

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

Date of Meeting: 09:30, Thursday 08 May 2025  
Venue: Microsoft Teams Meeting/ Ystwyth Boardroom

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

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

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

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

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

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

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

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

**AC(25)75**

### **Executive Team Governance (Substantial Assurance)**

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

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

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

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

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

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

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

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

*Professor Philip Kloer left the Committee meeting.*

**AC(25)76**

### **Annual Planning (Reasonable Assurance)**

*Dr Daniel Warm joined the Committee meeting.*

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

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

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

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

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

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

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

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

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

**AC(25)77**

### **Digital Strategic Partner (Substantial Assurance)**

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

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

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

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

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

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

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

**AC(25)78**

**Cleanliness/Cleaning Standards Follow-up**

DEFERRED to 24 June 2025 meeting

**AC(25)79**

**Withybush Hospital (WGH) RAAC**

DEFERRED to 24 June 2025 meeting

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

DEFERRED to 24 June 2025 meeting

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

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

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

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

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

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

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

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

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

AC(25)83

**Draft Audit and Risk Assurance Committee Annual Report 2024/25**

*Professor Philip Kloer joined the Committee meeting.*

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

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

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

AC(25)84

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

DEFERRED, as discussed.

AC(25)85

**Assurance Report on Board Effectiveness**

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

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

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

**JW/SA**

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

**AC(25)86**

### **Audit Enquiries to those Charged with Governance and Management**

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

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

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

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

**AC(25)87**

### **Draft Performance Overview**

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

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

HT/JW

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

AC(25)88

### **Draft Accountability Report**

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

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

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

JW/CW

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

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

AC(25)89

### **Banking Arrangements**

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

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

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

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

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

AC(25)90

### **Draft Annual Accounts 2024/25**

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

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

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

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

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

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

**HT**

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

**JW**

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

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

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

**AC(25)91**

**Any Other Business**

There was no other business reported.

**AC(25)92**

**Date and Time of Next Meeting**

9.30am, 24 June 2025