deal of scrutiny and effort over the last couple of years. He was pleased to note that this is recognised in the report, together with suggestions of further developments. In terms of context, HDdUHB, like most health boards, is very constrained on space and suitable accommodation. Yet quite often, buildings are under-utilised and under-occupied. The Health Board has been using data and tools to measure space utilisation, then developing projects, agile working toolkits and approaches to maximise this, whilst rationalising the estate and improving the quality of accommodation.

Agreeing, Mr Paul Williams indicated that the Health Board had recognised some time ago the opportunities that space utilisation offers around efficiencies, cost savings and supporting the clinical strategy. However, it also presents challenges in terms of capturing data at pace and enacting effective change. The Picton Terrace building is a good pilot for this work. COVID-19 fundamentally changed the way certain staff groups work, and the Health Board has reflected this change. In response to a query around the tracking of actions, Members were advised that these will need to be recorded on the Audit Management and Tracking (AMAT) system.

LD

Decision: The Committee **NOTED** the Estates Assurance – Space Utilisation (Advisory) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Estates Assurance – Space Utilisation (Advisory) Internal Audit report.

Mr Murray Gard, Mr Lee Davies and Mr Paul Williams left the Committee meeting.

AC(26)51

Human Tissue Authority Follow-up (Review)

Mr James Severs joined the Committee meeting.

Mr Johns introduced the Human Tissue Authority (HTA) Follow-up Internal Audit report. This audit was a follow-up from an earlier audit, which had received Limited Assurance. It had focused on the actions agreed in the original audit and implementation of those. As is evident from the overview, it is pleasing to note that each of the actions have been implemented, with significant

progress made since the original audit. This represents a much stronger position for the Health Board in terms of the actions put in place to address previously identified weaknesses, and is a positive outcome.

Mr James Severs wished to thank the Internal Audit team for their support. He reminded Members that the Internal Audit was commissioned following a local exercise to benchmark the Health Board as an organisation against the national standards for HTA. The outcome of Limited Assurance had been surprising; however, he was pleased that significant progress has been made on the two high priority and four medium priority actions. He agreed that this will place the Health Board in a strong position going forward. Welcoming implementation of the recommendations, Cllr. Evans thanked Mr Severs and his team for their work.

Decision: The Committee **NOTED** the Human Tissue Authority Follow-up (Review) Internal Audit report.

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

Mr James Severs left the Committee meeting.

AC(26)52

Infection Prevention & Control

DEFERRED to 7 May 2026 meeting

Mrs Marks expressed concern around the number of deferred Internal Audit reports on the agenda, and potential impact on the June 2026 meeting. Whilst it was recognised that a number of these are scheduled for the May 2026 meeting, there was concern that further deferral could impact on year-end items.

AC(26)53

GP Out of Hours

DEFERRED to 7 May 2026 meeting

AC(26)54

Major Infrastructure Investment Plan

DEFERRED to 7 May 2026 meeting

AC(26)55

Decision Making for High Cost Drugs

DEFERRED to 7 May 2026 meeting

AC(26)56

Wellsky System

DEFERRED to 7 May 2026 meeting

AC(26)57

Joint Committee with SBUHB

DEFERRED to 23 June 2026 meeting

AC(26)58

Medical Workforce Stabilisation

DEFERRED to 23 June 2026 meeting

AC(26)59

Theatre Stock System Implementation

DEFERRED to 2026/27 IA Plan

Clinical Audit Update

Mr Mark Henwood and Mr Ian Bebb joined the Committee meeting.

Mr Mark Henwood presented and described the report's content, with Mr Ian Bebb noting that this focuses to a major extent on national audit compliance. Members heard that the CCG structure and risk registers have facilitated greater traction in audit terms. Whilst it is not possible to support every audit request, where this is the case, it needs to be recognised and steps taken to ensure that mitigation is in place. Mr Bebb felt that the Health Board has made progress in this regard. He wished to highlight AMAT, and the number of audits now on this system, which facilitates instantaneous availability of results.

Mr Bebb also noted that a number of audits are providing good assurance, particularly around infection prevention and control. Other areas which demonstrate the point of audit by evidencing improvement. Due to the extent of the national audit programme, it is challenging to summarise. However, a number of examples of specific impacts are included in the report. The final issue Mr Bebb wished to highlight was a new approach to the Clinical Audit Programme, arising from discussions at QSEC and other forums. This is intended to align the Programme with strategic priorities and priorities identified by other forums. As a result, a letter has been issued to ARAC, inviting it to contribute to the programme by suggesting potential audit topics. The report's recommendations also request that ARAC consider and endorse this approach.

In response to a query regarding AMAT, Members noted that this is a digital system or platform which allows the tracking of audits and actions. Mr Henwood advised that it is an excellent governance tool. Mrs Marks enquired where, in an audit, the patient is considered. In response, Mr Henwood explained that this is dependent on the nature and topic of the audit. Audits can consider processes, pathways, outcomes, periods and numbers. The aim of clinical audit is to provide answers, generate more questions, produce actions and learning, and prompt re-audit. Mrs Marks welcomed this context and commended the positive examples of audits outlined in the report.

With regard to the mandatory national clinical audits, Cllr. Evans noted that participation was described as 'expected'. Given the non-participation described in previous reports to the Committee, he requested assurance that compliance with audit training and participation is improving. Mr Bebb indicated that participation goes beyond data collection and involves developing action plans. Following the creation of CCGs, there has been an increase in participation and engagement with clinical audit. Efforts are also being made to raise the profile of audit, particularly the mandatory audits and embed them in service risk registers and planning. Whilst certain areas are proving challenging, such as Diabetes

and Dementia, there is new clinical leadership in both areas, which it is hoped will improve the situation.

Decision: The Committee:

- **NOTED** the performance improvements evidenced through the Audit Management and Tracking (AMAT) system and the volume of completed improvement actions
- **TOOK ASSURANCE** that services with low national audit engagement are implementing agreed improvement plans
- **TOOK ASSURANCE** from the continuation of most mandatory national audits and the processes followed for escalation
- **DISCUSSED** the development of the 2026/27 April-September programme
- **TOOK ASSURANCE** from the continued shared learning through Whole Hospital Audit Meetings (WHAM) and other activities
- **ENDORSED** the revised Clinical Audit Programme (CAP) prioritisation approach to strengthen alignment with organisational risk

The Committee agreed to **ASSURE** the Board in relation to the Clinical Audit Update report.

Mr Mark Henwood and Mr Ian Bebb left the Committee meeting.

AC(26)61

Financial Assurance Report

Mr Thomas presented the Financial Assurance Report, noting that this is of the usual format. There were no 'Alert' issues. 'Advise' issues related to breaches of Standing Financial Instructions (SFIs) and retrospective use of purchase orders. The Finance team has been working with Procurement and reiterating the importance of compliance with the relevant teams. Whilst staff overpayments have increased, the average recovery period has decreased. There are two individual losses exceeding £5k; one is a written-off debt relating to an overseas patient, and one is drugs wastage. Members' attention was also drawn to two other matters included in the report. The first of these involves special payments being made for Band 2 to Band 3 transition, which has been taken through the Board. Mr Thomas explained that the reason for bringing this to ARAC is that it is not a contractual requirement, so requires approval, in line with the approach taken in the rest of Wales. The second matter involves changes to the construction contracts for limits for approval under the Scheme of Delegation.

Cllr. Evans expressed concern regarding continued breaches of SFIs, emphasising that this is unacceptable, and enquired how it will be addressed. He suggested that he could discuss this with the Chief Executive, if this would be helpful. Mr Thomas indicated that he would support this course of action if it were viewed as necessary. However, the isolated and specific nature of these breaches was emphasised and Mr Thomas assured Members that he has communicated directly with the teams in question. It should

be recognised that the Health Board is a large organisation and, ultimately, there are processes in place to capture any breaches. In response to a query around whether sufficient reminders of the process are issued, Mr Thomas indicated that breaches occur when individuals or teams approach suppliers outside the normal procurement process. It is not possible to prevent this behaviour, only to capture it and hold individuals to account. It was agreed that Cllr. Evans would discuss this issue with the Chief Executive.

RE

Commending the report for its clarity, Mr Weir suggested that other organisations could learn from it. With regard to Section 2a, Compliance with Purchase to Pay requirements, he noted that Invoices On Hold (IOH) relate to four suppliers, with 20 IOH. He enquired regarding the potential risk involved. Mr Thomas explained that there will always be a level of IOH at any one time. The IOH process is designed to seek assurance before payment is made and queries can arise due to, for example, a delivery charge not being part of the original purchase order. Mr Thomas was not concerned by the levels or numbers of IOH described within the report.

Regarding the Band 2 to Band 3 payments, Mrs Marks enquired whether these are made in one year; whether they have tax implications for the individuals; whether they involve back pay; whether they are for all Band 2 staff; whether they are payable to staff who have left the Health Board; and the average payment. Mr Thomas explained that they are only being made to a specific group of Band 2 staff, whose job has changed to Band 3 level. These are 'recognition payments', made in recognition of a change in job banding, rather than back pay. Tax implications will fall in the tax year in which the payment is made. There are other examples of the scope of practice of jobs changing, for good reason but in an unplanned manner. Whilst these can offer benefits to the organisation, the grip and control around their implementation requires improvement. Mrs Marks would raise her other queries at the People, Organisational Development and Culture Committee (PODCC).

Decision: The Committee:

- **SCRUTINISED** the award of contracts listed.
- **DISCUSSED** the breaches of Standing Financial Instructions (SFIs) as detailed.
- **DISCUSSED** the staff overpayments as detailed and **TOOK ASSURANCE** that actions to control them are sufficiently embedded.
- **DISCUSSED** losses as detailed and **APPROVED** the losses in excess of £5,000.
- **APPROVED** The Capital Scheme of Delegation amendments replacing an Assistant Director of Finance with the Executive Director of Strategy and Planning for ratification by the Board.
- **NOTED** the requirement to specify limits of approval for the Capital Scheme of Delegation specific to the Withybush Fire Scheme Phase 2 and Bronglais Fire Scheme.

- **NOTED** the recognition payment the Health Board has made to eligible Health Care Support Workers and submission to Welsh Government for its approval as a special payment.
- **TOOK ASSURANCE** from the actions taken to:
 - a) Improve Purchase To Pay (P2P) compliance
 - b) Manage Single Tender Actions (STAs) and
 - c) Update Schemes of Delegation as appropriate.

The Committee agreed to **ASSURE** the Board in relation to the Financial Assurance report.

AC(26)62

Financial Grip and Control

DEFERRED to 7 May 2026 meeting

AC(26)63

Counter Fraud Annual Report 2025/26

Mr Ben Rees introduced the Counter Fraud Annual Report 2025/26, which confirms that HDdUHB continues to meet the statutory and Welsh Government requirements for Counter Fraud work. All of these align to the government functional standards and the NHS Counter Fraud Authority requirements. Members heard that the Local Counter Fraud Service is delivered by two accredited specialists providing 420 operational working days, with a deliberate balance between proactive and reactive activity. The report refers to the NHS CFA self-review tool, commonly known as the SRT assessment, which returned an overall green rating for the organisation.

The Counter Fraud team carried forward 11 cases from the previous year and received a total of 16 new referrals this year. Of these, 16 investigations were closed, with 11 cases remaining open into the new financial year. Where wrongdoing was established, seven sanctions were applied, with £99k recovered, alongside two internal disciplinary referrals. Referrals have increased from 55 to 60 this year, which is consistent with improved awareness and mandatory training uptake. The report states that ESR training compliance was at 83%; this has since increased to 92%. Counter Fraud has undertaken activity associated with the National Fraud Initiative, assisting that initiative in recovering approximately £33k. Finally, Mr Rees indicated that he had hoped to include a statistical analysis of 2025/26 referrals. However, this will now be presented at the June 2026 meeting.

Cllr. Evans thanked Mr Rees and Mr Terry Slater for their work. He indicated that he, Mr Thomas and Mrs Wilson had been interviewed by the national NHS Counter Fraud Authority and asked whether there had been any feedback from this exercise. Mr Rees explained that the outcome report had not yet been issued, but was expected.

Decision: The Committee **RECEIVED** for information the Counter Fraud Annual Report 2025/26.

The Committee agreed to **ASSURE** the Board in relation to the Counter Fraud Annual Report 2025/26.

AC(26)64

Counter Fraud Work Plan 2026/27

Mr Rees presented the Counter Fraud Work Plan 2026/27, which aligns with the Counter Fraud Standards, in partnership with NHS Counter Fraud Authority assurance requirements. One area of improvement was identified in this year's SRT; the risk management process. To address this next year Counter Fraud has instigated a programme of work, built into the work plan, which will focus on proactive activities. This will include a review of all risks identified to date and the remapping of those risks going forward. One major change to note is that Counter Fraud will only present to the Committee proactive and reactive related work, rather than the four areas of work in previous reports. This streamlined approach has been taken to align with guidance. For the forthcoming year, 245 working days have been allocated to proactive and 175 days to reactive related work, giving a total of 420 days.

Decision: The Committee **APPROVED** the Counter Fraud Work Plan 2026/27.

The Committee agreed to **ASSURE** the Board in relation to the Counter Fraud Work Plan 2026/27.

AC(26)65

NHS Counter Fraud Authority Draft SRT Return

Mr Rees introduced the NHS Counter Fraud Authority Draft SRT Return report, which is presented for review. Cllr. Evans and Mr Thomas would be requested to approve its submission via the web portal and the final version would be presented to the Committee in June 2026.

Decision: The Committee **RECEIVED** for information the draft NHS Counter Fraud Authority Draft SRT Return report, prior to it being submitted via the Counter Fraud Authority.

The Committee agreed to **ASSURE** the Board in relation to the draft NHS Counter Fraud Authority Draft SRT Return report.

AC(26)66

Risk Assurance Report

Mrs Wilson presented the Risk Assurance Report, which provides an update of work undertaken since the previous meeting. She wished to highlight in particular the requirement for a new risk management system, which will need to take priority over other risk work this year. It will also have cost and capacity implications. Secondly, the annual risk maturity assessment has been undertaken and is documented in the report. Training in relation to this topic will be offered to IMs at a future point. The outcomes of the risk maturity assessment will feed into the Risk Management Strategy, which will be reviewed later in the year. Mrs Wilson felt it was important to highlight this matter to the Committee, in terms of risk and discharging its terms of reference. Governance and Leadership was assessed as 'Managed'; Integration as 'Aware';

Collaboration and Best Information as 'Aware'; Risk Management Processes as 'Defined'; Continual Improvement as 'Managed'. Work on the Risk Management Strategy is on track; however, there are capacity issues within the team currently, due to long term sickness absence. As a result, prioritisation of tasks is required. Referencing earlier discussions around risks and escalation. As outlined in the report, there are 679 open risks on Datix. Of these, 146 are in Estates and Facilities and 124 are in Community Integrated Medicine (CIM) CCG. This is now the only CCG at Level 3 for Governance. In addition, there has been an increase in risks in general.

Mrs Marks welcomed the very useful and detailed report. She suggested that the 'three lines of defence' concept was an extremely helpful approach. She looked forward to the training mentioned above. In response to a query around how ARAC can support the position with CIM CCG, Mrs Wilson suggested that this links with earlier discussions around management accountability. Responsibility sits with the Chief Operating Officer and CCG to undertake reviews and ensure that risks are updated; also to manage risks and audit recommendations. In terms of actions as a committee, Mrs Wilson advised that the Chair of ARAC could write to the Chief Operating Officer to request that the position be improved. Alternatively, CIM CCG representatives could be invited to a future meeting to provide an update on risks and audits in particular. Cllr. Evans indicated that his preference would be the second option. Mr Thomas advised that the escalation meeting for CIM took place yesterday, with a discussion around their position. The outcome was an 'Alert' in terms of their response. It was suggested that this may be viewed as sufficient to trigger a conversation at ARAC. Members agreed that the Chief Operating Officer and representatives of the CIM CCG would be invited to attend a future meeting.

JW

Mr Weir also commended the report and level of detail, and the way in which this is presented. In relation to the first line of defence, whilst welcoming the breakdown of risks by CCG, he expressed concern around the numbers and the challenge of mitigating these risks. Mr Weir stated that he would appreciate more reports to ARAC in relation to risks and actions. With regard to the second line of defence, he welcomed information on how the internal escalation processes work. The third line of defence, which involves internal and external audit input, is effectively covered off during these items. Mr Weir suggested that it may be appropriate, at a future time, to consider this report earlier on the agenda and assess impact on the meeting flow. Agreeing with all of Mr Weir's comments, Mrs Wilson expressed her thanks to the Assurance and Risk team for their work. She reminded Members that their workload is having to be re-prioritised due to the introduction of a new risk management system.

Decision: The Committee **TOOK ASSURANCE** on the work being progressed to implement the objectives set out in our Risk Management Strategy, to strengthen the effectiveness of our Risk

Management Framework, and our overall risk maturity as an organisation.

The Committee agreed to **ASSURE** the Board in relation to the Risk Assurance Report.

AC(26)67

Post Payment Verification (PPV) Report

Ms Amanda Legge, Ms Sue Tilman, Mr Andrew Carruthers and Ms Rhian Bond joined the Committee meeting.

Decision: The Committee:

- **NOTED** the contents of the Post Payment Verification (PPV) Annual Report 2025/26
- **TOOK ASSURANCE** from the contents of the report

The Committee agreed to **ASSURE** the Board in relation to the Post Payment Verification (PPV) Annual Report 2025/26.

AC(26)68

Primary Care PPV Report

Decision: The Committee:

- **NOTED** the information contained within the Primary Care Post Payment Verification (PPV) Report
- **NOTED** that the Primary Care team continues to work with all contractors and their professional representative bodies on the quality of claiming and continues to respond to individual claiming queries from the outset. PPV is discussed at GMS Contractual Assurance visits and training is offered by the PPV Team
- **TOOK ASSURANCE** that appropriate liaison is undertaken with the Counter Fraud Team when there are any concerns, or information needs to be queried

The Committee agreed to **ASSURE** the Board in relation to the Primary Care Post Payment Verification (PPV) Report.

Ms Amanda Legge, Ms Sue Tilman, Mr Andrew Carruthers and Ms Rhian Bond left the Committee meeting.

AC(26)69

ARAC Workplan 2026/27

The Committee **NOTED** the Audit Work Programme 2025/26.

AC(26)70

Any Other Business

There was no other business reported.

AC(26)71

Matters and Risks for Escalation to the Board

As noted.

AC(26)72

Date and Time of Next Meeting

9.30am, 7 May 2026 (Review of Draft Year-end Documentation)

9.30am, 23 June 2026