

**COFNODION Y CYFARFOD PWYLLGOR ARCHWILIO A SICRWYDD RISG
CYMERADWYO
APPROVED MINUTES OF THE AUDIT AND RISK ASSURANCE COMMITTEE MEETING**

Date of Meeting: 09:30, Tuesday 10 December 2024
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 (VC)
Mr Michael Imperato, Independent Member (VC)
Mrs Eleanor Marks, Vice-Chair, HDdUHB (VC) (part)

In Attendance: Ms Urvisha Perez, Audit Wales (VC)
Mr David Williams, Audit Wales (VC)
Mr James Johns, Head of Internal Audit, NWSSP
Ms Sophie Corbett, Deputy Head of Internal Audit, NWSSP (VC) (part)
Mr Eifion Jones, Internal Audit, 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
Mr Terry Slater, Local Counter Fraud Specialist (part)
Mr Andrew Carruthers, Chief Operating Officer (part)
Mr Gareth Cottrell, Deputy Chief Operating Officer
Mr Lee Davies, Director of Strategy and Planning (part)
Mr Shaun Ayres, Deputy Director of Operational Planning and Commissioning (VC) (part)
Ms Sharon Daniel, Interim Director of Nursing, Quality and Patient Experience (part)
Ms Janice Cole-Williams, Assistant Director of Nursing (part)
Ms Ceri Griffiths, Interim Assistant Director of Nursing (VC) (part)
Mr Peter Skitt, County Director Ceredigion (VC) (part)
Ms Mandy Davies, Assistant Director of Nursing and Quality Improvement (part)
Mr Ian Bebb, Clinical Audit Manager (part)
Mrs Lisa Gostling, Director of Workforce and OD/Deputy Chief Executive (part)
Mr Robert Blake, Head of Culture and Workforce Experience (VC) (part)
Ms Cathie Steele, Interim Assistant Director of Nursing Assurance and Safeguarding (VC) (part)
Mr Paul Williams, Head of Property Performance (VC) (part)
Mr Owen Harris, Energy and Environment Officer (VC) (part)
Mr Simon Chiffi, Head of Operations (VC) (part)
Mr Julian Wheeler Jones, Discretionary Capital Projects Manager (VC) (part)
Ms Amanda Legge, NWSSP (VC) (part)
Ms Sue Tillman, NWSSP (VC) (part)
Ms Nia Rees, Assurance and Risk Officer (VC) (observing)
Ms Clare Moorcroft, Committee Services Officer (minutes)

Minutes Ref.	Item	Action
AC(24)185	<p data-bbox="392 165 1023 194">Introductions and Apologies for Absence</p> <p data-bbox="392 226 1326 398">Cllr. Rhodri Evans, Audit and Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Members heard that there were some changes to the agenda order, to facilitate attendance by Executive Leads. Apologies for absence were received from:</p> <ul data-bbox="392 450 1326 595" style="list-style-type: none"> • Mr Winston Weir, Independent Member (Committee Vice-Chair) • Professor Philip Kloer, Chief Executive • Mr Ben Rees, Head of Counter Fraud • Mr David Butler, Internal Audit, NWSSP 	
AC(24)186	<p data-bbox="392 680 751 710">Declaration of Interests</p> <p data-bbox="392 734 943 763">No declarations of interest were made.</p>	
AC(24)187	<p data-bbox="392 853 1121 882">Minutes of the Meeting held on 15 October 2024</p> <p data-bbox="392 911 1305 981">RESOLVED – the Minutes from the meeting held on 15 October 2024 were approved as an accurate record.</p>	
AC(24)188	<p data-bbox="392 1066 643 1095">Table of Actions</p> <p data-bbox="392 1124 1326 1263">An update was provided on the Table of Actions from the meeting held on 15 October 2024 and confirmation received that outstanding actions had been progressed. In terms of matters arising:</p> <p data-bbox="392 1292 1326 1581">AC(24)179 – Mr Huw Thomas advised that incorporating the Salary Overpayments dashboard into the internal TI escalation process is still being scoped. Further, when the information is distilled down, it becomes individually identifiable. However, Members heard that Mr Thomas is calling managers of those areas where there are overpayments of salary into meetings, the first of which are being held this afternoon. It was agreed that a further update would be provided to the February 2025 meeting.</p> <p data-bbox="392 1610 1326 1935">AC(24)181 – the meeting outlined in the update had taken place on 3 December 2024. There had been detailed discussion around the potential to emphasise outstanding recommendations at internal escalation sessions. Miss Charlotte Wilmshurst and her team are undertaking an exercise to explore the reasons for outstanding recommendations, the findings of which will be presented to Executive Team and ARAC. There will be a meeting before Christmas between Cllr. Evans, Professor Philip Kloer and Mrs Wilson to discuss this matter further.</p>	HT
	<p data-bbox="392 1964 1222 2033"><i>Ms Sharon Daniel and Ms Janice Cole-Williams joined the Committee meeting.</i></p>	

AC(24)171 – in terms of a further update on the actions in relation to the Falls Management Internal Audit report, Ms Sharon Daniel advised that the Senior Nurse Management Team (SNMT) meeting is scheduled for next week. The Falls Audit tool will be presented to that meeting. The team is still awaiting release of the National Audit of Inpatient Falls data and would update as soon as this is available.

SD

AC(24)163 – with regard to the action to incorporate Referral to Treatment (RTT) performance scenarios into the planning for 2025/26, Mr Lee Davies advised that there will be choices required of the Board in this regard. The first iteration of RTT modelling had been presented to Executive Team; however, there is further work to be undertaken on the detailed capacity modelling. This will be considered again by Executive Team and will feed into the forward planning process. As has been noted, the organisation is ahead in terms of the Annual Plan process. Whilst this is a positive, it is impacted by a lack of available clarity at this stage in terms of Welsh Government requirements and financial allocation. In response to a query around the likely timing for provision of this clarity, Mr Lee Davies advised that the two will probably be the same date – 23 December 2024.

AC(24)189

Matters Arising not on Agenda

There were no other matters arising.

AC(24)190

Nursing Management (Limited Assurance)

Ms Sophie Corbett introduced the Nursing Management Internal Audit report, explaining that the purpose of the audit was to review the systems in place for rostering and absence management. Three high priority Matters Arising were identified, relating to annual leave utilisation outside of the permitted tolerance; lack of evidence to demonstrate approval of agency use; lack of evidence to demonstrate that sickness absence is being managed in accordance with the requirements of the relevant All Wales Policy. One medium priority finding had also been recorded. An overall rating of Limited Assurance had been concluded. Ms Corbett wished to highlight that the audit had taken place during a period of ongoing change. The report demonstrates improvements in terms of agency usage, and this should further improve. Initiatives are also underway around rostering. It is important to recognise that these changes are being made.

In response to a query around why the audit had focused only on Carmarthenshire, Ms Corbett advised that this had been the agreed scope. Carmarthenshire has been implementing changes to the escalation process and in nurse stabilisation measures. Ms Daniel thanked the Internal Audit team for their work. She confirmed that testing had focused on five areas of Carmarthenshire which were selected based on intelligence. The audit findings offer opportunities for improvement and Ms Daniel

recognised the organisation's responsibility to do so. There has been some stabilisation and there are opportunities to drive improvements in rostering and reliance on temporary staff. The current situation cannot continue, and proactive steps are available. New processes are in place, including around rostering and rostering efficiency tools, an Escalation Standard Operating Procedure (SOP) has been developed. This area will also be added to the audit programme. It is hoped that all of these measures will contribute to greater grip and control.

Ms Janice Cole-Williams confirmed that there has been a significant amount of work in this area. The organisation has started from a challenging position, including from a workforce viewpoint. However, it is now in a much improved place and further improvements are anticipated. This applies to both agency use and the general management of rostering. The staff stabilisation programme is almost complete across two counties (Carmarthenshire and Pembrokeshire), with only Ceredigion remaining. In terms of the Rostering Policy, there was a need to embed changes and the team plans to update this within the next three months. It is working with the Workforce team in this regard. An SOP has been developed for the escalation and booking of temporary staff, both in- and out of hours. This is currently out for consultation. There is close working with operational teams to ensure that expectations are clear. Scrutiny processes are being embedded. Audit and ongoing monitoring will form part of the Senior Nursing programme; there will be 3-monthly audits, with 'triggers' to undertaken more frequently if necessary. A number of concerns had been identified with regard to sickness management. These appeared to result from the changes to sickness reporting requirements during COVID-19, with the reversion to previous processes not necessarily having been recognised. The approval process for agency use has been changed to ensure a greater level of grip and control. When it has been established that the process is fully understood and being complied with, the previous arrangements will be reinstated. This will be monitored via the audit programme.

Mr Michael Imperato queried whether these issues are primarily procedural or (if not) the level of impact 'on the ground'. For example, whilst sickness absence levels are concerning, do these translate into an impact on patient care. Ms Cole-Williams indicated that they would translate. In terms of rostering efficiency and sickness management, there is a need to ensure staff are supported back to work, including into an alternative role if necessary. 'Housekeeping' is important in day-to-day roster management, in order to effectively manage the hours owed by and to staff. Effective management of these issues will lead to better quality of care, better staff wellbeing and better staff motivation. Referencing the additional allowance of 14.6% allocated as part of the Nurse Staffing Act; Ms Daniel highlighted that, should this be exceeded, it impacts on temporary staff usage. Members also heard that it is challenging to manage and plan

rosters efficiently when the organisation is carrying a number of vacancies. This should improve with better establishment levels.

Mrs Eleanor Marks expressed significant concern regarding the findings of the audit. Whilst accepting that actions have either been taken or are planned, she felt that there is a lack of evidence that these are impacting. Suggesting that there is a cultural element as well as a procedural one, Mrs Marks indicated that work is required around the culture of how wards are staffed and managed. Agreeing, Ms Daniel recognised the need to 'close the audit loop'. It is not acceptable to continue with current arrangements and expect a different outcome. Examples of good practice need to be shared and areas requiring support must be provided with this. It was reiterated that the areas audited had been specifically selected due to their performance.

Ms Cole-Williams advised that the team is working with the Workforce and OD team in regard to culture. There has been a focus on recruiting international nurses, which has not been without challenges in terms of rostering expectations. Whilst accepting these points, Mrs Marks still felt that there is a need for fundamental culture change. For example, an expectation that 'ad hoc' leave requests will be rejected, with requests to be submitted and agreed in advance. This is particularly timely, with Christmas and New Year approaching, when such requests are likely. Mrs Marks highlighted the need to tighten processes around rostering, as this aligns with Targeted Intervention and de-escalation requirements. Ms Daniel emphasised that everyone has different leadership abilities and styles. It is vital to ensure that staff skillsets are being utilised well and that staff are being supported to provide the appropriate working culture. Members were assured that conversations with staff around annual leave, including Christmas and New Year leave, start in April.

Mr Andrew Carruthers joined the Committee meeting.

Mr Thomas noted the clear link between staff management issues and finances. The Health Board has had a successful year in reducing nurse agency spend, and needs to ensure that resources are effectively deployed. Members were reminded that the Allocate system is being rolled-out; there has been an assumption that processes were being consistently adopted. Since the audit had returned a Limited Assurance rating, Mr Thomas anticipated that a follow-up audit would be required and queried the timescale for this, suggesting that it needs to be relatively soon. The need for a robust response plan was noted, together with a discussion at Executive Team to ensure that findings are addressed.

Mr Andrew Carruthers observed that there are also links to the Operational OCP and its implementation. He felt that, historically, the Health Board has not necessarily assisted individuals transition into management roles. It has also been assumed that they have knowledge of rostering. There needs to be a supportive package of training; rostering is a specific example, however,

there are other skills which could be included. Ms Cole-Williams endorsed this comment, advising that training for roster managers has been developed. Whilst staff are trained in using the Allocate system, this is not the same as being trained in rostering. The implementation of this training is not yet reflected in the audit findings; it is hoped that it would be included in any follow-up audit. Ms Daniel advised that training has also been incorporated into the STAR leadership programme, suggesting that more cohorts of this should be organised.

Whilst Mrs Marks welcomed the promotion of nurses into management roles, she emphasised the need to put in place appropriate management training packages and managerial processes. There needs to be support for new managers, additional training for experienced staff. Mrs Marks also felt that the findings of this report need to be disseminated to emphasise why these issues are so important. Ms Daniel welcomed the Committee's feedback and agreed that actions need to be progressed at pace. On this topic, Cllr. Evans requested assurance that the proposed timescales for actions are realistic. In response, Ms Cole-Williams confirmed that they are. All actions are in progress and it is anticipated that they will be completed by the stated timescales. It is recognised, however, that there needs to be ongoing scrutiny and monitoring. To this, Ms Daniel added the need to ensure actions are impacting, and generating change.

Recognising that there are a number of concerning findings within the report, Cllr. Evans queried the best way to take this matter forward. Mrs Wilson suggested that it would be appropriate to 'Advise' the Board, with a recommendation that a follow-up audit be conducted within 6 months. This should have a wider scope, including oversight and across the whole Health Board.

JJ

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

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

Ms Sharon Daniel and Ms Janice Cole-Williams left the Committee meeting.

AC(24)191

Discharge Management Follow-up (Limited Assurance)

Mr Peter Skitt and Ms Ceri Griffiths joined the Committee meeting.

Mr James Johns introduced the Discharge Management Follow-up Internal Audit report, explaining that the purpose of the audit was to provide assurance on the controls and processes in place for the safe and efficient discharge of patients, including progress in implementing the actions to address issues identified in the previous audit report. Members heard that this report is the first in

a new reporting style, the background to which is provided in the Internal Audit Plan Progress Report. One difference is the 'agreed management actions', which it is hoped will prove helpful. For this audit, two high priority management actions had been identified, relating to incomplete and inaccurate information within the Frontier system, and limited discharge planning documentation within manual and electronic systems. Two medium priority management actions had also been identified, around adoption of national discharge guidance and development of a supporting toolkit, and development of a patient information leaflet. A rating of Limited Assurance had been returned.

Noting that the first audit had a rating of Limited Assurance and that the follow-up had returned the same rating, Cllr. Evans invited Mr Carruthers to comment. Whilst thanking the Internal Audit team for the report, Mr Carruthers expressed disappointment with its findings. He did feel, however, that there are a number of positive aspects and instances of progress made. For example, the optimal flow work has been embedded, which contributes significantly to patient flow and discharge processes. Mr Carruthers believed that there has been further progress since the audit in standardising processes across the Health Board, which represents a significant step. He acknowledged, however, that progress is taking longer than is desirable.

Mr Peter Skitt felt that it was important to note that, whatever actions are taken, the Health Board is currently using a number of separate systems, which results in duplication of effort. The introduction of eObservation and ePatient Flow systems will impact positively. As has been mentioned, the impact of work in relation to optimal flow is being seen. Whilst this is not at the pace wanted, the organisation is attempting to implement a number of changes within the Six Goals Programme, and these involve the same services and staff. Mr Skitt felt that improved levels of engagement is a significant positive step.

Ms Ceri Griffiths advised that the Discharge Strategy Task and Finish Group has now been established. Steps are being taken to standardise processes, and a discharge toolkit has been developed. The Health Board will be adopting the national discharge guidance; it is hoped that this will be implemented next week. A Sharepoint webpage has been developed and the toolkit will be rolled out. In response to a query around how the toolkit will be cascaded to staff, Ms Griffiths recognised that this would require individual engagement with services and staff. In terms of information provided to patients, a patient discharge leaflet has been developed, which will be issued to patients and their families on admission. This will serve to begin the conversation around discharge. The leaflet has been drafted and is out for comment with a patient group. It is intended to implement the leaflet from early next year.

With regard to Objective 2, Ms Griffiths advised that this was an area of limited assurance around accurate recording. There are,

as has been mentioned, multiple systems including whiteboards, Welsh Nursing Care Record (WNCR) and Frontier. Weekly and monthly audits are being undertaken on Frontier, which are showing a 15-20% improvement. Over 75% of all patients admitted in November have a discharge to recover and assess pathway allocated on admission. It is likely that the remaining 25% were day-case or one day Length of Stay (LOS) patients. The report is shared with operational teams, so they can undertake actions as required. Challenges remain, including at weekends. Again, Mr Imperato queried whether this is a procedural issue, or something which actively impacts and/or prevents patient discharge. In response, Ms Griffiths explained that the discharge process has become extremely complex for services, and there is a desire to simplify it and provide tools to assist. Together with this aim to reduce the complexity of discharge processes, there is also a need to ensure that staff understand their role in discharge. This involves a 'back to basics' approach, with an acceptance that discharge is everyone's responsibility and that discharge planning begins at the point of admission.

In terms of how outcomes and impact will be measured, Ms Griffiths advised that it is planned to revisit the assessment conducted in 2023. Improvement metrics have been developed and it is hoped that these will demonstrate progress. Mr Skitt highlighted the associated impact on LOS. Whilst discharge processes operate at ward level, it is important to identify leads. Various impacts will be measured. Referencing the graph under Objective 2, Mrs Marks noted the 27 service referrals not made. She enquired regarding the level to which this is dependent on care package shortages in the community, noting feedback from visits where staff are citing a lack of social care workers. Mr Skitt emphasised that the audit and actions are all focused on components of discharge management within the Health Board's control. If the organisation has inaccurate information, it cannot effectively manage the issue. This further enforces the need for clear accountability in discharge processes. Whilst LOS may be impacted by care package availability, internal processes are not.

Mr Carruthers highlighted that Pathway of Care Delays (POCDs) are assessed to be 50% caused by the Health Board and 50% by Social Care. This audit and report focuses on the Health Board issues. Historically and anecdotally, it has been challenging to secure staff engagement in discharge planning on admission due to a lack of confidence in the timeliness of processes. Improved engagement suggests a positive step forward. Returning to the issue of conversations around discharge, Mrs Marks suggested that at admission, most patients and their families are prioritising getting that individual well again. Many are unsure of the type of support they will receive and are concerned about how they will cope. Early conversations will allow them time to adjust. Mr Skitt agreed that preparations for discharge need to begin much earlier, and reiterated plans for a patient information leaflet. Members heard that the leaflet will help to focus on early discussions and emphasise a collaborative approach to discharge and patients'

needs. The leaflet will also contain information on sources of support. It will be important, however, to work with staff to ensure that they are adequately prepared and supported to conduct conversations on discharge.

Cllr. Evans requested assurance that the proposed timescales for actions are realistic. Ms Griffiths was confident that they are achievable, noting that all are already underway. Focusing on the agreed actions and their ability to impact positively on discharge, Cllr. Evans queried whether these are the correct actions, given that the follow-up audit has returned a second Limited Assurance rating. Ms Griffiths felt that they were, emphasising the need to return discharge processes to ward-level control, whilst recognising that this is the fundamental challenge. Mr Carruthers wished to highlight that there is a correlated improvement in performance, which is assuring, whilst accepting that this has not gone far enough. Members heard that – in POCDs – HDdUHB is one of the best performing Health Boards in Wales, and is being asked to share its learning.

Noting that there will be quality and safety implications for patients, Cllr. Evans committed to discuss the report's findings with Ms Anna Lewis, Quality, Safety and Experience Committee (QSEC) Chair. Due to level of concerns and second Limited Assurance rating, it was agreed to 'Alert' the Board, with a recommendation that a further follow-up audit be conducted before the end of the financial year. Mr Carruthers endorsed this course of action, stating that Welsh Government have indicated they wish to conduct a Deep Dive into this area in the new year. Noting that the Bed Management Internal Audit had been deferred to the next meeting, Mr Thomas enquired whether there was sufficient 'cross-over' to link this with a follow-up audit. In response, Mr Johns advised that the fieldwork for the Bed Management audit was already significantly progressed. In terms of feedback to the Board, Mr Maynard Davies suggested that the value of eObservations and ePatient Flow systems in improving discharge processes should be emphasised. Mr Thomas advised that the Board had approved these business cases subject to funding being secured. This has not been forthcoming from Welsh Government to date. It may be that this expenditure needs to be prioritised by the Health Board if it is viewed as essential.

JJ

Decision: The Committee **NOTED** the Discharge Management Follow-up (Limited Assurance) Internal Audit report.

The Committee agreed to **ALERT** the Board in relation to the Discharge Management Follow-up (Limited Assurance) Internal Audit report, due to the findings and concerns highlighted therein.

Mr Andrew Carruthers, Mr Peter Skitt and Ms Ceri Griffiths left the Committee meeting.

Escalation Status Update Report

Mr Shaun Ayres joined the Committee meeting.

Mr Lee Davies presented the Escalation Status Update Report, highlighting that this is of a different format, and that feedback would be welcomed. The reports which go to each Board level Committee have been streamlined to make them more focused on the relevant Committee's remit, and made more concise. For ARAC, there are no Targeted Intervention (TI) criteria under 'Alert', five criteria under 'Advise' and one criteria under 'Assure'. Members heard that a number of areas and actions are being progressed to strengthen arrangements and address as many criteria as possible. The Operational Governance structure is key to this. Members' attention was drawn to the letter from the NHS Wales Chief Executive which had been received and appended to the report.

Mr Shaun Ayres hoped that the new format is helpful to the Committee's discussions. He emphasised that there are some positives, particularly the clearer demarcation between Committees around de-escalation. Also, the summary reports provide greater oversight to Committees. Key challenges include inconsistent delivery against objectives and lack of clarity around key programmes and how these are delivered in the interim period. The organisation is moving towards an integrated framework; it is still currently in the position of having fragmented pieces of information without a cohesive approach. Members heard that an Internal Audit will assess the effectiveness of governance and performance frameworks. There is also the planned annual review of the Maturity Matrix. Finally, the revised Operational Governance structure will be in place by April 2025, which will provide further clarity, accountability and oversight.

Noting the five criteria in the 'Advise' category, Cllr. Evans enquired whether any additional actions are being taken to move these into 'Assure'. In response, Mr Ayres explained that the Maturity Matrix does not comprise only one action, it covers everything within the planning domain. It is important to ensure the governance around the programmes being taken forward, and that there is effective remedy and scrutiny if and when these go off track. Referencing the appended letter, Cllr. Evans queried how the five issues highlighted therein map against the Health Board's process and how they will be monitored. Mr Lee Davies advised that they map with the areas identified as 'Alerts'. It is a positive that the Health Board is now in a position whereby its own assessment broadly matches with Welsh Government's. Each of these issues is covered by a TI criteria allocated to and monitored by a Board level Committee. An equivalent report to the one presented to ARAC will be considered by these Committees. Mrs Wilson indicated that the one exception to this is the final issue, around 'meaningful engagement with neighbouring organisations'. However, Members will be aware of significant work taking place on a regional basis.

With regard to Criteria 37 - Board's Duty of Quality in Decision-Making, Mr Maynard Davies queried whether the self-assessment is overly harsh. Referencing recent Board decisions regarding temporary service changes to Prince Philip Hospital Minor Injury Unit, Bronglais Hospital Paediatrics and Tregaron Hospital, it was suggested that quality of services is at the heart of these. Quality Impact Assessments had been conducted for all. Mr Maynard Davies noted that this is not mentioned and felt that the narrative could be more positive, even if the rating remained at 'Advise'. Cllr. Evans also noted that there was no timescale for this criteria. Whilst agreeing with Mr Maynard Davies, Mr Ayres indicated that the Health Board had not been sufficiently sighted on these service issues, meaning that it had effectively been 'forced' into the Board decision. This feeds into the timescale issue highlighted by Cllr. Evans. These are why this criteria has been rated 'Advise'. Mrs Wilson noted the link with Criteria 39, indicating that if there were effective risk assessments, the Health Board would be aware of such service issues in a more timely fashion.

Cllr. Evans enquired whether there will be a self-assessment of Criteria 38 rather than a total reliance on the Internal Audit. Mr Ayres confirmed that this would be the case, via the Maturity Matrix. The Executive Team will undertake the assessment, which will be independently audited. With regard to Criteria 39, it was queried whether this should be jointly owned with the Chief Operating Officer. Mr Ayres agreed, noting the inherent understanding around fragility. The proactive knowledge around how these risks are managed is likely to come from operational teams. It is recognised also, however, that support needs to be wrapped around this area. Mr Lee Davies emphasised that the service being provided is 'holding a mirror' to the TI criteria. They are owned by the Executives; however, the actions to address TI are a collective effort. Cllr. Evans welcomed the new report format, which he felt was very effective and assists ARAC in taking the required assurance.

Mr Imperato reminded Members of ARAC's overarching role in terms of providing assurance that the other Committees are undertaking theirs with regard to TI. Mrs Wilson was able to confirm that all Committees are doing so, and drew Members' attention to the explanation at the start of the report. She highlighted that this is the first new style report and suggested that consideration is required regarding how this assurance can be provided on a more formal level. It was suggested that a summary of the information being provided to each Committee could be included as part of the introduction. In the interests of transparency, Mr Ayres felt that one Committee where further work is required is QSEC, and emphasised that this will be an area of focus. Mrs Wilson agreed, noting that this had been recognised at the QSEC meeting last week.

SA

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

The Committee agreed to **ASSURE** the Board in relation to the Health Board's Escalation Status.

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

AC(24)193

All Wales NHS Audit Committee Chairs' Meeting Update

Cllr. Evans drew Members' attention to the All Wales NHS Audit Committee Chairs' (AWACC) update, which was provided for information. A further AWACC meeting is taking place this afternoon, with Mrs Wilson and Miss Charlotte Wilmshurst attending to demonstrate HDdUHB's Audit Tracker.

Decision: The Committee **NOTED** the All Wales NHS Audit Committee Chairs' Meeting Update.

AC(24)194

Committee Self-Assessment

Mrs Wilson presented the Committee Self-Assessment report, thanking everyone who had completed the questionnaire. There were four areas identified by Members for further focus:

1. Targeted Intervention – improvements have already been made and these should continue
2. Reporting to Board, and the need to highlight 'Alert' and 'Advise' issues – this is an area of planned focus
3. Report writing guidance – once the new operational structure is in place, more support will be provided to staff preparing reports
4. Discussions with auditors on audit plans which support the delivery of TI Domains

The recommendations will be taken forward and a further update will be provided in six months' time.

Decision: The Committee **CONSIDERED** the outputs from the Committee Self-Assessment process, and **AGREED** the actions to be taken to improve its effectiveness.

AC(24)195

Audit Wales Update Report

Mr David Williams introduced the Audit Wales Update Report, advising that in terms of financial audit work, the majority of the fieldwork for the Charitable Funds audit would be finished in time to enable reporting by the end of January 2025. Preparatory work for the main audit of Health Board accounts will begin in the New Year. In terms of performance audit, Ms Urvisha Perez advised that the Structured Assessment was complete and the report is presented for ARAC's consideration. The management response will come to the February 2025 meeting. Other performance audit work is at various stages of completion; it is thought that the Review of Urgent and Emergency Care will be ready for February

2025. Various factors have contributed to delays, including staff shortages, and these have impacted on progress of other reports also. Audit Wales is planning to employ a different approach for the Deep Dive review of investment in digital systems, with this based on a self-assessment. The review will be conducted across all health bodies and will begin in January 2025. Ms Perez drew Members' attention to Exhibit 3, highlighting in particular the report on the National Fraud Initiative. Whilst this contained no recommendations, it was expected that bodies will review the report and that Audit Committees will scrutinise its contents. A checklist is available, which organisations are encouraged to complete and share with their Audit Committee. Mr Thomas committed to take this forward via the Counter Fraud Update.

HT/BR

Referencing the Digital Deep Dive, noting that this will be an All Wales audit, Mr Maynard Davies enquired whether examples of good practice will be shared. Also, whether it would be sensible to consider the effectiveness of cooperation mechanisms between Health Boards, such as the Digital Directors Group and All Wales Digital IMs Group. Ms Perez agreed to feed back these suggestions to the team planning this audit. Noting the intended format of a self-assessment, Mr Thomas observed that this has inherent risks. He enquired regarding moderation of self-criticism on an All Wales basis, to ensure that those who recognise risks and assess themselves most harshly do not automatically attract the most criticism. In response, Ms Perez suggested that this will be balanced to some extent by input from interviews, feedback, etc; however, would direct this comment to the relevant team. Members were assured that Health Boards would be involved in decisions around the review process.

UP

UP

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

AC(24)196

Structured Assessment 2024

Ms Perez presented the Structured Assessment 2024 report, which was positive overall. It contained a few recommendations, which were concerned with enhancements rather than addressing shortcomings. In terms of key messages:

- Overall, the Health Board's corporate arrangements continue to operate effectively, despite a period of significant change, with a small number of areas that could be further improved. Whilst the financial position for 2024-25 remains extremely challenging, the Health Board is taking positive steps to get onto a more sustainable footing.
- Whilst managing a period of significant change, the Board and its committees continue to work well, maintaining a clear focus on public transparency, good governance, continuous improvement and hearing from patients and staff.

- The Health Board continues to have appropriate arrangements for corporate oversight of risk, performance, tracking recommendations, and the quality and safety of services. The performance management framework, however, needs to be updated to reflect current performance arrangements, and more frequent updates on the implementation of the Quality Improvement Strategic Framework should be provided.
- Development and delivery of the Health Board's plans continue to be supported by appropriate oversight, underpinned by a pragmatic approach to addressing planning team capacity issues. There is scope to review well-being objectives as part of a planned long-term strategy refresh.
- Whilst the financial position for 2024-25 remains extremely challenging, the Health Board is taking positive steps to improve its financial position and to develop a roadmap to ensure financial sustainability. There remains a clear approach for financial planning and managing and monitoring the financial position, but there is a need to strengthen the approach to delivering cost savings opportunities.

Thanking Audit Wales for their collaborative approach to working with the Health Board, Mrs Wilson emphasised that the draft findings had been discussed with herself and the Director of Finance. The final report had then been considered by the Chair of ARAC, Chief Executive, Director of Finance and herself prior to presentation at today's meeting. In addition to addressing the recommendations made in the report, there needs to be consideration of the outstanding recommendations in the Operational Governance Arrangements review. Cllr. Evans added his thanks to the Audit Wales team, welcoming the positive report, which highlights the organisation's effective corporate working.

Mr Maynard Davies felt that it was important to note that the Health Board's financial position has changed since the report was prepared, due to a recent financial allocation. This had made a substantial difference to targets. He also enquired whether Audit Wales are content with the progress made on last year's Structured Assessment recommendations. With regard to the latter, Ms Perez noted that whilst there were a few outstanding, Audit Wales are content overall. Noting that there are a number of significant recommendations, Mr Thomas highlighted the need to reflect in particular on the timeliness of responses. Agreeing with Mr Maynard Davies, he queried whether the paragraph regarding the Health Board's financial position should be refined prior to the report's submission to Board, given that the changes are material. Mrs Wilson advised that this would need to be a decision made in discussion with Audit Wales, it being their report and presented as final. Ms Perez emphasised that any report represents a 'snapshot' in time, and indicated that the report should remain as is. It was agreed that the change to the Health Board's financial position can be drawn out in the covering SBAR and/or ARAC's Update Report to Board.

JW

Members were reminded that the report is next presented to the Board at its meeting in January 2025, with the proposal that ARAC oversees delivery of its recommendations. The management response will be considered at ARAC's February 2025 meeting. It was agreed that outstanding recommendations from previous years' Structured Assessment reports should also be considered at that time.

Decision: The Committee **NOTED** the Audit Wales Structured Assessment 2024 Report.

AC(24)197

Review of Urgent and Emergency Care

DEFERRED to 11 February 2025 meeting.

AC(24)198

Clinical Audit Update

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

Introducing the Clinical Audit Update report, Mr Ian Bebb reminded Members that the programme for this year is in place and advised that the team is working on the 2025/26 programme. This will consist of mandatory and national audits, together with a local programme of audit work. Members' attention was drawn to implementation and use of the AMAT software and the continued funding for this system until January 2026. AMAT comprises various elements and modules and there are many users of the system across the organisation. Mr Bebb advised that the Health Board has been flagged as an outlier for two national audits: Epilepsy 12 (Paediatric) and National Joint Registry. Actions are already being taken to address this. Three audits are currently being flagged as a particular concern due to limited data collection; the issue is primarily lack of administrative resource.

There has been coordination with the relevant services, escalation to the relevant senior staff and it is understood that business cases are being prepared. It would be expected that a risk would be added to the risk register, for assurance that this is recognised. A table describing Clinical Audit Activity is included on page 3 of the report. The team is seeing a steady increase in the number of projects approaching completion, which is a positive trend. A table outlining the status of projects is also included on page 4. The team is working with services to encourage participation in clinical audits. The reduction in the number of local audits is probably a reflection of services' ability to conduct these. Mr Bebb concluded by highlighting the programme of Whole Hospital Audit Meetings (WHAM), at which a significant number of audits are presented.

Referencing the two audits against which the Health Board has been flagged as an outlier, Cllr. Evans enquired: whether the

escalation has worked; whether progress is being made and whether there are clear timelines for change. In response, Mr Bebb explained that the Epilepsy 12 audit concerns related to historic participation; the Health Board is already participating in this year's audit and is currently collecting data. There are plans to work with the service regarding the National Joint Registry audit. Ms Mandy Davies felt that, where there are concerns around non-participation in audits, services should be required to complete Quality Impact Assessments (QIAs) to enable an understanding of the impact on patients and care. The services in question will be requested to do so within the next month. Cllr. Evans and Mrs Wilson agreed that there are potential quality and safety implications involved with non-compliance.

MD/SD

Welcoming the report, Mr Thomas indicated a need to reflect on feedback from services suggesting that they cannot participate in clinical audit without additional resource or investment. He had not received any such feedback directly, and emphasised that participation in clinical audit is a mandatory expectation across the organisation. Likewise, if AMAT is considered a priority to enable clinical audit, investment in it should be prioritised. As the AMAT system is utilised more widely than just for clinical audit, this would need to be a management decision discussed at Executive Team.

Noting the list of Mandatory National Clinical Audits and the indication of expected participation, Cllr. Evans requested clarification and assurance. In response, Mr Bebb explained that there is a generic clinical audit programme for Wales. If Health Boards offer a service contained within the list, participation becomes mandatory. Those marked 'not applicable' are because the Health Board does not provide that service. Those marked 'TBC' are because the team is awaiting information on whether the Health Board is participating.

In considering the category under which this item should be reported to the Board, clarification was requested around whether the escalation process is proving effective. Ms Davies and Mr Bebb confirmed that it is. There is a need, however, to understand what services mean when they report that they do not have sufficient resources and the impact of non-participation. Agreeing, Mr Thomas suggested that services are provided with sufficient resources, it is rather that they are prioritising other areas over clinical audit. He felt that this should be included as part of the internal TI escalation process and would discuss this further outside the meeting.

HT/SD

It was agreed that there should be a further update on Clinical Audit at the April 2025 meeting to assess progress.

CM

Decision: The Committee:

- **NOTED** the completion rates of audits and the continued improvements being undertaken
- **NOTED** the reduction in local forward planned audits for 2024/25 and the increase in mandatory projects

- **TOOK ASSURANCE** in the continued use of AMAT software and the funding until January 2026
- **TOOK ASSURANCE** from the continuation of the majority of mandatory national audits and the processes followed for the escalation of concerns (without exceptions)
- **NOTED** the current limited involvement of 3 of the NCAORP projects, which will be articulated further through the Scheduled Care risk registers and business cases
- **NOTED** the development of the 2024/25 programme
- **TOOK ASSURANCE** from the continued shared learning through WHAM
- **REQUESTED** a further update in April 2025

The Committee agreed to **ADVISE** the Board in relation to the Clinical Audit report, due to the concerns highlighted during discussion, with the intended action regarding a progress update to be noted.

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

AC(24)199

Internal Audit Plan Progress Report

Mr Johns introduced the Internal Audit Plan Progress Report, which was of the usual format. The report includes, in Section 2, details of the six audits finalised since the previous meeting. In terms of progress, a couple of audits which were due to be reported to this meeting have been deferred. It is intended to deliver the remainder of the Internal Audit Plan on schedule. Members' attention was drawn to the planned audit on Continuing Health Care (CHC), facilitated by the deferral of the Operational Governance audit. Referencing earlier discussions, Mr Johns explained the rationale behind the new report style, which has been influenced by the new Internal Audit Standards and good practice in other reporting processes. As mentioned, one change is the Agreed Management Actions, which is supplemented by a new section to record the evidence Internal Audit expect to see to support implementation. Noting the deferred audit reports, Cllr. Evans requested assurance regarding delivery of the remaining Internal Audit Plan. Mr Johns explained the reasons for delays and confirmed that all reports will be completed in time to meet Head of Internal Audit Opinion timelines.

Decision: The Committee **NOTED** the Internal Audit Plan Progress Report.

Mrs Eleanor Marks left the Committee meeting.

AC(24)200

Speaking Up Safely (Reasonable Assurance)

Mrs Lisa Gostling, Mr Rob Blake and Ms Cathie Steele joined the Committee meeting.

Ms Corbett introduced the Speaking Up Safely Internal Audit report, explaining that the purpose of the audit was to review implementation of the NHS Wales Speaking Up Safely (SUS) Framework and assess its impact in promoting a culture that enables staff to raise concerns. It was emphasised that, to protect the integrity, anonymity and confidentiality of the Speaking Up Safely process, concerns themselves have not been reviewed. One high priority matter arising was identified around the lack of a single report of formal and informal raised concerns, and triangulation of lessons learned. Three medium priority matters arising were also recorded. An overall rating of Reasonable Assurance was awarded.

In the first instance, Cllr. Evans wished to formally congratulate Mrs Lisa Gostling on her appointment as Deputy Chief Executive. Noting that the completion date for two actions has already passed, he requested confirmation that these have been completed. Mr Rob Blake confirmed that this was the case, with Mrs Lisa Gostling adding that she was confident the remaining actions will be completed on time. Referencing Management Action 4.1a, Cllr. Evans noted the proposal to use the same paper for both the People, Organisational Development and Culture Committee (PODCC) and QSEC and requested assurance that this will meet requirements. Mr Blake explained that both formal and informal concerns will be collated into one report rather than two. Mrs Wilson agreed that consideration needs to be given to reporting requirements, whilst avoiding unnecessary duplication of effort. This can be taken forward outside the meeting, and resolved by the completion date for this action.

JW/LG

Decision: The Committee **NOTED** the Speaking Up Safely (Reasonable Assurance) Internal Audit report.

The Committee agreed to **ASSURE** the Board in relation to the Speaking Up Safely (Reasonable Assurance) Internal Audit report.

Ms Sophie Corbett, Mrs Lisa Gostling, Mr Rob Blake and Ms Cathie Steele left the Committee meeting.

AC(24)201

Energy Management (Reasonable Assurance)

Mr Paul Williams and Mr Owen Harris joined the Committee meeting.

Mr Eifion Jones introduced the Energy Management Internal Audit report, noting that the purpose of the audit had been to assess effective management and control of energy costs. Eight medium priority management actions were identified, around energy issue reporting; cost/benefit review of additional sub-metering; the proposed automation of payment processing; the scheme of delegation for payments; balancing automation efficiencies with any additional resource required for monitoring and reporting; a costed plan for phasing out fossil fuels; monitoring of expert

advisory recommendations. An overall rating of reasonable assurance had been determined.

Cllr. Evans noted that there were a number of management actions, given the overall Reasonable Assurance rating. In response, Mr Jones advised Members that there is benchmarking in place and the team was sufficiently assured that Reasonable Assurance was the correct rating.

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

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

Mr Paul Williams and Mr Owen Harris left the Committee meeting.

AC(24)202

Capital Systems (Reasonable Assurance)

Mr Simon Chiffi and Mr Julian Wheeler Jones joined the Committee meeting.

Mr Jones introduced the Capital Systems Internal Audit report, noting that the purpose of the audit had focused on the selection, appointment and contractual arrangements applied to Capital and Estates projects. Four medium priority management actions were identified, around parental guarantees; anti-collusion/anti-corruption clauses in contracts; central maintenance of a Capital Contracts register. Reasonable Assurance has been concluded.

Mrs Wilson queried the allocation of Objective 5 to the Chief Executive's Office, suggesting that this be revisited.

EJ

Decision: The Committee **NOTED** the Capital Systems (Reasonable Assurance) Internal Audit report.

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

Mr Simon Chiffi and Mr Julian Wheeler Jones left the Committee meeting.

AC(24)203

Cash Management (Substantial Assurance)

Mr Johns introduced the Cash Management Internal Audit report, noting that the overall objective of this audit was to review, assess and provide assurance over the arrangements in place for strategic cash management. No issues of significance had been identified. The cash risk is obviously ongoing and well documented. As a result, a rating of Substantial Assurance had been awarded.

Mr Thomas thanked the Internal Audit team for the report. He suggested that the Health Board has probably become more effective in managing cash largely because this has been so challenging. However, a rating of Substantial Assurance is helpful in providing Welsh Government with an assurance that the organisation is managing the cash it does have well.

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

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

AC(24)204

Health and Safety

DEFERRED to 11 February 2025 meeting.

AC(24)205

Management of Bed Capacity

DEFERRED to 11 February 2025 meeting.

AC(24)206

Mortuary Services

DEFERRED to 11 February 2025 meeting.

AC(24)207

Financial Management

DEFERRED to 11 February 2025 meeting.

AC(24)208

Financial Assurance Report

Mr Thomas introduced the Financial Assurance Report, indicating that this is of the usual format. He indicated that overpayments of salary continue to increase and reiterated the intention to conduct short meetings with managers in the relevant services. A number of these meetings are taking place this afternoon. These will provide an opportunity to reinforce messages around overpayments and their causes, and seek assurances that there will not be a recurrence. Mr Thomas also drew Members' attention to updates around No PO, No Pay Policy adherence, Public Sector Payment Policy (PSPP) compliance and Single Tender Actions. Appendix 1 of the report details contracts awarded, to the value of £25,000 and above.

Referencing the meetings with managers around overpayments of salary, Cllr. Evans enquired regarding ongoing actions. He asked whether follow-up meetings are planned, or whether it is hoped that these will be enough to improve the situation. Mr Thomas recognised that the position around overpayments of salary is

unacceptable. There have not, however, previously been specific discussions on this topic with managers. The first ten meetings are taking place this afternoon, and the position will then be reviewed. He hoped that calling these meetings will alert managers to the fact that this issue is being focused upon.

Mr Maynard Davies welcomed the information on invoices on hold. Given the number of these, he queried whether they are having an adverse effect on operational budgetary management and/or whether suppliers are reluctant to provide services to the Health Board. Mr Thomas replied that he had not received reports to this effect to date.

Decision: The Committee:

- **TOOK ASSURANCE** from the actions taken to reduce the instances of non-compliance with the No PO No Pay policy.
- **TOOK ASSURANCE** from the controls in place to manage Single Tender Actions.
- **DISCUSSED** staff overpayments and **TOOK ASSURANCE** that actions to control them are sufficiently embedded.
- **SCRUTINISED** the award of contracts.

AC(24)209

Counter Fraud Update

Mr Terry Slater joined the Committee meeting.

Presenting the Counter Fraud Update, Mr Thomas advised that this is the standard format. The team is probably ahead in terms of resource used, which is a testament to their efficient working, particularly in view of the increase in referrals. Members' attention was drawn to the pro-active exercise in relation to governance procedures surrounding Right to Work checks, which will be discussed further during the In-Committee session.

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

AC(24)210

Economic Crime and Corporate Transparency Act 2023: Guidance to Organisations on the Offence of Failure to Prevent Fraud

Mr Thomas introduced the report, advising that this relates to a new Act, which will become effective on 1 September 2025. The guidance provided outlines the duty placed on Public Sector organisations. An assessment conducted by the Head of Local Counter Fraud suggests limited impact on the Health Board. The NHS as a whole is probably relatively well-served in terms of Counter Fraud resources. The principles of the Act are already adopted and utilised, and the report is provided for assurance.

Decision: The Committee **CONSIDERED** the policies and procedures in place to counter fraud within the Health Board and **TOOK ASSURANCE** that these are adequate to show that

reasonable measures are in place to prevent the new offence of failure to prevent fraud.

The Committee agreed to **ASSURE** the Board in relation to this issue.

AC(24)211

Risk Assurance Report

Miss Charlotte Wilmshurst introduced the Risk Assurance Report, reminding Members that this and the Audit Tracker are presented to alternate meetings. Members heard that the Health Board has 577 open risks on the Datix Risk Module as at 31 October 2024. Since the introduction of the internal escalation framework, there has been an improvement in the timeliness of risk reviews. This is also reflected in the number of Directorates in Level 2 and 3 escalation; with none of the services escalated to Level 3 in the Governance domain on the basis of their risk management arrangements and performance. In terms of risk actions, whilst there has been some improvement, there are still issues with unrealistic timescales. In terms of age profile, a number of open risks pre-date 2020. Work is ongoing around implementation of the Risk Management Strategy and a second assessment of the Health Board's Risk Maturity is planned.

Mrs Wilson advised that Mrs Marks had submitted a comment and question prior to leaving the meeting, relating to Mental Health and Learning Disabilities (MHLD). Mrs Marks noted that this area is carrying a high number of risks, above tolerance. She was also conscious, from a variety of visits to the service recently, that demand continues to outstrip by capacity, and that people are waiting an unacceptably long time for diagnosis and treatment. Whilst aware of additional funding to help in the short term, Mrs Marks queried the actions being taken in the medium/longer term to reduce the risks in this area; address waiting lists; tackle vacancies; integrate across different parts of the Health Board and take a person-centric approach. She was cognisant that this may not be a question for ARAC. It was agreed that this query would be best directed to Mr Carruthers and Ms Liz Carroll. It was highlighted that the escalation process is effective only when there is a mutual commitment to change. In considering whether this matter should be escalated to the Board, it was agreed that it should be managed via the Table of Actions in the first instance.

AC

Cllr. Evans enquired where risks sit and in response, Mrs Wilson advised that this depends on their impact. For example, those that relate to quality or safety are considered by QSEC. Those which are concerned with staff are considered at PODCC. Also of influence is whether they are at Directorate or Corporate level. Referencing page 13 and the three principal risks whose risk score has changed, Mr Maynard Davies enquired regarding the reason for the change in risk score of Risk 1196. Miss Wilmshurst advised that this was linked to the delays to timescales involving progress with the new hospital. Further detail was provided in the Board Assurance Framework report to Board in November 2024.

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

Whilst it was noted that none of the services are escalated to Level 3 in the Governance domain on the basis of their risk management, the Committee agreed to **ADVISE** the Board in relation to continued concerns around outstanding external audit recommendations.

AC(24)212 Post Payment Verification (PPV) Report

Ms Amanda Legge and Ms Sue Tillman joined the Committee meeting.

Mr Thomas presented the Post Payment Verification (PPV) Report, which is of the standard format. He assured Members that any concerns are escalated to the Primary Care team and/or Counter Fraud as necessary. Members noted that Practice 6 had been highlighted as of concern. Ms Amanda Legge explained that the reason for this anomaly was that the Practice had claimed under both minor surgery excision and treatment rooms, when it is only permitted to claim for one. Assurance was given that training has been provided to address this erroneous duplication in claims.

Cllr. Evans was pleased to note that processes are in place to address issues where they arise.

Ms Amanda Legge and Ms Sue Tillman left the Committee meeting.

AC(24)213 Primary Care PPV Report

Discussed as part of the above agenda item.

AC(24)214 ARAC Workplan 2024/25

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

AC(24)215 Any Other Business

There was no other business reported.

AC(24)216 Date and Time of Next Meeting

9.30am, 11 February 2025