

**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 15 April 2025
Venue: Board Room, Ystwyth Building, St David's Park, Carmarthen and via Microsoft Teams

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

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 Gareth Heaven, Audit Manager, NWSSP (VC)
Mrs Joanne Wilson, Director of Corporate Governance/Board Secretary
Miss Charlotte Wilmshurst, Assistant Director of Assurance and Risk
Mr Huw Thomas, Director of Finance (part)
Mr Ben Rees, Head of Counter Fraud (part)
Mr Shaun Ayres, Director of Delivery (VC) (part)
Mr Andrew Carruthers, Chief Operating Officer (part)
Mr Keith Jones, Director of Operational Planning and Performance (VC) (part)
Ms Sharon Daniel, Director of Nursing, Quality and Patient Experience (part)
Ms Mandy Davies, Assistant Director of Nursing and Quality Improvement (part)
Mr Ian Bebb, Clinical Audit Manager (part)
Ms Cathie Steele, Interim Assistant Director of Nursing (part)
Mr Mark Henwood, Interim Medical Director (part)
Ms Carly Hill, Assistant Director, Medical Directorate (part)
Ms Rachel Williams, Head of Assurance and Risk (VC) (observing)
Ms Clare Moorcroft, Committee Services Officer (minutes)

Minutes Ref.	Item	Action
AC(25)34	<p>Introductions and Apologies for Absence</p> <p>Cllr. Rhodri Evans, Audit and Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Apologies for absence were received from:</p> <ul style="list-style-type: none"> • Mr Winston Weir, Independent Member (Committee Vice-Chair) • Professor Phil Kloer, Chief Executive • Mr Lee Davies, Executive Director of Strategy and Planning • Ms Louise O'Connor, Assistant Director, Legal and Patient Support 	
AC(25)35	<p>Declaration of Interests</p> <p>No declarations of interest were made.</p>	

AC(25)36

Minutes of the Meeting held on 11 February 2025

Decision: RESOLVED – the Minutes from the meeting held on 11 February 2025 were approved as an accurate record.

Cllr. Evans thanked Mr Michael Imperato for his contribution to the Committee during his tenure as a Member.

AC(25)37

Table of Actions

An update was provided on the Table of Actions from the meeting held on 11 February 2025 and confirmation received that outstanding actions had been progressed. In terms of matters arising:

AC(25)04 – to be raised with Mr Andrew Carruthers when he joins the meeting.

AC(25)38

Matters Arising not on Agenda

There were no other matters arising.

AC(25)39

Escalation Status Update Report

Mr Shaun Ayres joined the Committee meeting.

Mrs Joanne Wilson advised that a letter from Welsh Government had been received following agenda publication, and had been added to the supporting documentation for this item. Mr Shaun Ayres presented the Escalation Status Update Report, highlighting the following:

- Transition to the new operational structure involves some trepidation; however, momentum must be maintained
- The letter from Welsh Government regarding the Health Board's escalation status indicates the progress made, which should be recognised and acknowledged
- Key areas for focus, however, remain – including Urgent and Emergency Care, Cancer services (sustained performance) and Diagnostics
- The Maturity Matrix will be crucial in determining how collective engagement is undertaken. It involves seven steps and will be a more inclusive process. The new operational structure should lend itself well to reviewing this
- The organisation needs to consider priorities for the upcoming year, reflecting on capability and capacity. Consequences of decisions need to be considered. The correspondence from Welsh Government outlines their priorities, including finances
- A new Escalation Framework is to be issued, with 53 rather than 56 criteria. Whilst the reduction may not seem significant, it is more streamlined than the current framework

Mr Huw Thomas joined the Committee meeting.

Mrs Wilson wished to formally thank Mr Ayres for his work, which has contributed significantly to the Health Board's de-escalation and all of those who had worked exceptionally hard to support de-

escalation in three areas. Members heard that Welsh Government staff have acknowledged Mr Ayres' input as extremely helpful. Cllr. Evans echoed this sentiment on behalf of the Committee.

Welcoming the clear report, Mr Maynard Davies referenced the slide 'ARAC's Visibility across Targeted Intervention'. He noted the focus on 'Alert' criteria and suggested that it might be useful to add to this any deteriorating measures. Mr Ayres agreed that this would be a sensible approach. He recognised the valuable role of the Performance Dashboard in identifying such measures and any potential mitigations. He wished to thank both the Performance team and the Corporate Governance team, for their support.

SA

Cllr. Evans reiterated the need to maintain momentum around delivery of savings and to maintain clarity of focus. Mrs Eleanor Marks also thanked Mr Ayres for his work. Recognising that this is the first ARAC meeting of the new financial year, Mrs Marks emphasised that the letter from Welsh Government, whilst containing some positives, also sets out a number of significant challenges. She suggested that it would be helpful to have more detail around plans to address issues such as clinical pathways and financial targets. In view of the complexity involved, it is likely that Year 2 will be more challenging than Year 1. Mr Ayres agreed, adding that performance expectations have been raised, alongside the financial expectations. Members were reminded that investments are being made in specific areas.

Mrs Marks also highlighted that the coming year is likely to be challenging for the Health Board's staff. It can be difficult to maintain motivation; however, targets and requirements will not be achieved without staff engagement. She felt that this is an issue of which all Committees should be mindful. Agreeing, Mr Huw Thomas indicated that it would have been 'easy' to develop an Annual Plan which simply drove down expenditure. However, a conscious decision had been made to build where possible and strike a balance between making savings and investment. He hoped that this will help to mitigate the focus on savings. Whilst acknowledging this, Mrs Marks noted that many areas and services will not receive investment, and will need to be supported in other ways.

Cllr. Evans thanked everyone across the organisation for their contribution, and congratulated Mr Ayres on his new title.

Mrs Wilson advised that, once the new Escalation Framework is received, work will be undertaken to re-map criteria to the relevant Board level Committees.

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

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

Mr Shaun Ayres left the Committee meeting.

AC(25)40

All Wales NHS Audit Committee Chairs' Meeting Update

Members heard that the most recent meeting had been cancelled.

AC(25)41

Standing Orders, Standing Financial Instructions and Scheme of Delegation

Introducing the report, Mrs Wilson advised that the Health Board's Standing Orders had last been updated in May 2024. A number of changes have been made to the Standing Orders and Scheme of Delegation, as detailed in the report and appendices. None has been made to the Standing Financial Instructions as yet. The documents are presented to ARAC for approval and onward ratification by the Board.

Referencing paragraph 1.1.3, Mr Davies requested clarification around whether the officer member responsibility for Primary Care and Community and Mental Health Services is assumed by the Chief Operating Officer in the case of Hywel Dda University Health Board (HDdUHB). Mrs Wilson confirmed that the accountability for these areas sits with Mr Carruthers as Chief Operating Officer, and that this is the case in the majority of Health Boards. With regard to paragraph 1.1.4, Mr Davies noted the requirement for an Independent Member (IM) with experience and expertise in estates. Members heard that HDdUHB does not have an IM with this specialty; however, the Health Board had worked with Welsh Government, who had instead agreed to a higher number of community IMs.

Also in relation to paragraph 1.1.4, and to paragraph 1.1.9, it was suggested that there was an implied contradiction regarding the numbers of IMs and whether this included or excluded the Chair and Vice-Chair. Mrs Wilson confirmed that the numbers are 9 plus 2 respectively; however, agreed to consider whether any changes can be made to clarify the statements. Mr Davies queried the implications of paragraph 7.4.3's requirement that 'Board members shall be sent an Agenda and a complete set of supporting papers at least 5 clear days before a formal Board meeting.' Mrs Wilson advised that the planned approach would be as currently, with the agenda and papers issued at least 7 calendar days in advance.

JW

In response to a query around when the revised Standing Financial Instructions might be issued, Miss Charlotte Wilmshurst advised that these are being aligned with the Procurement Act 2023. It had been hoped that they would be available for approval with the Model Standing Orders; however, this had not been possible. In respect of the Scheme of Delegation, Mr Davies noted and queried the following statement on page 6:

CAPITAL INVESTMENT, FIXED ASSET REGISTERS AND SECURITY OF ASSETS
15.1.3 Capital Plan (Row 220)

The Board must approve a three year Capital Plan, and an annual Capital Programme, as set out in the Integrated Medium Term Plan and Budgetary Control chapters of these SFI

Mr Thomas explained that this is not possible within the scope of an Annual Plan, and that an annual Capital Plan is, therefore, required. Members noted that this does, technically, represent a breach of Standing Financial Instructions. It was suggested, however, that it is challenging for Health Boards to meet this requirement in the absence of a three year Capital Plan from Welsh Government, and that such a Plan might assist in the development of capital schemes such as the Cross Hands Integrated Care Centre (ICC). Mr Thomas observed that there is currently no three year allocation formula, and that it would be difficult for the Health Board to put in place a three year Capital Plan without an Integrated Medium Term Plan (IMTP). Whilst there may be 'informal' local plans on a three-year basis, these are not formal or explicit.

In the Scheme of Delegation, Cllr. Evans queried the implications of the proposed change regarding Commissioning of Continuing Healthcare and Funded Nursing Care and removal of the wording 'outside panel'. Mrs Wilson committed to check. Mrs Marks noted that there is no reference to the issue of Unitary Boards and how Health Boards operate in this capacity. Whilst acknowledged as a potential anomaly, Members were reminded that the Model Standing Orders are prescribed by Welsh Government. Cllr. Evans thanked Mrs Wilson and her team for their work.

JW

Decision: The Committee:

- **CONSIDERED** the required amendments made to HDdUHB's Standing Orders in light of Welsh Government amendments to the Model Standing Orders.
- **REVIEWED** HDdUHB's revised Scheme of Delegation.
- **RECOMMENDED** the revised version of HDdUHB's Standing Orders and Scheme of Delegation to the Board on 29 May 2025 for approval.

AC(25)42

Audit Wales Update Report

Mr David Williams noted that Audit Wales are presenting two items for the Committee's consideration: the usual Update Report and the Audit Plan for 2025/26. The former summarises the current status of financial and performance audit work. In terms of financial audit work, preparations are underway for the annual audit of accounts, the findings of which will be reported by the end of June 2025. Attempts are being made to bring forward the timetable for Charitable Funds accounts audit work and further updates will be provided when available. With regard to performance audit, Ms Urvisha Perez presented a summary of planned and current work. She was aware that there are several reviews outstanding, and there is a focus on closing these. Most are at the reporting stage, with the exception of the Review of the Management of Outpatients, which is in the last stages of

fieldwork, and the Deep Dive Review of Investment in Digital Systems, for which the draft scope was issued last week. Ms Perez drew Members' attention to the national reports detailed within the report, with the Cancer Services report appearing on today's agenda. Exhibit 4, the Annual Audit Plan 2025/26, also appears next on the agenda.

Mr Andrew Carruthers and Mr Keith Jones joined the Committee meeting.

Cllr. Evans noted that reviews on Urgent and Emergency Care, Planned Care and Capital Programme Prioritisation were all due to be reported to today's meeting. He expressed concern around the number of reports outstanding and ARAC's capacity to review all of these effectively. Ms Perez shared these concerns and apologised for the delays. She advised that the first two reviews are almost complete and the aim will be for all to come in June 2025 but the Capital review may be delayed until August 2025. In response to a query around whether management are content with the local work proposed, Mrs Wilson indicated that this was the case. Due to the proposed investment in Radiology, it had been determined that a review would be appropriate, and the local review of Cancer Services follows the national work.

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

AC(25)43

Audit Wales Audit Plan 2025/26

Presenting the Audit Wales Audit Plan 2025/26, Mr Williams indicated that this sets out how Audit Wales will undertake both financial and performance audit work throughout the year. He drew Members' attention to page 6 onwards of the report, which describes the planned approach to the financial audit work. From page 14 onwards, the performance audit work is described, with Ms Perez explaining that this includes core work, a Review of the Arrangements to Manage Estates and (as already mentioned) Review of Radiology Services. A thematic review into Cancer Services will examine the progress being made towards achieving Welsh Government targets and quality standards for cancer services.

With regard to the proposed review of Estates, Mr Davies enquired whether this will consider the balance between developing new estate and ensuring that the existing estate is fit for purpose. If this is a national review, he wanted to ensure that it will identify local issues. Mr Davies highlighted that HDdUHB has the oldest estate in Wales and is being subjected to a number of restrictions in the development of new facilities, for example the Cross Hands ICC. Ms Perez advised that this is a local rather than national audit, and assured Members that the draft project brief will be agreed with Health Board management.

Noting the proposed reporting timescale for the Radiology review, with fieldwork commencing in September 2025 and reporting in

March 2026; Cllr. Evans reiterated previous comments around ensuring that reporting timescales are met, so as to not impact detrimentally on ARAC's workload. Members noted that the indicative reporting dates would need to be forward planned onto ARAC's Workplan for 2025/26.

CM

Decision: The Committee **NOTED** the Audit Wales Audit Plan 2025/26.

AC(25)44 Review of Urgent and Emergency Care

DEFERRED to 24 June 2025 meeting

AC(25)45 Planned Care Review

DEFERRED to 24 June 2025 meeting

AC(25)46 Cancer Services in Wales: A review of the strategic approach to improving the timeliness of diagnosis and treatment

Ms Perez introduced the report, which had been published in January 2025. This had examined the national strategic approach, focusing mainly on Welsh Government and its NHS Executive. While it includes some high level commentary about Health Board performance, it is not an audit of Health Board arrangements. As mentioned, a Thematic Review of Cancer Services will examine local arrangements. The National Review focused on the timeliness of diagnostics and treatment, with Welsh Government having set a target that 75% of cancer patients should start their first treatment within 62 days of the first suspicion of cancer. Performance against this measure was selected as a way of understanding pressure in the system, particularly ability to respond to increasing demand. The review focused on the national strategic approach, as common challenges to delivering timely treatment were identified, including workforce, digital, availability and quality of data and barriers to regional working.

The report makes 10 recommendations for improvement, focusing on Welsh Government and (in some cases) working with other organisations. The findings were based on data analysis, review of documents and interviews with officials at various organisations. Audit Wales also spoke to a sample of four Health Boards; these interviews were focused on gathering perspectives of the national approach rather than a review of local approaches.

The report is divided into two parts; the first part focuses on analysis of data on referrals, activity to diagnose and treat patients, cancer survival and mortality in the widening deprivation gap, opportunities to detect cancer earlier and high level analysis of spending and workforce shortages. Key findings are that demand is increasing ahead of the NHS's ability to meet it and the waiting list is growing. Overall, NHS Wales is continuing to miss the 62 day target. The second part of the report focuses on the national strategic direction and leadership to improve cancer services. Key messages are a lack of clarity on the status of the cancer improvement plan in how it aligns with the cancer

improvement initiatives. Welsh Government has not integrated the plan into its planning and performance frameworks and NHS bodies and the Third Sector are confused about the strategic direction. There is a lack of leadership, coherent strategy, focus on cancer prevention, and slow decision-making. The Welsh Government's oversight is narrowly focused on the 62 day target rather than broader outcomes and system change.

Since the report was published, Welsh Government has responded, accepting 8 of the 10 recommendations. Audit Wales is not clear whether they have accepted Recommendation 4, as this is not specifically stated. They have partially accepted Recommendation 9 on improving data on cancer services, with caveats indicating that they may not be able to provide all of the data in the recommendation. The Senedd Public Accounts and Public Administration Committee is holding an inquiry to examine the issues raised in the report. An evidence session with witnesses from Third Sector organisations was held on 25 March 2025 and another session with Welsh Government and the NHS Executive will take place on 1 May 2025.

From a Health Board and service perspective, Mr Andrew Carruthers indicated that the report has been reviewed and potential learning opportunities identified. It should be noted that the Welsh Government response had only been received last week. The report and response will be considered at the June 2025 Quality, Safety and Experience Committee (QSEC) meeting. In terms of national conversations, Members heard that Mr Carruthers, as Chair of the Chief Operating Officers' (COOs) Peer Group, had met with the new national lead for Cancer based at the Velindre Cancer Centre. Discussions had taken place around how the COOs might work differently as a group, and how more senior operational input and oversight might be factored in. This had been a positive conversation, and a workshop is being planned for May 2025 to discuss the matter further.

Noting that Welsh Government had only accepted 8 of the 10 recommendations, Cllr. Evans enquired whether Audit Wales is planning to query this. In response, Ms Perez advised that the inquiry is scrutinising the report's findings in detail and, until that process is complete, it would not be appropriate for Audit Wales to respond. Cllr. Evans queried whether there is an expectation of a formal local response, to which he was informed that there was no such expectation. The national report can be utilised by Health Boards as they see fit and there are already plans in place for local audit work in this area. Mr Carruthers assured Members that steps will be taken to ensure any potential learning from the report is applied prior to the local audit.

Mr Davies thanked Audit Wales for the report, which provides a clear sense of current Cancer Services across Wales, and welcomed receipt of a response from Welsh Government. He noted that Cancer is the leading cause of death in Wales, and that 4 in 10 Cancer cases are preventable. The impact on both Cancer

Services and the health of the population of addressing the latter would be significant, and the importance of shifting resource into prevention and Public Health to do so was emphasised. Noting Recommendation 7 around employment opportunities for Radiologists, Mr Davies highlighted the need for training places in addition to employment. He enquired whether it is possible to require, via Health Education and Improvement Wales (HEIW), that Radiologists who are trained in Wales remain in Wales for at least a proportion of their working career. A significant number are required in HDdUHB and any actions which might facilitate this would be welcomed.

In terms of data, Mr Davies advised that a webinar by Digital Health and Care Wales (DHCW) last week had included a presentation from a Haematologist. They had indicated that, since use of a specific system had been ended, they are no longer able to access data and information on trends, etc which had fed into the management of certain cancers (myelomas specifically). Ms Perez advised that she has not been as involved in this audit as other colleagues and is, therefore, not so close to the detail of its findings. She noted, however, that Recommendation 7 links to work in relation to Workforce Planning, and individual Health Board work in this area. Ms Perez was not aware of any requirement for Radiologists to remain in Wales after training. In terms of data, whilst issues have been identified around data quality, she was not sure about the issue of data availability and would seek to obtain further detail from colleagues. She indicated that data collection differs between location, which makes it challenging to establish a national picture. Mr Davies was grateful for the offer to look into this matter, highlighting that Cancer Services is an area against which the Health Board is assessed as part of Targeted Intervention.

UP

Mr Carruthers acknowledged the importance of considering population health and prevention, and advised that he plans to discuss this with the Director of Public Health. There is a great deal of appetite to embed this operationally, and recognition of the potential benefits it offers. He assured Members that it is very much part of the planned approach. Returning to the issue of workforce and Recommendation 7, Mr Keith Jones suggested that until now, Health Boards have not necessarily been in a position to prioritise the resources to recruit Radiologists into their local workforce. However, as Members will be aware, from this year onwards, a step-increase in recurrent investment has been made into local Radiology services, which includes additional Radiologist capacity. This investment is aligned to improving the Health Board's diagnostic capacity to support the Cancer Pathway, and demonstrates a link between operational planning and priorities and some of the higher level messages in the report.

Mrs Marks welcomed the report and recommendations to Welsh Government. She also thanked Mr Carruthers for his assurances around Health Board actions. Mrs Marks enquired what Audit Wales would want HDdUHB to consider (as opposed to Welsh

Government) in taking this forward. Secondly, a shift in resource nationally and locally into the well-being, preventative and Social Model for Health sphere should improve matters greatly. Mrs Marks queried whether Audit Wales have any thoughts on the preventative issue and the move to a more well-being focused approach. In response, Ms Perez was of the opinion that the intended Health Board approach is the correct one. She suggested that it compare its performance with the priorities and messages identified in the report. For instance, to examine the potential barriers to improving performance in regard to Cancer Services. In terms of the focus on preventative care, Ms Perez also indicated that it is sensible to explore collaboration with Public Health and boost initiatives in this area. She agreed that there must be a shift in focus to preventative measures. Mrs Marks also wished to discuss the methodology utilised in this review, noting that Audit Wales had chosen to use the 62 days performance metric. She enquired regarding the other methodologies and measures considered, and whether Audit Wales felt that the one selected was the best. Ms Perez indicated that she was not in a position to answer this question and would refer it to colleagues who had been more closely involved in the audit. Mrs Wilson advised that it had been agreed the Audit Wales report and its implications for HDdUHB would be considered at the June 2025 QSEC meeting.

UP

Ms Sharon Daniel, Ms Mandy Davies, Mr Ian Bebb and Ms Cathie Steele joined the Committee meeting.

Revisiting an earlier agenda item, Cllr. Evans requested an update on AC(25)04 from the Table of Actions. Mr Carruthers advised that meetings in relation to Pathology have taken place, and that the Vice-Chairs of HDdUHB and Swansea Bay UHB have been tasked with providing additional oversight in this area. The Pathology Operational Delivery Network (ODN) Steering Group had been able to meet last week and had considered the draft Terms of Reference for taking this work forward at pace and examining the priorities identified by the Board. This would ensure that Board can be presented in September 2025 with a clear set of options that consider all potential opportunities for addressing the challenges around Cellular Pathology across south west Wales and the delivery modes and models which would enable that to happen. The Board had agreed to extend the Memorandum of Understanding (MOU) on a transitional basis, which is helpful because it provides the governance framework for HDdUHB and Swansea Bay UHB (SBUHB) to work together and share information. However, at the point of considering the options and how to progress these, it may be that the previously considered best approach to addressing the governance issues involved with the ODN may no longer be fit for purpose. This will need to be part of that consideration also. Mr Carruthers felt, however, that there is now a clearer and more robust way forward, which will address the concerns expressed by both Boards. He and the executive lead in SBUHB will be meeting every couple of weeks with the Vice-Chairs to update on progress. It was agreed that the existing

action would remain on the Table of Actions, with Mr Carruthers to provide a further update to the June 2025 meeting.

AC

Decision: The Committee **NOTED** the Cancer Services in Wales Report and Welsh Government Management Response.

The Committee agreed to **ASSURE** the Board in relation to the Cancer Services in Wales Report and Welsh Government Management Response.

AC(25)47

Elective Waiting List Management (Substantial Assurance)

Ms Sophie Corbett introduced the Elective Waiting List Management Internal Audit report, which had reviewed the key controls in place to manage and mitigate the risks facing Orthopaedic Services in the achievement of ministerial waiting list targets. Findings identified that there are robust arrangements in place for the monitoring, management and validation of waiting lists. The accuracy of Referral to Treatment (RTT) data submitted to the Health Board and Welsh Government was also verified. The audit had concluded Substantial Assurance overall, with no matters arising.

Mr Carruthers welcomed the audit and its findings, which were extremely reassuring. He felt that it reflected the robust nature of the processes underlying the improved performance in this area. Cllr. Evans congratulated Mr Carruthers and his team on the audit outcome. He wished, however, to explore how communication with patients on waiting lists is being managed. Mr Carruthers reminded Members that the Waiting List Support Service (WLSS) had been established some time ago as a hub for communication with, and single point of contact for, patients. In certain instances this had possibly not been as effective as it might have been. However, as waiting times come down, waiting lists will become easier to manage and the scale of the task less challenging. Members heard that the Validation team is also in constant contact with patients. Building on this, Mr Jones assured Members that – should the position of any patient change as a result of a validation action, as opposed to treatment – both the patient and their referring GP will receive a formal communication from the Health Board.

Mrs Marks added her congratulations and thanks to the team for their work. Whilst welcoming the fact that there are no matters arising, she requested assurance that there will nevertheless be a continuous focus on improvement and opportunities to enhance services. Mr Jones advised that the report references a separate audit conducted into the Validation Process, which had identified certain areas for improvement, and confirms that these have been addressed. This audit references more specific local audit activity that the Planned Care and Validation teams undertake, and the data that was explored through those activities correlated. Both of these provide assurance that internal systems and processes are robust. With regard to improvement going forward, the next major step will be to reflect the new national access policy for Planned

Care which is about to be launched. This implies a number of changes in systems and processes for Health Boards in terms of managing waiting lists. HDdUHB will need to take steps to fully understand the implications of this new policy.

Cllr. Evans noted reference to the Health Board Watchtower meetings, and queried how these will function in the new operational structure. In response, Mr Jones explained that the Watchtower is an operational group that previously sat within the Planned Care or Scheduled Care Directorate but now sits within the new Planned and Specialist Care Clinical Care Group (CCG). It will continue to function in the way that it has and will report through the new CCG and local performance oversight arrangements. The overall approach and progress in Planned Care, Cancer, Diagnostics and Therapies, will then be overseen by an overarching Planned Care Delivery Group. Essentially there are various levels to the reporting and escalation arrangements, both within and from the CCG. Members were assured that accountability is clearly structured and documented and Mr Jones provided assurance that he would link with the CCG to ensure this was reflected on their local organogram.

Decision: The Committee **NOTED** the Elective Waiting List Management (Substantial Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Elective Waiting List Management (Substantial Assurance) Internal Audit report.

Mr Andrew Carruthers and Mr Keith Jones left the Committee meeting.

AC(25)48

Clinical Audit Update

Cllr. Evans welcomed Ms Sharon Daniel and colleagues to the meeting, and congratulated her on her recent appointment to the substantive role of Executive Director of Nursing, Quality and Patient Experience. Introducing the Clinical Audit Update report, Mr Ian Bebb reminded Members that an earlier than usual update had been requested, to provide the Committee with assurance. A large number of new audits were added to the National Clinical Audit and Outcome Review Plan (NCAORP) mandatory audit programme in 2024/25 and the process of determining whether or not they were applicable has now been completed. The Health Board will be participating in all. Two areas were flagged as outliers by the audit providers: Epilepsy 12 and National Joint Registry. Both of these issues have also been resolved.

Whilst the Health Board is planning to participate in all mandatory audits, a process for escalating concerns has been introduced, utilising a Quality Impact Assessment (QIA), as discussed at the December 2024 meeting. Members heard that the Audit Management and Tracking (AMAT) software continues to be used for Clinical Audits, and that a new module will be added, primarily for nurse-led audits in both hospital and community settings.

Further updates to AMAT are due in June and July 2025. The local audit programme also remains in place, which allows the Health Board to respond to ad hoc and local issues. The Whole Hospital and Whole Health Board Audit meetings also continue, and facilitate shared learning.

Cllr. Evans requested assurance around mandatory audits and whether participation is logged. Mr Bebb confirmed that participation is both expected and monitored. Welcoming the information provided by the report, Mr Davies noted that funding for AMAT was originally on a temporary basis and enquired whether this is now confirmed. In response, Ms Sharon Daniel advised that AMAT is currently funded from the Medical Director's budget. A number of services rely on this software and Ms Daniel felt that it represents good value for money. She agreed to discuss with the Interim Executive Medical Director the issue of ongoing funding. In response to a query around participation levels and escalation processes, Ms Daniel advised that the QIA process had been introduced almost a year ago. This considers participation across all sites and the impact of non-participation. The outcome of this process can then be discussed with the services. Ms Daniel felt that it helped to emphasise the importance of participation in Clinical Audit.

SD

Referencing the earlier Internal Audit Report on Waiting List Management and, whilst noting the assurance therein around processes, Mr Thomas was conscious that there are issues with the way in which patients are managed while they are waiting for treatment. He enquired whether Clinical Audit has a potential role to play in understanding patient and clinical pathways from GP referral onwards, or from presentation at A&E onwards. There are likely inefficiencies within systems which might be highlighted, as it appears to be difficult to source evidence via other routes. In response, Mr Bebb suggested that this is an example of where the local Clinical Audit programme can contribute to assessing performance against 'gold standards' in treatment. Services would identify an area to audit as part of the programme.

Mr Thomas noted that this approach would be 'service up', suggesting that the requirement should instead be 'top down' (similar to the process for determining the Internal Audit and Audit Wales Audit programmes). Ms Daniel agreed, adding that consideration should be given to how all quality improvement processes are mobilised. Sharing this view, Ms Mandy Davies suggested that what was being proposed was more of a system-wide audit of pathways, with Clinical Audit being only part of this. Mr Thomas indicated that a relatively small sample of patients would probably identify various examples of inefficiencies in processes. Mrs Marks welcomed the report and was content with the recommendations; however, agreed that it does not answer questions around the patient journey. Whilst 'gold standard' treatment should be the aim, there is also the issue of the patient experience and people-centred approach. There needs to be evaluation of whether patient and clinical pathways are correct.

Ms Daniel echoed the importance of 'bringing to life' the quality management system. Quality planning, quality control, quality improvement and quality assurance all have the ultimate aim of improving the patient experience. Mr Davies was pleased to note the continued support for the Enabling Quality Improvement in Practice (EQliP) programme, suggesting that EQliP might provide a suitable route for the matter discussed above. It was agreed that Mrs Wilson, Ms Daniel and Mr Thomas would consider how Clinical Audit might contribute to a wider piece of work around inefficiencies in Patient/Clinical Pathways and would discuss this with the Chair of QSEC.

**JW/SD/
HT**

Decision: The Committee:

- **NOTED** the expansion of the use of AMAT software within the Health Board
- **TOOK ASSURANCE** from the continuation of the majority of mandatory national audits and the processes followed for escalation
- **TOOK ASSURANCE** from the resolution of all of the projects that were awaiting confirmation of participation
- **NOTED** the increased monitoring of some projects and the new assessment process that is being piloted
- **NOTED** the development of the 2025/26 programme and new approach
- **TOOK ASSURANCE** from the continued shared learning through the Whole Hospital Audit Meetings (WHAM)

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

Ms Mandy Davies and Mr Ian Bebb left the Committee meeting.

AC(25)49

Internal Audit Plan Progress Report

Mr James Johns introduced the Internal Audit Plan Progress Report, which was of the usual format. The report includes, in Section 2, details of the five audits finalised since the previous meeting, all of which have positive outcomes. In terms of ongoing delivery of the Plan, paragraph 3.3 outlines minor changes to the programme and describes incorporation of further audit work on recommendation tracking which will support the year-end position. The Internal Audit Plan for 2025/26 has been prepared, and appears as the next agenda item.

Mrs Wilson hoped that there will be an opportunity to achieve a Reasonable Assurance rating for the Head of Internal Audit Opinion. She emphasised the importance of the Executive Team focusing on implementing outstanding recommendations, noting that this will be the difference between Limited and Reasonable Assurance. In response to a query around the likely outcome, Mr Johns indicated that it will probably be extremely close, with the recommendation tracking work being key. Mrs Wilson agreed that

the Opinion outcome is finely balanced. Whilst corporate areas are generally leaning towards Reasonable Assurance, operational areas are returning Limited Assurance ratings in a number of cases. She emphasised that, even if a Reasonable Assurance Head of Internal Audit Opinion is achieved this year, it will include certain caveats.

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

AC(25)50

Internal Audit Plan 2025/26

Mr Johns presented the Internal Audit Plan and Charter for 2025/26. This sets out the specific programme of work proposed, and describes the approach to meeting the Internal Audit Standards. It is similar in content to previous year's Plans. The document references the new global Internal Audit Standards and takes the Committee through the planning approach applied in order to meet these. It also sets out the planned Internal Audit coverage, which will be reviewed on a continuous basis to ensure it adequately reflects the needs of the Health Board. The Plan highlights Key Performance Indicators (KPIs). The Audit Charter provides a detailed description of how the work will be delivered and reported, etc. There are no significant changes to the latter. The proposed programme is included at Appendix A; the Internal Audit team having met with a number of individuals in the Health Board to develop the Plan, which is linked to both organisational priorities and Targeted Intervention requirements. Sections 5 and 6 set out the resource needs assessment. The Committee's approval of the Plan is being sought.

Thanking Mr Johns, Mr Davies enquired whether Internal Audit are content with the 'spread' of audits in terms of delivery, to ensure that a backlog of reports does not build up towards the end of the year. Mr Johns advised that indicative timelines have been proposed, with audits allocated to specific quarters. He felt that there is a balanced approach and recognised the need for an even spread in delivery. Updates on progress will be provided in the usual manner. Mr Davies noted that there is no follow-up proposed on the Limited Assurance Data Quality audit. In response, Mr Johns advised that detailed follow-ups are planned for certain audits, for example Nursing Management; others will be managed primarily via the recommendation tracking approach. This will involve assessing and monitoring whether recommendations have been completed.

Referencing the KPIs, Mr Davies queried their 'fairness' to Internal Audit, noting that there was no reference to their dependence on the Health Board's actions, for example in preparing management responses. He enquired whether there are expectations and/or deadlines for such actions. Mrs Wilson advised that this forms part of the meeting between Internal Audit and management. There is an escalation process; however, providing that the process works as intended, this should not be required. In response to a query

around whether the various stages are enacted as set out, Mr Johns confirmed that they are. A collaborative approach between Internal Audit and management is taken, with flexibility applied when necessary. The new reporting style facilitates this approach. Cllr. Evans enquired how compliance with the Charter is managed, and Mr Johns explained that the Director of Assurance reviews aspects of the Internal Audit team's work against the Standards and the Charter on an ongoing basis. An annual report is then produced by the Director. With regard to paragraph 5.1 of Appendix C, it was highlighted that 'nominated executive lead' should be amended to read 'nominated director lead'.

JJ

Cllr. Evans queried how findings from national audits are fed back to the Health Board. Mr Johns indicated that any significant issues would be highlighted to ARAC. There have not been any audits this year which have specifically impacted on the Health Board; should there have been, they would have been reported. All are, however, summarised within the Annual Report. Referencing the planned audit into Estates and Utilisation of Space, Mrs Marks enquired whether the scope is concerned only with whether the controls are in place or whether it will actually consider how effective the utilisation of space is. She suggested that there are instances of the latter being less than optimal. Mr Johns advised that it is likely to focus on the systems, processes and controls in place for space utilisation, and how the organisation reviews and changes this when required.

Mrs Marks also wished to clarify the scope of the Cyber Security audit, noting that this is a specialised area. She enquired whether the audit will focus on the processes and controls being in place, or that these are effective in ensuring cyber security. In response, Mr Johns advised that this audit would consider the systems, processes, risks and improvement plans in place and will link with national work on cyber security. Mr Thomas emphasised that the Health Board does not rely on internal audits to assess cyber security. The NHS Wales Cyber Resilience Unit, which ensures that NHS organisations comply with the Network and Information Systems (NIS) Regulations, will be testing HDdUHB compliance on 10 and 11 September 2025. The outcome will be reported to the new Digital, Data and Innovation Committee (DDIC).

As with the Audit Wales audit programme, Cllr. Evans emphasised the need for Internal Audits to be delivered to schedule, so as to spread the Committee's workload evenly. Mr Johns advised that, once the proposed Plan is approved, details of report timings will be provided.

Decision: The Committee **APPROVED** the Internal Audit Plan and Charter for 2025/26.

Learning Lessons (Reasonable Assurance)

Mr Mark Henwood and Ms Carly Hill joined the Committee meeting.

Ms Corbett introduced the Learning Lessons Internal Audit report, which reviewed the processes in place for capturing and sharing learning from incidents and complaints. Sample testing identified that learning is not always captured clearly and consistently in DATIX and in some instances there was a lack of evidence to demonstrate the sharing of learning that had been identified. Clarity is also required around the circumstances under which an action plan should be completed following investigation of a concern, and the Health Board is in the process of developing a Listening and Learning Framework which should reinforce responsibilities and mechanisms for sharing learning. This is yet to be finalised and launched. Overall, Reasonable Assurance was concluded, with four medium priority matters arising.

Ms Daniel thanked the Internal Audit team for their report, noting that all of the matters arising are aligned to processes. She and Ms Cathie Steele confirmed that actions to address all of these are in progress. Cllr. Evans requested assurance around whether the Listening and Learning Sub-Committee (LLSC) is meeting its Terms of Reference and whether it meets frequently enough. Members heard that Mr Mark Henwood had taken over as Chair of this Sub-Committee. He confirmed that it is a valuable forum which is considering important issues and which provides robust assurance and learning. In response to a query around the Listening and Learning Framework, Ms Steele advised that this has been considered by the LLSC and QSEC. The final model will be considered again by LLSC in May 2025. This will take the form of a Sharepoint webpage with multiple resources for staff.

Mr Davies enquired regarding how compliance with the guidance will be ensured and that, for example, the correct templates are used. Ms Steele note that much of the work is related to how the integrated governance groups are set up, particularly the quality and safety focused meeting. This links with previous audits on governance arrangements and there is an overlap in terms of escalation status between governance and quality and safety arrangements. Members were assured that this is being actively monitored and discussed with members of the Corporate Governance team. Ms Daniel emphasised that this is a critical time, with the move to the new CCG structure. She advised that the team has provided 'masterclasses' regarding expectations in this regard.

Decision: The Committee **NOTED** the Learning Lessons (Reasonable Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Learning Lessons (Reasonable Assurance) Internal Audit report.

Ms Sharon Daniel and Ms Cathie Steele left the Committee meeting.

AC(25)52

Consultant Job Planning Follow-up (Reasonable Assurance)

Ms Corbett introduced the Consultant Job Planning Follow-up Internal Audit report, which focused on assessing progress in implementing recommendations arising from the audit undertaken in 2023/24. Action has been taken to ensure that job plans are completed in a timely manner, with new controls and processes contributing to a significant increase in compliance from 56% reported in February 2023 to 87% reported in January 2025, against the target of 90%. There are certain matters still requiring management attention, with instances of personal or service outcomes not documented in agreed job plans, and discrepancies between the sessions in the job plan and those recorded on the Electronic Staff Record (ESR) system with the baseline assessment of consultant session payments not yet finalised. Overall, the audit concluded Reasonable Assurance, an improvement on the previous review, with one high and one medium priority matter arising.

Mr Henwood wished to thank everyone in the Medical Directorate who has worked hard to drive improvement. He advised that a performance management framework has been established. Monthly data is shared and, if escalation is required, he meets with directorates or departments where performance is not progressing on an upward trajectory. It is recognised, however, that this is likely to be an ongoing process. The main difference is that all departments now have a robust improvement programme. With regard to Objective 2, service level objectives have been discussed with the Deputy Chief Operating Officer, who is helping to ensure that these are being introduced. Ms Carly Hill advised that there are examples of service objectives in Mental Health and Learning Disabilities (MHL) which will be used as examples of good practice. For Objective 3, Members heard that the team is working with the Senior Medical Workforce Manager, to align job plans with the ESR system. It is intended that an internal Medical Directorate audit will be conducted in May 2025, to assess progress against both objectives.

Cllr. Evans congratulated the team on what was the first ever positive assurance rating for a Consultant Job Planning internal audit. Noting that there are actions outstanding, he requested assurance that these are achievable. Mr Henwood and Ms Hill confirmed that this was the case.

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

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

Mr Mark Henwood and Ms Carly Hill left the Committee meeting.

Financial Management (Reasonable Assurance)

Ms Corbett introduced the Financial Management Internal Audit report, which reviewed control systems in place for financial management, budgetary control and the delivery of savings. Whilst 2024/25 budgets have been delegated to Executive Directors, with signed acceptance from all, the budgets have not been formally delegated beneath that level. The audit also identified that FCP budget holders have limited access to suitable training and not all had access to QlikSense for live budget monitoring and interrogation. Limited Assurance was concluded on Objective 3 only, in relation to identifying opportunities for savings. It was felt that there was scope for greater monitoring of the extent to which these opportunities or potential opportunities are explored. Also the extent to which they transacted into savings and efficiencies or are rejected as not to be taken forward. At the time of the review, there was a recurrent savings delivery shortfall of just under £14m. 17 of the 26 directorates were in escalation Level 3 for Finance, Strategy and Planning. With regard to the sampled directorates, notwithstanding a number of positive findings, all three have failed to identify sufficient recurrent saving schemes to meet their own targets, and there was also little evidence to demonstrate formal monitoring and management of individual saving schemes. Overall, however, a rating of Reasonable Assurance was awarded, with one high and four medium priority matters arising.

Mr Thomas welcomed the audit and its findings. In terms of Objective 1, he described the previous process for delegation of budgets. This has been reflected upon and a different approach is to be adopted, whereby budgets have been centrally delegated down to deputy level. It is recognised that a greater focus on training is required. To this end, HDdUHB and SBUHB are working together to explore the potential for a regional training approach. For Objective 3, identification of savings will be reported via the Value and Sustainability Group. The final issue, savings delivery, represents a continued source of frustration, with securing ownership of savings by operational teams an ongoing challenge. Mr Thomas suggested that this is something which needs to change within the new operational structure.

Noting the completion date of 31 March 2025 for the first action, Mr Davies requested confirmation that this had been achieved. Members were informed that, whilst budget allocation letters had been issued, not all the responses had been received. The final deadline would be the May 2025 Board meeting, by which time Mr Thomas would expect all of these to have been signed off. He would provide an interim update at the April 2025 Finance and Performance Committee (FPC) meeting. With regard to the possible joint approach to training with SBUHB, Mr Davies enquired how this will provide training aligned to local processes, and Members heard that the planned approach will allow for local nuance. Cllr. Evans enquired whether the proposed completion date for this action could be any earlier. Mr Thomas responded

that he wished to allow his team sufficient time to evaluate fully what good practice is in this area. He assured Members, however, that training will be provided in the meantime. In response to a query around whether Health Board staff are assisted in undertaking professional qualifications and training, Mr Thomas clarified that the audit finding was around a separate issue. He confirmed, however, that there is an internal programme of training and development, which includes apprenticeships, a graduate scheme, and chartered training. Returning to the issue of budget delegation, Cllr. Evans enquired how long letters have been with budget holders. He was advised that they had been issued in March 2025, and that discussions had been ongoing in-month. In response to a query around underspends and discussions around these, Mr Thomas confirmed that these conversations are taking place, along with risk assessments relating to the implications. Outcomes will be presented to the Executive Team, FPC and Board.

Decision: The Committee **NOTED** the Financial Management (Reasonable Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Financial Management (Reasonable Assurance) Internal Audit report.

AC(25)54

Performance Management (Substantial Assurance)

Ms Corbett introduced the Performance Management Internal Audit report, which had reviewed the Health Board's performance management arrangements, including the Directorate Improving Together process, alignment with the NHS Wales Performance Framework and mechanisms for data collation. The audit had found arrangements to be very robust. It had concluded Substantial Assurance overall with two medium priority matters arising, relating to the quality assurance of data received from directorates, and progress by directorates that are remaining on Level 3 escalation for one or more domains.

Mr Thomas thanked the Internal Audit team for their work. His main concern was around Objective 3, as it identifies a process which does not provide the desired outcome. Whilst the process is tested and offers assurance, there need to be consequences for not delivering improvement in that escalation space. Members were assured that this is a topic which has been reflected upon by both the Executive Team and at Board. The approach will be refreshed going into this financial year.

Mr Davies noted that this was another audit which had identified issues around data quality. He and Mr Thomas are planning to meet to discuss this further. Returning to Objective 3, and given Mr Thomas's comments, Mrs Marks queried the completion date of 28 February 2025, suggesting that this might need to be reconsidered. Mr Thomas explained that the specific action identified has been completed; the broader issue is around the need for a new escalation process and status. There are plans in

place to address this matter. In response to a query around whether the completion date for Objective 2 will be met, Members were assured that the Head of Performance is working on this. Mr Thomas wished to record his thanks to the Performance team for their contribution.

Decision: The Committee **NOTED** the Performance Management (Substantial Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Performance Management (Substantial Assurance) Internal Audit report.

- AC(25)55 Executive Team Working**
DEFERRED to 8 May 2025 meeting
- AC(25)56 Cleanliness/Cleaning Standards Follow-up**
DEFERRED to 8 May 2025 meeting
- AC(25)57 Withybush Hospital (WGH) RAAC**
DEFERRED to 8 May 2025 meeting
- AC(25)58 Continuing Health Care – Database Maintenance and Finance Processes**
DEFERRED to 8 May 2025 meeting
- AC(25)59 Annual Planning**
DEFERRED to 8 May 2025 meeting
- AC(25)60 Discharge Management Follow-up**
DEFERRED to 24 June 2025 meeting
- AC(25)61 Contract Management**
DEFERRED to 24 June 2025 meeting
- AC(25)62 Medical Workforce (Medical Locums Planned Care)**
DEFERRED to 2025/26 IA Plan
- AC(25)63 Financial Assurance Report**

Mr Ben Rees joined the Committee meeting.

Mr Thomas presented the Financial Assurance Report, indicating that this is of the standard format. He advised that progress is being made in terms of procurement and invoices on hold. The report highlights some of the challenges relating to requisitioner and approver non-compliance. The position in regard to Single Tender Actions (STA) is relatively stable, which is reassuring.

Cllr. Evans noted that, whilst there are no losses or special payments in excess of £5k requiring the Committee's approval, there are losses and write offs under £5k totalling £54,931. He asked whether details of these could be included in future reports.

Mr Thomas committed to do so, advising that the usual themes contributing to this were expired drugs and overseas patients not paying for treatment. Referencing 2.2.1, No PO, No Pay Policy Adherence, Cllr. Evans enquired regarding actions being taken to address Health Board non-compliance in the three directorates listed. Mr Thomas indicated that the Finance team has been working with directorates and putting in place processes and education. In response to a query around 2.3.1, Overpayment of Salaries and whether the new panel is having any effect, Members were directed to Figure 4. This shows that, whilst the period over which overpayments are recovered varies, the value is growing. Mr Thomas had hoped that, by meeting with managers of those directorates where there have been issues, improvements would be made. However, it is clear that there are significant challenges, particularly in Estates and Facilities, where there are numerous junior managers responsible for high numbers of staff who are in roles where they can leave with minimal notice. Without access to a digitised system, these factors can lead to overpayment of salary. Members were assured, however, that the Health Board does not generally write off overpayments of salary.

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Mr Davies welcomed the update in 2.6.1 regarding VAT recovery for the Capital Front of House Scheme (Bronglais Hospital). He enquired regarding the amount paid to the Health Board's Tax Advisors in resolving this issue. Mr Thomas indicated that this would be relatively significant, but would confirm. He shared Mr Davies' content that this long-standing matter had been resolved. Referencing Appendix 1, HDD-VEAT-24-02, Mr Davies noted that the contract had expired in March 2025 and enquired whether this had been renewed. Mr Thomas replied that he has requested that the team work with MHLD to identify a compliant route to market which does not rely on VEAT, which is similar to an STA. He would be following up on this matter.

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Decision: The Committee:

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

AC(25)64

Counter Fraud Annual Report 2024/25

Mr Ben Rees introduced the Counter Fraud Annual Report 2024/25, which was as presented. He drew Members' attention to the table on page 4 detailing resource allocated and used, and emphasised that the excess in resource used does not come at any cost to the Health Board. The ratio of resource allocation in next year's Work Plan has been adjusted accordingly. Members were reminded that investigations and their outcomes have been

reported throughout the year. It was noted that criminal sanctions following investigation have increased compared with previous years, and that there has been greater engagement with law enforcement agencies.

Mr Thomas, who provides Executive oversight for Counter Fraud, wished to record his thanks to Mr Rees and his team for their professionalism and responsiveness. Members were reminded that Mrs Wilson undertakes the role of Fraud Champion for the Health Board. Cllr. Evans added his thanks, on behalf of the Committee, to the Counter Fraud team.

Decision: The Committee **RECEIVED FOR INFORMATION** the Counter Fraud Annual Report 2024/25.

AC(25)65

Counter Fraud Work Plan 2025/26

Mr Rees presented the Counter Fraud Work Plan for 2025/26, which includes both generic and proactive work, and is aligned to the Government Functional Standard GovS 013: Counter Fraud.

Welcoming the comprehensive plan, Mr Davies enquired which area gives Counter Fraud most concern in terms of delivery. Mr Rees advised that the organisational and fraud risks do not sit with any one directorate. The number of risk assessments conducted in 2024/25 has increased and it is recognised that this is an area requiring further attention and focus, hence the amber rating for risk in the SRT. The issue of risk is being examined in collaboration with risk partners and the wider Executive Team. Mrs Marks queried which issue gives most concern generally, rather than in terms of delivery. In response, Mr Rees indicated that this was procurement; as a result of both new legislation and the current financial climate. It is intended to maintain regular contact with partners and to follow-up on any concerns and/or risks raised. The onus in respect of this area will, however, fall on individual directorates.

Decision: The Committee **APPROVED** the Counter Fraud Work Plan 2025/26.

AC(25)66

NHS Counter Fraud Authority Draft SRT Return

Mr Rees introduced the NHS Counter Fraud Authority Draft SRT Return report, advising that there is only one Amber rated requirement, NHS Requirement 3. During the self-assessment, he had felt that, whilst there had been some improvement, this was an area where further work is still required. The overall rating is, however, Green.

Whilst recognising that there is only one Amber rated requirement, Cllr. Evans felt that it was important to view meeting these requirements as the minimum expectation and acknowledge that more can always be done.

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.

AC(25)67

Risk Assurance Report

Miss Wilmshurst presented the Risk Assurance Report, thanking Ms Rachel Williams and the Assurance and Risk team for their work, particularly in aligning the DATIX system with the new operational structure. She also thanked the Performance team for their contribution. There was no significant change in the number of risks, although the number overdue (11%) was an improvement on this time last year. Risk Action Plans show a similarly improving trend. Information on Risk Profiles is also included, with 22% of risks open as at February 2025 having been identified as a risk pre-COVID-19. In terms of services escalated, there are no major concerns around risk management following review. The organisation is in the process of embedding the Risk Management Strategy and approach to Risk Appetite. The Risk Maturity Assessment was approached slightly differently this year, with feedback obtained from the Executive Team and surveys issued to the wider organisation. There have been improvements in two areas – People and Outcomes, as detailed within the report.

Cllr. Evans welcomed the comprehensive report. Mrs Wilson added her thanks to Ms Williams and her team for their work in relation to the DATIX system. Mrs Marks noted that the risks are as discussed by the Board. There are a few directorates at Level 3 escalation; however, continued focus is required. Agreeing, Mrs Wilson advised that those within the Chief Operating Officer's remit are all being monitored and liaised with. The Primary Care issue is one relating to Out Of Hours, and was 'inherited' by the Director of Primary Care. Mr Thomas noted that the directorates at Level 3 for the Governance domain are also at Level 3 for a number of other measures.

Decision: The Committee **TOOK ASSURANCE** on risk management arrangements and processes in order to report progress to the Committee, including the revised performance management arrangements.

AC(25)68

ARAC Workplan 2025/26

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

AC(25)69

Any Other Business

There was no other business reported.

AC(25)70

Matters and Risks for Escalation to the Board

As noted.

AC(25)71

Date and Time of Next Meeting

9.30am, 8 May 2025 (Review of Draft Annual Accounts and Accountability Report)
9.30am, 24 June 2025

**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, Thursday 08 May 2025
Venue: Microsoft Teams Meeting/ Ystwyth Boardroom

Present: Cllr. Rhodri Evans, Independent Member (Committee Chair)
Mr Winston Weir, Independent Member (Committee Vice-Chair) (VC)
In Mr David Williams, Audit Wales (VC)
Attendance: Mr James Johns, Head of Internal Audit, NWSSP
Mrs Joanne Wilson, Director of Corporate Governance/Board Secretary
Miss Charlotte Wilmshurst, Assistant Director of Assurance and Risk
Mr Huw Thomas, Director of Finance
Professor Philip Kloer, Chief Executive (part)
Mr Lee Davies, Director of Strategy and Planning (part)
Dr Dan Warm, Head of Planning (VC) (part)
Ms Rhian Davies, Assistant Director of Finance (part)
Mr Tim John, Head of Accounting and Statutory Reporting (part)
Ms Clare Moorcroft, Committee Services Officer (minutes)

Minutes Ref.	Item	Action
AC(25)72	<p>Introductions and Apologies for Absence</p> <p>Cllr. Rhodri Evans, Audit and Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Apologies for absence were received from:</p> <ul style="list-style-type: none"> • Mr Maynard Davies, Independent Member • Mrs Eleanor Marks, Vice-Chair, HDdUHB • Mrs Lisa Gostling, Executive Director of Workforce and OD/ Deputy Chief Executive • Mr Shaun Ayres, Director of Delivery • Ms Alwena Hughes Moakes, Communications and Engagement Director • Ms Fiona Hancock, Senior Communications Officer 	
AC(25)73	<p>Declaration of Interests</p> <p>No declarations of interest were made.</p>	
AC(25)74	<p>Internal Audit Plan Progress Report</p> <p>Mr James Johns introduced the Internal Audit Plan Progress Report, which was of the usual format. The report includes, in Section 2, details of the three audits finalised since the previous meeting, all of which appear on today's agenda. In terms of ongoing delivery of the Plan, all audit work contributing to the year-end position will be completed. Members were advised that the Draft Head of Internal Audit (HOIA) Opinion has not yet been issued, as it needs to incorporate the outstanding audit work. The assurance rating of the HOIA Opinion remains finely balanced.</p>	

Members heard that Mr Maynard Davies, who is unable to attend today's meeting, had submitted a number of queries for consideration. One of these was whether the reports deferred from today's agenda will count towards the HOIA Opinion. Mr Johns confirmed that all will contribute, as will the planned work in relation to recommendation tracking mentioned at the previous meeting. Hence the delay in producing the Draft HOIA Opinion. In response to a query around the anticipated timescale for issuing the latter, which contributes to various year-end documentation, Mr Johns advised that the team is aiming to issue this by the end of May 2025.

Cllr. Evans enquired whether there was any sense of the likely assurance rating. Mr Johns reiterated that this was extremely finely balanced, more so than any previous year. Whilst there had been a number of Limited Assurance reports at the beginning of the year, there had been several very positive reports more recently. As a result, it had been viewed as important to undertake the follow-up work in relation to recommendation tracking, in order to provide a full picture. The next few audits due for finalisation, in addition to this work, will determine the overall HOIA Opinion. Mrs Joanne Wilson advised that she and Miss Charlotte Wilmshurst meet with Internal Audit colleagues on a weekly basis to discuss progress. It is possible that the HOIA Opinion will conclude Limited Assurance, which would be disappointing. As indicated at the previous meeting, whilst audits in corporate areas have generally returned more positive assurance ratings, operational areas are resulting in Limited Assurance ratings in a number of cases, indicating that further work is required. If an overall Limited Assurance HOIA Opinion is concluded, it has been requested that the report reflects this distinction.

In terms of the audits which concluded Limited Assurance, Cllr. Evans enquired regarding the likely outcomes for follow-up audits. Mr Johns explained that a follow-up audit is being conducted for Discharge Management, with the outcome as yet unknown. For the others, follow-ups are being managed via the recommendation tracking work (if completion dates for recommendations are within the relevant timescale; some are in the future). A balanced approach is being taken, as far as possible. The audit into Cleanliness and Cleaning Standards is currently in draft, and is close to conclusion, with a meeting scheduled for tomorrow. This audit has concluded a Limited Assurance rating. In regard to the Discharge Management audit, Mrs Wilson advised that a number of the recommendations were due for completion by the end of March 2025, and progress on these will be examined. There have been various changes in Executive Director portfolios and accountability, which has impacted to some extent.

Cllr. Evans hoped for a positive outcome, noting that this will be known by the next meeting. Mrs Wilson indicated that the position should be available by the end of May 2025, and would schedule a meeting between Cllr. Evans, Mr Johns and herself to discuss the Draft HOIA Opinion, when this was available. In terms of the

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various Limited Assurance reports, Mr Winston Weir enquired whether follow-up audits would be scheduled for early next year. He was particularly concerned with audits in Data Quality, Nursing Management, Discharge Management and Management of Bed Capacity. Mr Johns explained that, with regard to Discharge Management, a piece of work is being conducted which will determine whether a more detailed audit is required. Specific follow-up audit work in relation to Nursing Management, with an expanded scope, is included in next year's Plan. The recommendation tracking work already mentioned will guide on the other audits, with the progress made on recommendations determining whether follow-ups are required. Cleanliness and Cleaning Standards will probably require a follow-up audit in next year's Internal Audit Plan.

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

AC(25)75

Executive Team Governance (Substantial Assurance)

Mr Johns introduced the Executive Team Governance Internal Audit report, the purpose of which was to review the revised Executive Team governance structure. Overall, the audit had concluded Substantial Assurance, with two matters identified requiring management attention, around a lack of clarity in the distinction between Formal and Business Executive Team meetings; and a lack of workplans for two of the three groups supporting the Executive Team (ET). Whilst these matters are not significant, they do offer an opportunity to further strengthen existing arrangements.

Professor Philip Kloer welcomed the audit and its findings, indicating that the two areas for management attention were issues he had already identified as requiring consideration. In terms of the distinction between Business and Formal Executive Team, steps have already been taken to delineate between the two, including development of different agendas. Consideration is being given to whether Business ET can be made less formal, as it is felt that this may enable more effective discussion. The point regarding workplans for the 'A Healthier Mid and West Wales' (AHMWW) and Value and Sustainability (V&S) Groups is well-made and constructive. Professor Kloer noted the importance and value of the Integrated Quality, Finance and Performance Delivery (IQFPD) Group. Overall, the increase in confidence in these arrangements is welcome. Members heard that the Chief Executive has requested that the Executive Leads for each of the Groups, with support if required from the Director of Corporate Governance, ensure that their workplans are aligned with the new IQFPD. The latter will need to change to recognise the role of the new Clinical Care Groups.

Mr Weir welcomed the report and the assurance it offers. He agreed that a less formal space for Business ET should be explored. He enquired firstly whether Professor Kloer felt that the

arrangements had worked out in the way he had anticipated. Secondly, regarding the workplans for the AHMWW and V&S Groups, he suggested that the completion date of 31 July 2025 be brought forward. In response to the first query, Professor Kloer emphasised that a great deal of focus had been placed on this area at the beginning of last year. In this respect, the audit was especially timely in reviewing the arrangements. He was pleased with the way in which the arrangements have worked; however, there is always scope for change and improvement. There are many possible options for managing the myriad factors and dynamics involved, all of which have individual benefits and drawbacks. Overall, however, he felt that the current arrangements probably manage these as well as possible. Of the Groups, it was IQFPD which Professor Kloer suggested presents the most significant challenge, being such a vital group which is responsible for a significant agenda. Whilst, in view of its importance, he would like to attend, he recognised the need to have confidence in his Directors.

Turning to the recommendation around workplans, Mr Huw Thomas was of the opinion that there is one for the V&S Group, suggesting that the Group had been working to one. This would allow the completion date to be achieved earlier. He committed to check. With regard to the AHMWW Group, Mr Lee Davies indicated that this Group has responsibility for various programmes of work, each of which provide reports to every meeting. The workplan is, therefore, in effect, to receive these reports. Consideration could be given, however, to whether Deep Dives into specific areas, aligned to the workplans for the Strategy and Planning Committee (SPC) and Digital, Data and Innovation Committee (DDIC) would be appropriate. He also felt that a workplan could be produced more quickly, allowing the completion date to be met earlier. Mr Weir thanked all for this additional assurance, indicating that the standard set by this report sets the tone for Operational Governance arrangements.

HT

LD

Cllr. Evans added his congratulations on the outcome of the audit to those involved. He agreed with Mr Weir's comments regarding completion dates. He welcomed the finding that there was no apparent duplication between groups. Cllr. Evans enquired regarding how the Targeted Intervention Co-ordination (TI) Group fits into this structure. In response, Professor Kloer explained that the Group provides more of a coordinating function, and feeds into ET. It sits above the three supporting groups. The TI Group has, however, become incredibly important in terms of coordinating the Health Board's responses to Welsh Government and providing input on tracking progress, etc. Mr Lee Davies agreed that the TI Group is an enabling/peripheral group.

Decision: The Committee **NOTED** the Executive Team Governance (Substantial Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Executive Team Governance (Substantial Assurance) Internal Audit report.

Professor Philip Kloer left the Committee meeting.

AC(25)76

Annual Planning (Reasonable Assurance)

Dr Daniel Warm joined the Committee meeting.

Mr Johns introduced the Annual Planning Internal Audit report, which reviewed the processes and assumptions used for developing the Annual Plan, noting how finance, activity and workforce elements are included. The audit had concluded Reasonable Assurance, identifying that a robust planning process was in place for development of the Hywel Dda Annual Plan for 2025/26. Clear governance and reporting arrangements had been embedded, which resulted in engagement with services and directorates throughout the process. One issue had been identified, around savings schemes and the high level of these which are identified as a 'Red' or 'Pipeline and Planning Assumption' schemes. Earlier identification of low-risk schemes would be beneficial. Overall, however, the audit found that the processes involved are robust.

Mr Lee Davies indicated that he was pleased with the audit report and findings. He observed that there is always a 'contradiction' when it has not been possible to deliver a financially balanced Plan or Integrated Medium Term Plan. In such cases the planning process is often viewed as insufficient; however, the process has been judged to be robust, and he was not sure what more could have been done, especially given the scale of the challenge being faced by the Health Board. In terms of savings, to meet the Plan which was developed, an extremely high savings target had to be set – the second highest in Wales. As such, the findings in this regard are perhaps not surprising. However, the organisation would certainly wish to see more savings schemes in the 'Green' or 'Amber' category at an earlier stage.

Cllr. Evans welcomed the report, agreeing that no more effort could have been made in developing the Plan; the findings reflect the environment in which the Health Board finds itself. Mr Weir agreed that the audit result was the best which could be expected, given the organisation's current escalation status and financial challenges. He congratulated the team on the outcome. In terms of audit scope, Mr Weir could see that the financial element was met, and enquired how workforce and activity were tested. Mr Johns advised that the audit team had identified the assumptions within the Plan and sought evidence to support these. In response to a query around the level of confidence regarding robust triangulation, Mr Johns indicated that there had been greater and stronger evidence of plans coming from service areas, etc. For additional assurance, Dr Daniel Warm explained that the process had included provision for maintaining iterations of the Plan at each stage. There had been detailed feedback to services and

directorates at each stage and this constant feedback process ensured triangulation between the activity, workforce and finance elements. Noting this, Mr Weir suggested that there should, therefore, be no reason why budget holders cannot sign off on their allocated budgets.

Whilst agreeing in principle, Mr Thomas observed that there are certain complexities from a financial perspective, including the change in operational structure and the fact that a number of individuals new to the organisation have been appointed to roles in this, with the resulting time required to learn about HDdUHB processes. Members heard that the budget allocation process had been started earlier this year (at risk), following Sustainable Resources Committee (SRC) approval of the Plan rather than the Board's; this had gained a month. Mr Thomas was confident that the process would be further improved next year. He advised that the vast majority of accountability letters had been signed and returned. Those that have not will be identified in his May 2025 report to Board. Mr Weir thanked Mr Thomas and Dr Warm for the additional information and assurance.

Mr Lee Davies emphasised that, whilst there has been progress, the Health Board is aware that there is more which can be done to improve the robustness of the planning process. Acknowledging this, Mr Weir felt that the positive independent assurance offered by the internal audit should, however, be recognised.

Decision: The Committee **NOTED** the Annual Planning (Reasonable Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Annual Planning (Reasonable Assurance) Internal Audit report.

Mr Lee Davies and Dr Daniel Warm left the Committee meeting.

AC(25)77

Digital Strategic Partner (Substantial Assurance)

Mr Johns introduced the Digital Strategic Partner Internal Audit report, the purpose of which was to review arrangements relating to the contract for the strategic partner. The audit had concluded Substantial Assurance, with two medium priority findings around ensuring that there is an assessment of the full range digital capabilities required and how these are to be accessed; and ensuring the draw down against the contract fits with the overall prioritisation for the whole organisation.

Mr Thomas welcomed the audit and its findings. He noted that this area represents a significant strategic development for the Health Board and welcomed the assurance provided around the contract procurement. The matters for management attention were fair and accepted. Certain of the aspects relating to the digital partnership will provide breadth (for example the Patient Flow and eObs projects); others will provide depth to meet specific service needs. In terms of how projects are funded, each will be subject to a Business Case, which will follow the designated approval process.

Some will require Board approval, others will fall within delegated approval limits. The use of the partner will be monitored via DDIC and will be reported to each meeting. Mr Thomas was pleased with the progress made to date, noting that – for Electronic Prescribing and Medicines Administration (EPMA) – it had taken 5 weeks to reach the point that it took another health board 18 months to reach.

Mr Weir commended the report and the progress made in this area, which was crucial for the organisation. It is vital that the Health Board's digital arrangements align with service needs. With HDdUHB being at the leading edge in this area, it is important to maintain scrutiny. Mr Weir's only concern would be around ensuring value for money. Mr Thomas assured Members that progress will be kept under review, including the value for money aspect. Utilisation of the strategic partner will always be considered having evaluated whether 'in house' provision is comparable. Costs are based on Framework rates, which are regularly benchmarked. In response to a query around where the partnership agreement was approved, Members heard that this had been considered and approved by the Board. The 'ways of working' will, however, be agreed at DDIC.

Cllr. Evans noted the statement that 'The contract has a maximum annual spend of £7.5m, however the current agreed spend within Digital is £1.8m'. and requested assurance regarding approval processes. Mr Thomas explained that all of this figure formed part of various Business Cases; whilst not specifically identified within these, it is part of the implementation costs for each. He had, however, requested that the Digital Director include this level of detail within the report to DDIC. There may, as indicated above, be spends on digital that fall within Directors' budgets; however, all will be reported to DDIC. Mr Weir assured Members that this had been the process previously, via SRC. Whilst the committee considering these will now be DDIC, he was also confident that the governance structure is sufficiently robust to ensure a 'read-across' to the Finance and Performance Committee (FPC) and Strategy and Planning Committee (SPC). Mr Thomas assured Members that the scrutiny planned for this contract is greater than any other within the Health Board.

Decision: The Committee **NOTED** the Digital Strategic Partner (Substantial Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Digital Strategic Partner (Substantial Assurance) Internal Audit report.

AC(25)78

Cleanliness/Cleaning Standards Follow-up

DEFERRED to 24 June 2025 meeting

AC(25)79

Withybush Hospital (WGH) RAAC

DEFERRED to 24 June 2025 meeting

AC(25)80 Continuing Health Care – Database Maintenance and Finance Processes

DEFERRED to 24 June 2025 meeting

AC(25)81 Report on the Adequacy of Arrangements for Declaring, Registering and Handling of Interests, Gifts, Hospitality, Honoraria and Sponsorship

Mrs Wilson presented the report, which was the first component of the Year-End documentation for consideration by ARAC. Members heard that the current policy is due to be reviewed in November 2025. There are various mechanisms via which the policy and its requirements are promoted; it is contained within contracts of employment; it is part of induction programmes for Health Board staff, including Board Members. It is communicated via various means and individual team support is provided. The policy is also promoted via the Counter Fraud team at staff induction. The report details how support is provided to Board Members and other staff in terms of Declarations of Interest. It also includes information around the approach taken regarding high-risk groups; although Mrs Wilson recognised that a stronger focus is required in this area.

In terms of the intended policy review in November 2025, Cllr. Evans enquired regarding the expectation. Mrs Wilson advised that this will be an opportunity to consider any changes required and determine whether the policy needs to go out to consultation. The formal approval process is via the People, Organisational Development and Culture Committee (PODCC).

Decision: The Committee **REVIEWED** the adequacy of the arrangements in place for declaring, registering and handling interests, gifts, hospitality, sponsorship and honoraria during 2024/25 for onward assurance to the Board.

The Committee agreed to **ASSURE** the Board in relation to the arrangements in place for declaring, registering and handling interests, gifts, hospitality, sponsorship and honoraria during 2024/25.

AC(25)82 Year-end Processes - Compliance with Ministerial Directions and Welsh Health Circulars

Mrs Wilson presented the reports detailing Compliance with Ministerial Directions (MDs) and Welsh Health Circulars (WHCs), which are intended to provide assurance on the processes rather than the MDs and WHCs themselves. Miss Charlotte Wilmshurst advised that all of these are logged on the Audit Management and Tracking (AMAT) system. Of the WHCs, 7 are behind schedule, some of which are outside the control of the Health Board. Members were assured that compliance forms part of the internal escalation process and that committees also monitor, scrutinise and challenge on compliance. Mr Weir confirmed that this was the case and welcomed the central tracking process.

Decision: The Committee **TOOK ASSURANCE** that there is a process in place within the University Health Board to monitor the implementation of Welsh Health Circulars.

Decision: The Committee **NOTED** the status of Ministerial Directions received by the Health Board and **TOOK ASSURANCE** that the Health Board has systems and processes in place in respect of monitoring the implementation of Ministerial Directions.

AC(25)83

Draft Audit and Risk Assurance Committee Annual Report 2024/25

Professor Philip Kloer joined the Committee meeting.

Mrs Wilson introduced the Draft ARAC Annual Report 2024/25, thanking Miss Wilmshurst and Ms Rachel Williams for their work on this document. Members will note that the section in relation to the HOIA Opinion is yet to be finalised, for the reasons already outlined. Comments and feedback on the report would be welcomed; changes will be approved via Chair's Action prior to submission to Board in June 2025.

Cllr. Evans thanked all of those involved in drafting the report, and everyone who has contributed to the Committee's discussions across the year.

Decision: The Committee **AGREED** to feed back comments on the ARAC Annual Report within one week and **REQUESTED** Chair's Action to approve the content of the report, prior to onward submission to the Board.

AC(25)84

Draft Head of Internal Audit Opinion and Annual Report 2024/25

DEFERRED, as discussed.

AC(25)85

Assurance Report on Board Effectiveness

Presenting the report, Mrs Wilson advised that this topic had been discussed in detail at the April 2025 Board Seminar. There had been a couple of subsequent amendments, which were included in the version presented today. The report's findings will be reflected in the Accountability Report, and consideration will be given to how these are progressed over the coming year. A number of the elements map to committees and TI requirements, etc. Members heard that a new process for assessing Board Effectiveness had been utilised this year.

Mr Weir thanked the team for compiling the report and the background work involved. Noting that Welsh Government had previously made reference to Board Self-Assessments, Professor Kloer enquired whether this document will be shared at a Public Board meeting. Mrs Wilson confirmed that it will, as part of the Accountability Report, which will be considered at the June 2025 Public Board meeting and at the Annual General Meeting (as part of the HDdUHB Annual Report). Part of the new criteria for TI

involves developing a Board Self-Assessment; it is not yet known whether there will be a national Self-Assessment tool. Mrs Wilson and/or Mr Shaun Ayres would seek clarity from Welsh Government. In the absence of a central Self-Assessment tool, HDdUHB would use the version presented today. Mrs Wilson thanked Miss Wilmshurst for her work in developing the new Self-Assessment tool, and welcomed the constructive discussion which had taken place at Board Seminar.

JW/SA

Decision: The Committee **TOOK ASSURANCE** from the process that has been undertaken this year to review the Board's effectiveness, recognising that this had been discussed by the Board at the Board Seminar meeting held on 17 April 2025.

AC(25)86

Audit Enquiries to those Charged with Governance and Management

Mr Thomas introduced the Audit Enquiries to those Charged with Governance and Management, which is a standard Year-End report, reflecting Audit Wales requirements. It presents a number of key questions which could impact on financial audit findings, together with the Health Board's response to these. Last year's responses are also included for reference.

Mr David Williams confirmed this interpretation of the requirement, adding that the various key questions are mandated by the national Audit Standards. The Health Board's response will be used to inform the Risk Assessment process and audit approach. Members heard that Audit Wales is working on the financial audit at present, having received the accounts from the Health Board by the required deadline.

Cllr. Evans thanked Mr Williams for his input and thanked Mr Thomas and the Finance team for their work in preparing the Health Board's response.

Decision: The Committee **REVIEWED** the response prepared and **RATIFIED** this for onward submission to Audit Wales.

AC(25)87

Draft Performance Overview

Presenting the Draft Performance Overview section of the HDdUHB Annual Report, Mr Thomas indicated that this is a significant undertaking, involving a number of teams across the Health Board. He thanked the Finance team, the Performance team (particularly Ms Tracy Price), operational teams for validation of information, the Communications team (particularly Ms Alwena Hughes Moakes and Ms Fiona Hancock) and the Executive Team. Members heard that the report has been circulated to the Health Board Chair and Chairs of the FPC, the Strategic Development and Operational Delivery Committee (SDODC) and the Quality, Safety and Experience Committee (QSEC) for review. The document remains in draft until it is combined with the other components of the HDdUHB Annual Report.

Mrs Wilson advised that Mr Maynard Davies had welcomed the inclusion of the amendments had had requested. It was agreed that notes of thanks would be sent to Ms Hughes Moakes, Ms Tracy Price and Ms Hancock.

HT/JW

Decision: The Committee **RECOMMENDED** the Performance Report chapter of the 2024/25 Annual Report for approval by the Board.

AC(25)88

Draft Accountability Report

Ms Rhian Davies and Mr Tim John joined the Committee meeting.

Mrs Wilson introduced the Draft Accountability Report, which represents the Chief Executive's section of the HDdUHB Annual Report. She advised that all feedback received will be tracked, to ensure that all required amendments are made and for the Chair's information. The HOIA Opinion section of this document is subject to change, for the reasons already discussed.

Professor Kloer thanked all of those involved in the report's production. He felt that it was a comprehensive report that he, personally, was content with; however, would welcome any additional feedback or comments. Miss Wilmshurst was thanked for her work on all of the Year-End documentation and aspects. Mr Weir had two comments: he suggested that consideration be given to using a different photograph on the front page, and noted that (on page 12) 'Finance and Planning Committee' should read 'Finance and Performance Committee'.

JW/CW

Decision: Subject to the above, the Committee **DISCUSSED** and **SUPPORTED** the content of the Draft Accountability Report, agreeing to provide any feedback that is relevant to its objective to the Director of Corporate Governance/Board Secretary by 23 May 2025, in order to provide assurance to the Board that a robust governance process was enacted during the year.

The Committee agreed to **ASSURE** the Board in relation to the content of the Draft Accountability Report and that a robust governance process was enacted during the year.

AC(25)89

Banking Arrangements

Mr Thomas introduced the Banking Arrangements report, which describes work undertaken as a result of banking cost increases. Ms Rhian Davies explained that, whilst the Standing Financial Instructions (SFIs) allow for the use of commercial accounts, this should only be where there is a clear rationale for not utilising the Government Banking Service (GBS). Given the proposed increase in fees at the Health Board's commercial banking provider, it was considered timely to review the arrangements. The proposed change will make a small cost saving and avoid additional future costs. Mr Thomas advised that the report is presented for ARAC's consideration by virtue of the approval route in the SFIs.

Mr Maynard Davies had submitted three questions in relation to this item, as follows:

- Are there any disadvantages for the Health Board in moving to GBS?
- Are there any disadvantages to our payees in moving to GBS? Eg will payments take longer?
- Will moving to GBS increase our bank charges?

Members were informed that the answer to all of these was negative. Professor Kloer enquired whether other Health Boards utilise the GBS and was advised that they do. In response to a query around whether any issues were envisaged in the short-term, Ms Davies indicated that provision has been made for a test period before accounts are moved, to identify any potential issues.

Decision: The Committee **SUPPORTED** and **RECOMMENDED** for approval by the Board the decision to close the main and general Barclays accounts and move all exchequer transactions to GBS. A separate Charity current account will also be set up in GBS.

AC(25)90

Draft Annual Accounts 2024/25

Presenting the Draft Annual Accounts 2024/25, Mr Thomas wished to record his thanks to the Finance team for their work throughout the year but especially in recent weeks. In particular, he recognised the contribution of Ms Davies and Mr Tim John. As indicated earlier, the Health Board had met the deadline for submitting its draft accounts to Audit Wales and Welsh Government. The presentation accompanying this item outlines the various key aspects of the accounts, including:

- The Health Board did not achieve the target in relation to Revenue Resource Performance (Statutory); however, did return an improved position
- The Health Board did achieve the target in relation to Capital Resource Performance (Statutory). This year had been particularly challenging, due to a number of late capital allocations from Welsh Government. There was a relatively small underspend of £86k; however, the funding had been utilised to the maximum possible extent. Mr Thomas was not comfortable with the position, noting that capital funds had not necessarily been apportioned to the areas of greatest need, due to a need for expediency and ease of allocation
- The Health Board did not achieve the target in relation to Duty to prepare a 3 Year Plan (Statutory)
- The Health Board did achieve the target in relation to Creditor Payment, although payments to other NHS organisations remains a challenge, involving as it does a great deal of validation

The following slides provide a 'side-by-side' comparative assessment of various aspects of the accounts, this year versus

last year. Members were invited to present queries, noting that the accounts are currently in draft form, with Audit Wales, and are therefore subject to change. Mr Tim John wished to draw Members' attention to Slide 11, which provides more detail regarding provisions for Clinical Negligence (Secondary Care) and the Band 2 to 3 Health Care Support Worker (HCSW) re-banding.

Cllr. Evans welcomed the information provided, particularly the presentation, which was extremely clear. He thanked the Finance team for all their work, recognising that the Health Board is a very large organisation with significant and complex finances. Mr Weir noted the increase in legal fee provision and enquired around the reason for this. Ms Davies advised that it related to the defence legal fees associated with clinical negligence cases. In response to a query around progress with the Band 2/3 issue, Mr Thomas advised that every Health Board is taking an individual approach. In the case of HDdUHB, this means making the required financial provision associated with its local position on the matter. He was confident that the Health Board has followed the appropriate process, which had been discussed at the In-Committee Board.

Mr Weir noted that the provision for Clinical Negligence (Primary Care) appears to have doubled, and requested clarification of the reasons for this. Mr Thomas committed to investigate and advise Members further. Members were informed that Professor Kloer and Mr Thomas had reflected on the approval process for clinical negligence claims and had discussed the due diligence process with colleagues in NHS Wales Shared Services Partnership (NWSSP). They had been assured by discussions, whilst noting that this is an ongoing issue. Mr Weir enquired whether there is still provision made for annual leave accrual, to which Mr John confirmed that £900k provision was made in this year's accounts. Whilst a similar approach to previous years had been adopted, Mr Thomas explained that this differed from the COVID-19 Pandemic, when staff were permitted to carry-over more significant periods of annual leave. It is now limited to 5 days, which also limits the Health Board's financial liability in this regard.

HT

Mr Williams indicated that Audit Wales will be working closely with the Health Board to progress the financial audit work, and will raise any queries with them. At present, the timelines for approval (at ARAC on 24 June 2025 and at Public Board on 26 June 2025) appear achievable. Audit Wales will keep in mind the ongoing nature of the HOIA Opinion aspect, with Mrs Wilson committing to update on progress. Mr Thomas thanked Mr Williams and his colleagues, welcoming the positive relationship with Audit Wales. He advised that he and Mr Williams have a 'touchpoint' meeting every week, which allows issues to be raised and managed early.

JW

Mrs Wilson suggested that Mr Maynard Davies and Mrs Eleanor Marks be offered the opportunity to receive the draft accounts presentation provided to today's ARAC meeting, should they so

wish. Agreeing, Mr Thomas indicated that he would also be happy to receive additional comments and feedback outside the meeting.

Decision: The Committee **DISCUSSED** and **NOTED** the draft annual accounts for 2024/25.

AC(25)91

Any Other Business

There was no other business reported.

AC(25)92

Date and Time of Next Meeting

9.30am, 24 June 2025