

**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 13 August 2024
Venue: Board Room, Ystwyth Building, St David's Park, Carmarthen and via Microsoft Teams

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

In Attendance: Ms Urvisha Perez, Audit Wales (VC)
Mr David Williams, Audit Wales (VC)
Mr Jeff Brown, Audit Wales (VC)
Mr James Johns, Head of Internal Audit, NWSSP
Ms Sophie Corbett, Deputy Head of 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 (VC)
Mr Ben Rees, Head of Local Counter Fraud Services (part)
Professor Philip Kloer, Interim Chief Executive (part)
Mr Andrew Carruthers, Chief Operating Officer (part)
Mr Lee Davies, Director of Planning and Strategy (part)
Ms Sharon Daniel, Interim Director of Nursing, Quality and Patient Experience (part)
Mr Mark Henwood, Interim Medical Director (part)
Mr Shaun Ayres, Deputy Director of Operational Planning and Commissioning (VC) (part)
Ms Helen Humphreys, Head of Nursing for Professional Standards and Regulation (part)
Ms Carly Hill, Assistant Director, Medical Directorate (part)
Ms Helen Thomas, Head of Medical Education and Professional Standards (VC) (part)
Ms Alison Bishop, USC Lead (VC) (part)
Ms Ceri Griffiths, Interim Assistant Director of Nursing (VC) (part)
Ms Rachel Williams, Head of Assurance and Risk (VC) (observing)
Ms Clare Moorcroft, Committee Services Officer (minutes)

Minutes Ref.	Item	Action
AC(24)134	Introductions and Apologies for Absence	
	Cllr. Rhodri Evans, Audit and Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Apologies for absence were received from:	
	<ul style="list-style-type: none"> Mr Peter Skitt, County Director Ceredigion 	

AC(24)135

Declaration of Interests

No declarations of interest were made.

AC(24)136

Minutes of the Meetings held on 18 June 2024 and 9 July 2024

RESOLVED – the Minutes from the meetings held on 18 June and 9 July 2024 were approved as an accurate record.

AC(24)137

Table of Actions

An update was provided on the Table of Actions from the meetings held on 18 June and 9 July 2024 and confirmation received that outstanding actions had been progressed. In terms of matters arising:

AC(24)107 – as noted, the action is being incorporated into the review of Primary Care governance, which is being progressed. The review has been split into two workstreams: around sustainability of services; and operational Primary Care governance, the latter to align with the wider operational governance work being undertaken.

AC(24)121 – this has now been completed.

AC(24)113 – Mr Maynard Davies requested an update on the outcome of the meeting noted. Members heard that the debrief session following the annual accounts process had taken place on 12 August 2024, and had been extremely constructive and positive. Learning from this year will be applied in future audit processes.

AC(24)138

Matters Arising not on Agenda

There were no other matters arising.

AC(24)139

Escalation Status Update Report

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

Professor Philip Kloer introduced the Escalation Status Update, thanking Mr Lee Davies and Mr Shaun Ayres for drafting the report. Appended is a letter from the NHS Wales Chief Executive issued on 12 July 2024 and the report also includes detail around the Health Board's internal escalation framework. Professor Kloer suggested that there has been progress in terms of making the organisation face its challenges and that there has been a comprehensive and realistic assessment of the Health Board's position. Whilst there are areas of positive progress, the scale of the challenge around finances is considerable. The Health Board's

forecast deficit differs significantly from the Control Total set by Welsh Government. This forms a topic of regular discussion with Welsh Government, who recognise the challenges involved in achieving the Control Total. Even achievement of the £64m forecast deficit is at risk, with the organisation currently £10m off-plan in this regard. The report outlines the approach being taken, including a greater level of scrutiny via the Sustainable Resources Committee (SRC). The other area of significant concern and challenge is performance, particularly in Urgent and Emergency Care. Improvements are being made, however, in performance around Cancer Care, Planned Care and Mental Health.

Mr Lee Davies drew Members' attention to the presentation which forms part of the report and which represents an assessment of progress against the de-escalation criteria. The 'Alert' items had been placed at the beginning of this document, to focus attention. Members were assured that these were also being discussed at the Board level Committees, as indicated. The new governance structure in relation to Targeted Intervention (TI) is now operational, intended to provide 'Line of Sight' in the various elements. The internal escalation framework is also functioning, with positive progress being seen in those areas where rapid change is possible. The more challenging areas are as described; finances and Urgent and Emergency Care. Workshops were held last week around improving the organisation's financial position, and an update will be provided to the Board in September 2024. This will include a focus on key actions over the winter period. Mr Lee Davies advised that the 'Alert' items are those where there is currently no clear 'Line of Sight'.

Members heard from Mr Shaun Ayres that the position is constantly evolving. He did wish to highlight in particular concerns around the Health Board's ability to undertake the additional programmes of work required in relation to TI, such as those identified in the workshops mentioned above. There is a need for honesty around capacity within the organisation, and the work which might be de-prioritised to ensure delivery. Mr Huw Thomas, who chairs the internal escalation process, agreed with earlier comments. He noted, however, that – whilst the process is now in place – it is yet to result in delivery or demonstrate an impact. The 100 day cycles are due to culminate in September 2024; this places a great deal of pressure, in terms of risk, on the final few months of the year and is a significant concern. The organisation's cash management strategy will need to be presented to SRC in October 2024, following the conclusion of the 100 day cycles.

Referencing the presentation, Domain 1: Finance, Planning and Strategy, Criteria 6 (Board clarity on the strategic vision for the organisation), Mr Maynard Davies noted that the 'A Healthier Mid and West Wales' Programme Business Case (AHMWW PBC) has not yet been endorsed by Welsh Government, despite being submitted almost two years ago. He queried whether this should, therefore, be classified as 'Alert' rather than 'Advise' and whether the Health Board should be considering a contingency, in the

event that it is not approved. He recognised that this would, however, create a whole new range of complications. Mr Lee Davies explained that many of the de-escalation criteria are generic across all organisations, rather than specific to HDdUHB. Members were reminded that Welsh Government is supportive of the Health Board's AHMWW Strategy; it could, therefore, be argued that this criteria could be classified as 'Assure'. 'Advise' had been viewed as the correct classification, however, the feedback was welcomed and would be reflected upon. Whilst it was emphasised that the new hospital and buildings were only one part of the AHMWW Strategy, Mr Lee Davies recognised that this topic probably does need to be revisited by the Board. In reply to a further query, Members heard that there has been no response from Welsh Government regarding the PBC. Welsh Government has been in possession for some time of the report from the Nuffield Trust review, which was intended to evaluate the Health Board's approach. However, a date has been scheduled to discuss next steps.

LD

Noting that the organisation is now in Month 5, Mr Maynard Davies enquired whether there has been any sign of improvement in terms of savings delivery. In response, Mr Thomas indicated that there has been an improvement during Month 3, with the plan identifying more savings than required; however, the majority of these are non-recurrent and (as a result) the end run-rate is not significantly changed. Likewise, Month 4 has seen an improvement, but again, the run-rate has not changed to any great extent. Turning to the 100 day cycles in relation to Carmarthenshire Improvement Plan and Mental Health and Learning Disabilities (MHL), Mr Maynard Davies observed that Day 1-20 did not appear to have produced the required plans and requested clarification. Mr Ayres suggested that the expectation for Carmarthenshire was possibly slightly different, with this being intrinsically connected to the 6 Goals Programme. However, there remains a need for alignment and collation of workstreams and information. In terms of MHL, there are ongoing issues around capacity, which are impacting on output. Mr Ayres was content that the programme is clear; however, there is a need for assurance around implementation and how this impacts on operational plans. With regard to MHL, Mr Lee Davies reported that Welsh Government has agreed to provide support in this area. It was noted that this is one of a number of services which are experiencing issues on a national, rather than local level, requiring national involvement. Professor Kloer reminded Members that there have been successes in the Pembrokeshire county system; these need to be replicated elsewhere.

Under Domain 5: Leadership, Capability and Culture, Criteria 42 (A full and substantive Executive Director Team) Mr Maynard Davies enquired regarding the status of interim Executive Team posts. Professor Kloer indicated that HDdUHB actually has fewer interim posts than a number of other Health Boards across Wales. The requirement for an Interim Medical Director is connected to his appointment as Interim Chief Executive, which leaves only the

Interim Director of Nursing, Quality and Patient Experience role. It is always preferable to appoint to substantive posts with a substantive Chief Executive in place. Mrs Joanne Wilson advised that the timeline for recruitment of the Chief Executive role is scheduled for discussion at the Remuneration and Terms of Service Committee (RTSC) meeting on 22 August 2024. Recruitment to the other roles will follow. RTSC will report to Public Board in September 2024.

Mrs Eleanor Marks thanked all of those involved in preparing the report. She wished to enquire around steps being taken to ensure longer-term embedding of a culture of continuous improvement and cost savings. The organisation is very challenged at present; however, consideration needs to be given to maintaining an improvement culture in future years. Welcoming this comment, Professor Kloer agreed that the Health Board is focused on managing the current urgent situation, and has seen repeated cycles of such activity in previous years. For the first time, however, he felt that the organisation is mindful of recurrent and non-recurrent elements and looking to the medium- and long-term. In terms of embedding a culture, the organisation is recruiting to a new operational team, with an OD programme being established. This will be key, as there is a need for strong operational and clinical leadership. There is a specific objective for the Director of Workforce and OD in relation to this requirement. Members were also reminded about the Enabling Quality Improvement in Practice (EQIIP) Programme; whilst this has been established for some time, it has tended to operate at the periphery. Steps have been taken to target more centralised issues.

Returning to the matter of capacity and capability within the organisation, Mrs Marks was assured the programmes are either in place or being implemented. She was less assured around capacity and capability levels and queried whether Welsh Government is aware of this challenge and is able to provide any support. Capacity within parts of the MHLD directorate, for example, is an issue across Wales. Professor Kloer indicated that the Welsh Government team is not itself large, suggesting that support is more likely in regards to capability than capacity. It was suggested that the workshops may identify specific needs, allowing the Health Board to be specific in any request to Welsh Government. There are a number of teams within the Health Board, including the Transformation Programme Office, Value Based Health Care and EQIIP teams; consideration needs to be given to how these could be employed more cohesively. Mr Lee Davies emphasised the ambition to move away from the 'stop/start' approach to planning previously seen, towards a consistent and sustained approach, at pace. For this reason, it is important not to regard this year and next year or future years as separate. This is a significant change in approach for the Health Board. Various factors have impacted on planning processes in previous years, including COVID-19 and recovery, leading to a constant cycle of 'catching up'. The current approach is challenging Directorates to a greater extent, and is receiving

differing responses. The need for the appropriate capacity and capability in the relevant areas is recognised, as is the fact that this is in limited supply centrally. Whilst the Health Board is hoping to negotiate some input from Welsh Government, this is also likely to be limited. Directorates will need to utilise their capability and capacity effectively, in what is potentially another cultural change.

Mr Thomas endorsed the above comments, whilst emphasising that the cultural challenge is for the organisation as a whole. As has been mentioned, different Directorates are responding in different ways, as they are on different points of the 'change curve'. The Health Board needs to consider how it supports them through this process. In terms of Welsh Government support, he felt that it would be disappointing if this is required to any great extent, suggesting that it is an internal rather than external responsibility. As mentioned earlier by Mr Ayres, consideration should be given to what workstreams might appropriately be de-prioritised, to allow the required 'step change' and full support for 100 day cycles. In response to a related query, Members heard that all budget holders had now signed off their budget allocations.

Mrs Marks advised that, in almost every setting where she meets staff, the issue of the new hospital and whether it will come to fruition is raised consistently. She felt, however, that there is a need to focus on quality and delivery 'in the here and now', regardless of whether the new hospital ever materialises.

Mrs Wilson felt that it was important in governance terms to consider the role of ARAC in these discussions, bearing in mind that the various criteria have been aligned to relevant Committees. ARAC's role should be around overarching assurance, with the other Board level Committees undertaking scrutiny of those areas allocated to them. Mrs Wilson was also conscious of the demands on Mr Ayres in terms of reporting to the various Committees and Groups. Mr Michael Imperato noted that there is a great deal of overlap between Committees, and highlighted that the focus of ARAC's Terms of Reference is governance and structure. He felt that the items detailed on page 2 of the SBAR, under 'Background' were key to ARAC's remit. Regarding the report's Recommendations, however, Mr Imperato was not necessarily convinced that ARAC could take assurance from the actions being taken. Whilst welcoming the comprehensive update, Mr Winston Weir agreed that it was not ARAC's place to scrutinise all of the detail. Focusing on the letter dated 12 July 2024, he noted Welsh Government's concerns around HDdUHB's cost growth being the highest in Wales and requested further information. Mr Thomas advised that this is being covered-off via the Integrated Quality, Finance and Performance Delivery (IQFPD) Group. The Health Board has replied to all of Welsh Government's queries and concerns and is awaiting a response.

Echoing earlier comments, Mr Weir expressed concern around ensuring that those individuals leading the six key programmes of work are being provided with adequate support, in terms of both

governance and capacity, to enable them to deliver these in addition to their 'day jobs'. Finally, Mr Weir enquired how the classification of criteria ('Alert', 'Advise', etc) had been allocated. Mr Ayres acknowledged concerns around capability and capacity, recognising that individuals are being asked to undertake more tasks, and that this is unsustainable. He indicated that he had allocated the classifications, based on an assessment against the 100 day cycle framework, with an element of discretion. The focus had been on ensuring that each milestone is presented. In response to a query around the reporting process for the six key programmes, Mr Ayres advised that this is via the TI Coordination Group, Business Executive Team and Formal Executive Team, so is reported on a weekly basis. Mr Weir felt that this frequency only served to emphasise the need for adequate support. Mr Lee Davies advised that there is also a 'feed' into other groups including IQFPD and Value and Sustainability. Therefore, whilst Mr Ayres has used his discretion in allocating classifications, there is discussion of this elsewhere.

Referencing the two appended letters, Cllr. Evans noted that there were other areas highlighted therein. These included the suggestion that the Health Board's decision-making and processes require improvement. Professor Kloer and Mrs Wilson assumed this comment relates to the Board Self-Assessment of Effectiveness, and the decision to downgrade the overall level of maturity from Level 4 to Level 2. Clarification is, however, being sought from Welsh Government. Mrs Wilson was of the opinion that this reduction was an example of good decision making, as it reflects an honest and open approach. Cllr. Evans thanked Members for their contributions to what had been a useful discussion. He shared others' concerns around capacity, highlighting also that the Strategic Development and Operational Delivery Committee (SDODC) has a great deal of criteria to scrutinise. Focusing on Criteria 52 (Effective response from the health board to external reports and reviews), Cllr. Evans queried whether this should be aligned to the Quality, Safety and Experience Committee (QSEC). Mrs Wilson suggested that this alignment is because it includes reports from Royal Colleges and Healthcare Inspectorate Wales (HIW), which are considered by QSEC. She recognised, however, that these are also contained within the Audit Tracker which comes to ARAC and could, therefore, arguably be reallocated. Mr Ayres confirmed that this was the reason for allocation to QSEC; however, was happy for this to be revisited if necessary.

PK

SA/JW

Mrs Marks was grateful for the comprehensive responses to queries, which reflect the significant work taking place across the organisation. She enquired, however, regarding contingencies for the scenario of the Health Board having insufficient cash reserves in February 2025, and not being assisted financially by Welsh Government. Cllr. Evans echoed this concern, highlighting the potential additional impact of winter pressures. Mr Thomas advised that, according to an article in the Health Services Journal just yesterday, NHS England plans to restrict cash to NHS Trusts

in deficit. The Health Board needs to understand how much cash coverage it has if any and is awaiting a response in this regard. The scenarios and processes/actions required will be very different for coverage relating to a forecast deficit of £64m (£10m shortfall) versus a Control Total of £44.8m (£30m shortfall).

It is vital to understand the final position resulting from the 100 day cycle process and the revised forecast, in order to establish the likely cash shortfall. Potentially, this might lead to an inability to pay staff in Months 11 and 12; however, a response regarding the cash coverage is required in the first instance. If the necessary assurance is not forthcoming, the Health Board will need to put in place a cash mitigation plan, which could include delaying payments and liquidation of assets. The former is challenging, as – if implemented too early – suppliers will cease arrangements with the Health Board. There is a hierarchy to delaying payments: HMRC; NHS England organisations; intra-NHS organisations; Local Authorities; ending with local suppliers, Primary Care Contractors and (finally) staff. Ultimately, mitigations will depend on whether the 100 day cycles deliver the savings required. Mr Thomas emphasised that, by the September 2024 Public Board, the Health Board will need to have clear answers regarding the delivery trajectory, which may affect the level of assurance which can be taken, versus that noted below.

Decision:

The Committee:

- **NOTED** and **TOOK ASSURANCE** from the actions being taken in response to the Targeted Intervention (TI), including the development of clear plans for the 14 identified criteria flagged as 'Alert' and the initiation of six key programmes focused on financial sustainability and service improvement.
- **ACKNOWLEDGED** the seriousness of the current financial and operational challenges as outlined in the recent Welsh Government letter. The Health Board is facing significant difficulties in achieving the targets set out in the Annual Plan for 2024-25, emphasising the urgency for intensified and immediate actions to address the forecast deficit and improve performance in critical areas such as urgent care and cancer services.

The Committee agreed to **ADVISE** the Board in relation to the Health Board's Escalation Status, due to:

- Concerns around the achievement of financial targets via the 100 day cycle, and the need for cash contingency plans
- Concerns around capacity, capability and governance

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

AC(24)140

ARAC Self-Assessment of Committee Effectiveness Progress Update

Mrs Wilson introduced the report, which provides an update on progress against the actions identified during the ARAC Self-Assessment of Committee Effectiveness, as previously requested. Six of the actions have been completed. The action relating to legal and regulatory issues will be addressed via the Chief Executive's Report to Board. For the two remaining actions, an extension to the completion date is requested, due to the new Chair commencing in post and a review of report formats being planned.

Referencing the action which will be addressed via the Chief Executive's Report to Board, it was suggested that (as a result) this could be regarded as Completed/Green. Mrs Wilson suggested that the narrative accompanying this action could be revisited to make it clearer.

JW

Decision:

The Committee **TOOK ASSURANCE** from the progress made against the actions being undertaken to improve its effectiveness.

AC(24)141

All Wales NHS Audit Committee Chairs' Meeting Update

Members received the minutes from the May 2024 All Wales Audit Committee Chairs' meeting. There had been a meeting since this, in July 2024, from which Cllr. Evans provided a brief update. He had requested that the presentation from the Director of NWSSP Audit and Assurance Services be shared. The number of Limited Assurance reports has increased in all Health Boards. Financially, all seven Health Boards had received a qualified audit opinion; none are in the position to break-even within the next three years and all share common issues.

Within the online Chat, Mr Weir suggested that the financial challenge in the NHS, not just Wales, is outside of the resources allocated and what is expected of the Health Service. Demand is exceptionally high and the supply capacity is limited. Hearing that other Health Boards will struggle to achieve unqualified audit reports in respect of financial balance is concerning but also not surprising. Mr Thomas welcomed feedback from these meetings, whilst counselling against taking assurance from other Health Boards being in a similar position. He emphasised the organisation's duty to recover at pace.

Mrs Wilson noted that there are various issues covered during the two meetings which need to be taken forward with the relevant parties, including recommendations around training, and feedback regarding management responses. These issues should be extracted, to ensure that they are addressed.

JW

Decision:

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

AC(24)142

Audit Wales Update Report

Presenting the Audit Wales Update Report, Mr David Williams indicated that, in terms of financial audit work, the Annual Accounts financial audit work is now completed. The Charitable Funds audit work is in the planning phase, and further information will be shared with the Finance team in due course. With regard to performance audit work, Ms Urvisha Perez drew Members' attention to Exhibit 2 on page 6 of the report, which indicates the planned areas of work. These are at various stages, as outlined within the table. Exhibit 3, on page 10, details relevant national reports which may be of interest, including a link to a report on the Swansea Bay City Deal.

In response to a query around whether Audit Wales is on track to deliver reports according to the proposed timescales, Ms Perez confirmed that this was the case. Noting that the Planned Care audit timescale had been delayed, Mrs Wilson advised that this was a Health Board issue, which had been followed-up internally. Cllr. Evans enquired whether any additional support was required from ARAC or the wider Health Board; Ms Perez and Mrs Wilson advised that issues are escalated as and when they arise. Returning to the Swansea Bay City Deal report, Mr Maynard Davies queried whether this contains any learning which the Health Board may need to take forward. It was agreed that Mrs Wilson and Mr Thomas would examine the report to establish this.

JW/HT

Decision:

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

AC(24)143

Review of Cost Savings Arrangements Report and HDdUHB Management Response

Welcoming the opportunity to present this report, Mr Jeff Brown introduced the Review of Cost Savings Arrangements. He outlined the approach applied, together with the timeframe covered, which had focused on 2023/24 whilst also considering 2024/25. Mr Brown drew Members' attention to Appendices 1 and 2, which outlined the scope and boundaries of the review. In terms of status, the report has been agreed with the Health Board in terms of factual accuracy and tone. Key messages are outlined in paragraph 7 of the report, with the findings that support the overall conclusion summarised under the following three headings:

- Identifying cost savings opportunities
- Delivering cost savings plans
- Monitoring and oversight of savings plans

Key findings for each of these are contained within paragraphs 10, 21 and 33 respectively. A number of recommendations (10 in total) have been made, and the Health Board's management response is appended.

Mr Thomas wished to record his thanks to Mr Brown and his colleagues who undertook the fieldwork for this audit. He would welcome a conversation around the findings across Wales, to enable the sharing of good practice. It is recognised that Health Boards are currently in an extremely 'fluid' period, which is probably reflected within the report's findings. Four of the recommendations have been addressed, which is welcome; however, this still leaves six outstanding. Whilst the team is actively considering these recommendations, a number involve longer-term completion dates of March 2025.

In response to a query around whether the management response to Recommendation 3 is adequate, Mr Thomas explained that Audit Wales will not yet have seen the supporting evidence. Mr Brown confirmed that this was the case, with Audit Wales maintaining a 'watching brief', adding that this may form part of a future supplementary exercise. Mr Weir welcomed the report, which did not contain any unknown issues or findings. He enquired, however, whether the 10 recommendations should be regarded in any particular order in terms of priority. Mr Weir commended categorisation of findings into three sub-headings, noting that delivery of savings is always challenging; involving, as it does, cultural and leadership issues. He agreed that a number of the actions are longer-term, whilst others need to be addressed more quickly. The priority should be around ensuring the recommendations are embedded. Referencing Exhibit 1 on page 9 of the report, Mr Weir highlighted the importance of this table in demonstrating why the Health Board is in the position it is.

Returning to an earlier comment, Mr Brown advised that there will be a report collating findings nationally, which will seek to identify common themes and learning. In terms of prioritisation of recommendations, this has not been attempted and would be challenging. He suggested that the Health Board has probably already identified priorities; however, this could be discussed with Mr Thomas if required. Mr Maynard Davies agreed with Mr Weir's comment around the table on page 9, noting that the Health Board had not ever achieved its savings target. It could be said that the findings outlined in paragraphs 20 and 21 sum up many of the organisation's issues, not only in respect of finances and savings; with a good track record in delivering plans, but a poor track record in delivering.

JB/HT

Acknowledging these comments, Mr Thomas suggested that the issues have been diagnosed and the areas requiring change identified. The challenge now is to deliver that change. He agreed that the findings of the report do not present any surprises. In response to a query around completion dates, Mr Thomas

confirmed that he was content these are realistic, whilst assuring Members that work will be taking place in the interim.

Noting Recommendation 7.2, Cllr. Evans requested clarification around what Audit Wales feel is required to support 'Board members to deepen their financial literacy skills'. Mr Brown explained that this finding stemmed from interviews with Independent Members, together with observation of meetings. It was felt that Members would benefit from a broader understanding of the financial information presented to them. This was more of a generic point rather than suggesting the need for specific training, and it was probably for the Finance team to determine an appropriate course of action.

With regard to Recommendation 7.3, and its reference to "single version of the truth", Cllr. Evans enquired whether there is any suggestion of the Board being misled. Mr Brown advised that this was not the case; the focus of this recommendation is around ensuring that all information on savings opportunities is collated in one place, to provide a single baseline from which to work. He recalled that the terminology was from Health Board discussions with Welsh Government.

In terms of training and financial literacy, Mr Weir suggested that individual Members have different strengths and areas of expertise, and that this needs to be accepted. The priority should be to work together to best utilise Members' varying skills and knowledge. The financial reports presented to Board and Committees are extremely comprehensive and complex, and contain a significant amount of detail. It is not feasible to examine every part of this detail. Members need to be encouraged to ask 'simple' questions to extract key information. Mr Weir felt that this was less of a training issue than one of effective teamwork. Mr Thomas indicated that he had taken the recommendation to relate more to training than scrutiny, and had responded accordingly. He suggested that there can be a lack of confidence around financial information and that it is often the questions from those without a financial background which are the most challenging to respond to. He agreed that Members bring with them different skill sets, and – for this reason – the approach will need to be more bespoke, with scoping of individual requirements.

With regard to Recommendation 7.3, Mr Thomas was pleased to note that this did not suggest the Board had been misled. As to a single repository for savings opportunities, this now exists, in the form of a spreadsheet which is being constantly updated and shared. The fact that HDdUHB is an integrated Health Board brings with it inherent complexities, which makes providing this list into an assurance setting challenging. Reporting processes are being refined on an ongoing basis.

Decision:

The Committee **NOTED** the Audit Wales Review of Cost Savings Arrangements Report and HDdUHB Management Response.

The Committee agreed to **ADVISE** the Board in relation to the Audit Wales Review of Cost Savings Arrangements Report and HDdUHB Management Response.

AC(24)144

Structured Assessment - Progress Update on Recommendations

Mrs Wilson introduced the Progress Update report, highlighting that this covers the Structured Assessment Recommendations from 2021, 2022 and 2023. The latter had revisited previous Structured Assessment recommendations and had requested that those from 2021 be reopened. The report proposes extending the completion dates for certain of the recommendations to 2025.

Cllr. Evans invited observations regarding the request to extend the completion date for Recommendation 1 to March 2025. Mr Lee Davies felt there is a risk that recommendations relating to planning processes are never complete, due to their very nature. Reflecting again on this Recommendation, and given the Health Board's position, he would suggest that it might be regarded as completed. Mrs Wilson emphasised that there would need to be discussion and clarification with Audit Wales, and their agreement to close this Recommendation.

Ms Perez thanked the Health Board for bringing together this document and indicated that its contents would be followed-up during this year's Structured Assessment exercise, where the relevant evidence would be considered. Mrs Wilson suggested that an update be provided to the next meeting, via the Table of Actions, regarding this Recommendation and its status in terms of implementation. It was also noted that the Recommendation relating to the Operational Structure from the 2022 Structured Assessment has been taken forward, with this now progressing. Cllr. Evans emphasised the importance of avoiding further slippage in completion dates.

LD/UP

Decision:

The Committee **DISCUSSED** and **CONSIDERED** progress made in respect of the recommendations from the Structured Assessments 2021 (Phase 1), 2022 and 2023.

The Committee agreed to **ASSURE** the Board in relation to Progress on the Structured Assessment Recommendations, with the caveat that those with a requested extension to 2025 will be reviewed.

Mr Lee Davies left the Committee meeting.

AC(24)145

Internal Audit Plan Progress Report

Mr James Johns introduced the Internal Audit Plan Progress Report, which was of the usual format. It includes, in Section 2, details of those audits finalised since the previous meeting. Appendix A sets out this year's planned Internal Audits, and proposed timelines for reporting to ARAC meetings. Members' attention was drawn to discussions around the planned audit in Estates and Facilities, which may be deferred due to another external audit being undertaken within that Directorate. In terms of an update on progress, all planned audits are more or less on track for delivery.

Cllr. Evans requested assurance that the Ultrasound Internal Audit report will be ready for the October 2024 meeting, and Mr Johns confirmed this to be the case. In terms of concerns around Ophthalmology and high-cost locums, Members heard that, whilst there would not be a stand-alone audit in this area, it would be picked up within the scope of one of the planned financial audits, together with other specialties.

Decision:

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

AC(24)146

Nurse Staffing Levels (Wales) Act 2016 (Reasonable Assurance)

Ms Sharon Daniel, Ms Helen Humphreys, Mr Mark Henwood and Ms Carly Hill joined the Committee meeting.

Ms Sophie Corbett introduced the Nurse Staffing Levels (Wales) Act 2016 report, explaining that the purpose of the audit was to review arrangements to ensure compliance with the Act. Three medium priority findings were identified, relating to: the need to review and update the Nurse Staffing Level Policy; explicit evidence of approval by the Designated Person; more regular assurance reporting to QSEC. A rating of Reasonable Assurance had been concluded.

Ms Sharon Daniel thanked the Internal Audit team for their report. As indicated, all of these findings relate to the previous Internal Audit conducted in 2021/22. Whilst recognising that there are areas of good practice and progress, it is also acknowledged that further progress is required. By way of an update on the matters arising, for Matter Arising 1, Ms Helen Humphreys advised that the 'Nurse Staffing Level & Escalation Plan: Acute Adult Policy' is being finalised and will be presented to the Senior Nursing and Midwifery meeting scheduled for 19 August 2024. It will then proceed to the Clinical Written Control Group. Whilst the completion date is October 2024, this should provide assurance that the action is being progressed. In terms of Matter Arising 2, a

revised process by which this will be enacted has been defined, which will be formally agreed by the Interim Director of Nursing, Quality and Patient Experience. With regard to Matter Arising 3, it has been agreed that this data will be included as part of the overarching assurance report to QSEC, commencing in October 2024 and continuing at each meeting thereafter.

Highlighting paragraphs 2.15 and 2.17, Cllr. Evans noted that service change is the primary cause of additional nurse staffing and funding requirements. He enquired regarding the process for approving such service changes, and requested assurance that there are coherent discussions, in view of the associated financial consequences. Ms Daniel advised that this had previously been facilitated via the Core Delivery Group; now via the Value and Sustainability Group. She assured Members that there are discussions which align service change and financial implications. There was, necessarily, a great deal of service change during the COVID-19 pandemic and much of the work is around managing the legacy of this going forward. Any future service changes will require agreement, prior to staffing changes.

Decision:

The Committee **NOTED** the Nurse Staffing Levels (Wales) Act 2016 (Reasonable Assurance) report.

The Committee agreed to **ADVISE** the Board in relation to the Nurse Staffing Levels (Wales) Act 2016 report, due to the need to be cognisant of the potential financial implications of service and staffing changes.

Ms Sharon Daniel and Ms Helen Humphreys left the Committee meeting.

AC(24)147

Consultant Job Planning - Progress Update on Management Response

Ms Helen Thomas joined the Committee meeting.

Mr Mark Henwood presented the Consultant Job Planning - Progress Update on Management Response. He reminded Members that this area had been subject to an Internal Audit report in April 2024 which had returned a rating of Limited Assurance, and that an interim progress report had been requested at that time. An action plan had been developed, which is included as an appendix to the report. Nine out of ten of the actions have been completed, with the final action scheduled for completion in October 2024. The graph on page 2 of the report indicates the improvement in terms of Job Planning compliance. As at the end of July 2024, this has further improved to 78%. There are inevitable fluctuations between services, for various reasons. Mr Henwood advised that there has been a specific focus on Orthopaedics, Ophthalmology and Anaesthetics, where

more rigid governance has been implemented. Job Planning has also been included on the internal escalation framework, and forms part of the discussion within that forum. Mr Henwood has issued letters to specialties, which prescribe a robust process and include deadlines for completion. Ms Carly Hill added that Job Planning has also been addressed via the 100 day cycle model. She was hopeful that introduction of e-Rostering via the Allocate system will further assist.

Whilst welcoming the progress described, Mr Maynard Davies enquired regarding the likely timescale for achieving the target compliance of 90%. In response, Mr Henwood explained that there are individual 'pockets' of poor performance, often resulting from culture or prioritisation. Orthopaedics, in particular, commonly sees low levels of compliance and actions do not appear to be having an impact. However, Job Planning dates for all Orthopaedic consultants are scheduled and he has been assured that they will be completed within the next two months. It should also be noted that there are a number of specialties with good performance in terms of compliance levels. In response to a query around potential consequences for staff who do not comply with Job Planning requirements, Mr Henwood indicated that – in contractual terms – they could be placed on the basic minimum number of sessions; although some are already on this. It is claimed by some consultants that participation in Job Planning is made challenging by managers or the Clinical Lead. To address this assertion, Mr Henwood is keen to move Job Planning out of the managerial scope, and into a clinical process, to support staff development. Whilst he recognised that progress has taken time, he hoped that compliance levels of 80%+ will be achieved by the end of the year. Having the Chief Operating Officer's support in this regard is also key and a contributory factor.

Cllr. Evans hoped that this area was now being treated seriously, particularly in those specialties with extremely low compliance levels such as Orthopaedics. He enquired whether there was also a plan to address low compliance in Ophthalmology, with Mr Henwood explaining that the same approach would be taken, seeking to secure dates in diaries. In response to a query around how it is possible to plan effectively without a Job Plan, Mr Henwood explained that staff do have a Job Plan, which forms the basis upon which they are paid. There are, however, sometimes instances of disputes which can make staff reluctant to engage with the process. It is possible to plan; however, not as effectively as would be optimal.

Decision:

The Committee:

- **NOTED** the progress made in the job planning process and the implementation of the internal audit actions.
- **TOOK ASSURANCE** from the steady rise in percentage job plan review compliance.

The Committee agreed to **ASSURE** the Board in relation to Progress on Consultant Job Planning, recognising that this will be the subject of a follow-up Internal Audit in Quarter 4 2024/25.

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

AC(24)148

**BGH Chemotherapy Day Unit Final Briefing Paper
- Management Response Report**

Mr Andrew Carruthers joined the Committee meeting.

Mrs Wilson reminded Members of discussions at the ARAC meeting on 18 June 2024, regarding the BGH Chemotherapy Day Unit Final Briefing Paper prepared by Internal Audit. The paper had not included a management response; however, one had since been developed by Mr Peter Skitt. Referring to this management response, which was appended to the report, Mr Andrew Carruthers drew Members' attention to the key areas of learning outlined in the report, in summary:

- Completion of the Certificate of Readiness to Proceed to Tender following receipt of the pre-tender estimate
- Ensuring the most appropriate procurement route is followed based on the expected contract value, seeking advice from NWSSP Procurement Services and/or Specialist Estates Services if appropriate
- In light of market volatility post-COVID, consideration of earlier engagement of cost advisors
- Absence of a key project officer (such as the Project Director) requires timely identification and delegation of critical tasks and decision making
- Timely escalation of key information to the Senior Responsible Officer and Project Delivery Group

All of these have now been included on the Health Board's Audit Tracker and Audit and Management and Tracking (AMaT) system.

Mrs Marks wished to make a number of comments. Firstly, the BGH Chemotherapy Day Unit is clearly an extremely important project for the Health Board. Understanding how the level of overspend had been reached has raised a number of concerns. Mrs Marks expressed surprise at the number of recommendations in the report, in view of how regularly the Health Board undertake capital projects of this nature. Whilst the recommendations themselves are relatively straightforward to address, Mrs Marks requested additional assurance around how the organisation intends to avoid recurrence of such a situation. In response, Mr Carruthers suggested that it was challenging to provide absolute assurance. Whilst an action plan has been implemented, the Health Board has a number of different projects, and it would be challenging to provide assurance regarding each one. To do so

would require absolute clarity around expectations for every capital project. Whilst acknowledging this, Mrs Marks emphasised the importance of information sharing at all levels.

To provide additional context, Mr Thomas explained that the inflationary environment under which the BGH Chemotherapy Day Unit project was being developed was extraordinarily volatile. The Health Board had made a decision based on one set of information, which had subsequently changed. The BGH scheme is not the only project to have been impacted by this inflationary volatility – the Cross Hands Health and Wellbeing Centre is another example.

Decision:

The Committee:

- **TOOK ASSURANCE** that all management actions from the Bronglais Hospital CDU Review are complete.
- **TOOK ASSURANCE** that the Bronglais Hospital CDU is on Schedule and within Budget at this point.

The Committee agreed to **ASSURE** the Board in relation to the Management Response to the BGH Chemotherapy Day Unit Final Briefing Paper, with the caveat that learning must be shared across Health Board projects.

AC(24)149

Transforming Urgent and Emergency Care - Progress update on Management Response

Ms Alison Bishop joined the Committee meeting.

Reflecting on the report submitted, Mr Carruthers acknowledged that it probably was not composed in the most appropriate manner for ARAC's purposes, as it does not specifically align progress to the Internal Audit findings. The report presents a more generic response, and Mr Carruthers apologised for this unfortunate disconnect in requirements.

Cllr. Evans agreed that the report is not the submission which Members had been expecting, querying how assurance can be taken around progress in addressing recommendations. Mrs Wilson advised that the recommendations are included and tracked via the AMaT system; however, whilst all actions have been implemented, this does not necessarily provide the assurance required by ARAC. It is, therefore, difficult for the Committee to take assurance at this time, and a further update is likely required.

Agreeing with the latter conclusion, Mrs Marks thanked those involved in preparing the report, which outlines activity; however, it does not include timelines for completion or outcomes. Mrs Marks highlighted that Emergency Care in particular is the source of high

numbers of concerns and complaints. Mr Weir welcomed confirmation of governance arrangements. He suggested that the response prepared to the Discharge Management findings provides a better format of report; however, with regard to the latter, was disappointed at the continued lack of consistency in arrangements across the three counties.

In response to Mrs Marks' comments, Mr Carruthers advised that the report had attempted to establish a framework and milestones. The point around connecting this in terms of impact and outcomes was, however, acknowledged. With regard to discharge arrangements, Mr Carruthers shared Mr Weir's concerns around consistency in approach. Whilst the new operational structure should provide benefits in certain respects, there will always be the dynamic of three different Local Authorities, with three different approaches, needing to be taken into account.

Focusing on the further update requested above, and in order to ensure that it meets ARAC's requirements, it was agreed that Ms Alison Bishop would meet with Mr Johns to consider each Internal Audit recommendation in turn and report on progress with regard to the management response. Whilst it was agreed that certain elements were outside ARAC's scope, and for consideration by other Committees, Mrs Marks requested that the response provides assurance that the actions proposed will make a difference for individuals, in terms of outcomes.

AB/JJ

Returning to discharge arrangements, Mr Imperato agreed that each of the three Local Authorities take a different approach. He suggested that it would be a useful exercise to outline, analyse and compare these approaches. Mr Imperato felt that it was somewhat 'artificial' to treat audits in Urgent and Emergency Care and Discharge Management separately, as they are inherently interconnected. He observed that this could be regarded as too 'siloed' an approach. Members were reminded that the Discharge Management audit was a follow-up to a previous Internal Audit, and that the Transforming Urgent and Emergency Care audit had been focused on governance arrangements. However, Mr Imperato's comment was acknowledged.

Decision:

The Committee:

- **NOTED** that all management actions from the Transforming Urgent and Emergency Care programme audit are complete.
- **REQUESTED** that a further update on progress be presented to the next meeting.

The Committee agreed to **ADVISE** the Board in relation to Progress on Transforming Urgent and Emergency Care, due to its inability to take assurance from the report as presented, and request for a further update to the next meeting.

Discharge Management - Progress Update on Management Response

Ms Ceri Griffiths joined the Committee meeting.

Mr Carruthers presented the Discharge Management report, which provides an update on progress against the Internal Audit recommendations. It was noted that there has been slippage in a number of completion dates. Mr Carruthers recalled previous discussions around whether these were potentially too ambitious; certain of the work had, indeed, taken longer than anticipated. This highlighted an important issue – the need to identify realistic timescales for actions.

Ms Ceri Griffiths reminded Members that the audit was a follow-up to a previous Internal Audit. Whilst there was substantial assurance around reporting and monitoring arrangements, there were concerns around inconsistency in discharge processes and in implementing these. The audit was timely, as a great deal of work is being undertaken in this area. A Discharge Strategy Group was established in April 2024, which developed an action plan. The main focus had been in relation to Recommendation 1, whereby in addition to the review and updating of the Discharge and Transfer of Care Adults Policy, the Group recognised the need for a toolkit. Whilst there was a clear plan in place, the additional work had, as mentioned above, impacted on the completion date, which had been delayed to September 2024. The current policy had been extended, and it is intended to adopt the national policy. The actions in relation to Recommendation 2, 5 and 6 are partially completed; actions for Recommendation 4 are completed. Where completion dates have slipped, this is for good reason.

Cllr. Evans noted that there is no reference to Recommendation 3 in the report. He believed that this had been completed; however, it was agreed that Ms Griffiths would check. Mr Maynard Davies thanked those involved for the clear and helpful report. Whilst welcoming the update around Recommendation 2, he highlighted that there is no revised timescale for the actions which are not yet completed. Ms Griffiths undertook to address this matter.

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Agreeing that this was a useful report, Mrs Marks however suggested that it did not necessarily provide evidence of outcomes as a result of actions. In response, Ms Griffiths advised that a separate action plan has been developed, which does include potential improvement measures. She was hopeful that the new toolkit will contribute to improvements in this area. Mrs Marks emphasised the need to be mindful of challenges in terms of the culture change required. Mr Imperato's views around the link between Discharge Arrangements and Urgent and Emergency Care were also shared by Mrs Marks. With regard to the issue of culture change, Ms Griffiths assured Members that there is cognisance around this; however, there does seem to be an

appetite for improvement. Responding to a query around timescales and confidence in achieving these, Ms Griffiths advised that she was optimistic in this regard.

Decision:

The Committee **TOOK ASSURANCE** that the recommendations from the Discharge Management Internal Audit are being addressed and managed.

The Committee agreed to **ADVISE** the Board in relation to Progress on Discharge Management, due to a number of recommendations not yet being complete, and recognising that this will be the subject of a follow-up Internal Audit in Quarter 3 2024/25.

Mr Andrew Carruthers, Ms Alison Bishop and Ms Ceri Griffiths left the Committee meeting.

AC(24)151

Financial Assurance Report

Mr Ben Rees joined the Committee meeting.

Mr Thomas introduced the Financial Assurance Report, indicating that this is of the usual format. Members were informed that the 'No PO (Purchase Order), No Pay' policy has been reviewed at a national level. The Health Board will be seeking to apply a 'zero-tolerance' approach internally. Where departments are engaging with suppliers, without raising a Purchase Order in line with processes, there will be robust discussions. Invoices without corresponding POs will be returned. Mr Thomas advised that the Health Board currently has around £8m worth of invoices on hold for a variety of reasons. This reflects the work still required, with an action plan being developed. On a more positive note, the process around Single Tender Actions is now sufficiently robust to deliver a sustained reduction and improvement. Overpayments of salary remains an area needing to be addressed. Whilst most overpayments are being repaid within a reasonable timeframe, the very situation concerned produces stress and effort for both the individual involved and the Finance team. Mr Thomas drew Members' attention to the losses for which approval is sought. These relate to costs of treatment for overseas patients, where the Health Board has exhausted the debt recovery process. Whilst disappointing, this is a rare occurrence and it is not economical to pursue payment further. Appendix 1 reflects a busy period in terms of awarding contracts, all of which have been subject to formal procurement and Financial Control Group processes.

Welcoming the clear report, Mr Maynard Davies noted that the Health Board failed to achieve the Public Sector Payment Policy (PSP) Compliance target in May 2024. He enquired whether this will impact on the Year To Date compliance. Whilst acknowledging that it will affect the Year To Date figure, Mr Thomas indicated that

this was currently at an acceptable level. The reason for the failure was a significant tranche of invoices without Purchase Orders. Referencing the overseas patients treatment costs mentioned above, it was noted that details are forwarded to the Home Office. Mr Maynard Davies enquired whether the Home Office follow this up and whether – if remuneration is obtained – this is returned to the Health Board. Mr Thomas was not sure; however, advised that reporting the individuals to the Home Office will prevent them from re-entering the UK whilst they still owe for their treatment. In relation to contracts awarded, Mr Maynard Davies noted that a number have a date of 1 April 2024 and queried their being awarded retrospectively. In response, Mr Thomas explained that there have been some timing challenges; with procurement processes taking longer than envisaged, particularly with regard to the development of service specifications. This is an issue which the Finance team wishes to address at source with directorates and services.

Returning to the issue of overpayments of salary and Appendix 2, Mrs Marks noted that there were 29 instances of Late Notification of Termination resulting in overpayment. She enquired whether this is an internal Health Board HR process. Whilst suggesting that the number is relatively low when taking into account the organisation's 13,000 employees, Mr Thomas accepted that it is still 29 instances too many. The processes involved are somewhat manual, and notification is not always received in a timely fashion. The results are both costly and time-consuming. Members heard that a new Electronic Staff Record (ESR) based process is being explored, which would be in 'real time'. Mrs Marks indicated that digitalisation of processes would be a welcome development. Agreeing, Mr Thomas suggested that in excess of 80% of overpayments are due to issues with the current manual process. Members were reminded that a national Overpayments of Salary Policy is being implemented.

Cllr. Evans queried whether the planned change of suppliers in regards to the No PO No Pay Policy is expected to have a positive impact. Mr Thomas confirmed that this would be the case, particularly as statements around payment being withheld in the absence of Purchase Orders will be written into the service specification. Members were further advised that letters have already been issued to suppliers, to which Mr Thomas has instructed his team to refer when returning invoices which have no Purchase Order.

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** the staff overpayments and **TOOK ASSURANCE** that actions to control them are sufficiently embedded
- **APPROVED** losses exceeding £5,000
- **SCRUTINISED** the award of contracts

AC(24)152

Counter Fraud Update

Mr Ben Rees introduced the Counter Fraud Update report, highlighting Prevent and Deter work in relation to Lease Car Invoicing, as detailed in Appendix 1. The report and its recommendations have been agreed and accepted. The Counter Fraud team has completed a Risk Assessment in relation to this matter, which will be shared with the Finance team and the Transport Unit. A further update will be provided to the October 2024 meeting.

In response to a query around who will be taking the findings of this exercise forward, Mr Rees advised that this will be the HDdUHB Transport Unit, in partnership with the Finance team. There are ongoing discussions around leadership of the Lease Car scheme, hence the request for the Risk Assessment. The outcome of these discussions will be presented to the next In-Committee ARAC session, in October 2024. Mr Rees was assured by recognition, from both the provider and the Health Board, of the need for a change in approach. In terms of the report's recommendations, he would link with the Assurance and Risk team to ensure their inclusion on the Audit Tracker.

BR

Decision:

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

AC(24)153

Audit Tracker

Miss Charlotte Wilmshurst introduced the Audit Tracker report, advising that all external reports have now been transferred to the AMaT system, and Welsh Health Circulars will be migrated by the end of August 2024. Members heard that since the previous report, 8 reports have been closed or superseded, with 23 new reports received by the Health Board. At the time of reporting, the number of open reports has increased from 143 to 158. 62 of these have recommendations that have exceeded their original completion date, a slight increase from the 60 previously reported in June 2024. There is a decrease in the number of recommendations where the original implementation date has passed, from 277 to 250. The number of recommendations that have gone beyond six months of their original completion date has increased from 110 to 116, as reported in June 2024. There are currently 577 open recommendations on the Audit Tracker, an increase from the 496 reported in June 2024. The number of Not

Knowns has decreased from 150 to 108. A number of services of concern have been highlighted in the report. Miss Wilmshurst felt that the Health Board's internal escalation process is assisting in addressing outstanding recommendations; the Assurance and Risk team is in the process of aligning to this in regards to reporting, which will take effect from the next report. As a result of this, and due to capacity issues within the Assurance and Risk team, it is proposed that a risk-based approach be taken to reporting, with the Audit Tracker and Risk Assurance Report alternating in reporting to ARAC.

Mr Maynard Davies enquired regarding the process in the event of recommendations being deemed no longer relevant; for example, should the Health Board no longer provide a specific service. He was advised that, in such a case, the recommendation would be closed, with additional explanatory narrative included.

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
- **AGREED** to amend the frequency of reporting of the Audit Tracker to every other meeting as a result of the implementation of the revised performance management arrangements

AC(24)154

Risk Assurance Report

Miss Wilmshurst presented the Risk Assurance Report, which is intended to provide assurance regarding the effectiveness of the Risk Management Framework, and the implementation of the Risk Management Strategy. It provides an update on the report presented in February 2024. Members heard that, since this time, a letter had been issued to Directors from the ARAC Chair highlighting concerns around overdue risks and the Head of Internal Audit Limited Assurance Opinion. Performance management arrangements have been strengthened by the new internal escalation process. There are a total of 609 open risks, with 112 new risks and 126 closed risks. The Health Board currently has 486 risks where the current risk scores are classified as either Extreme or High. There were 92 risks overdue for review as at 30 June 2024, a significant decrease and improvement from the 241 risks as identified in the previous report. This would indicate that performance management processes are having an impact. The overall Limited Assurance Opinion in this year's Head of Internal Audit Annual Report is, however, disappointing, and indicates that more work is required. The Audit Wales Review of Operational Governance also identified inconsistencies and made various recommendations. There is a need for standardisation of

performance and risk management arrangements within directorate teams, and training has been offered to begin this process. Risk reporting continues across Board level Committees.

Referencing Appendix 4 and the risks allocated to the Information Governance Sub-Committee, for example around Cybersecurity, Mr Maynard Davies enquired whether it is intended for all of these to be individually presented. Miss Wilmshurst advised that this used to be the case; however, it is now intended to share these with the subject matter leads, and for them to provide assurance and/or determine whether escalation is required. Cllr. Evans enquired whether his letter had made any impact; he was informed that the number of outstanding risks had reduced. It was felt that the letter, in combination with the internal escalation process, had produced a positive impact. Mr Thomas suggested it is somewhat disappointing that the internal escalation process, which was intended for more challenging issues, is required in order to progress basic management actions.

Decision:

The Committee:

- **TOOK ASSURANCE** regarding the effectiveness of the Risk Management Framework, and the implementation of the Risk Management Strategy
- **AGREED** to increase the frequency of reporting of the Risk Assurance Report from the current bi-annual timeframe, to every other meeting

AC(24)155

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)156

Any Other Business

There was no other business reported.

AC(24)157

Date and Time of Next Meeting

9.30am, 15 October 2024