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 09 December 2025**
Venue: **Virtual, via Microsoft Teams**

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

In Attendance:
Ms Urvisha Perez, Audit Wales (VC)
Mr David Williams, Audit Wales (VC)
Ms Bethan Hopkins, Audit Wales (VC) (part)
Mr James Johns, Head of Internal Audit, NWSSP (VC)
Ms Sophie Corbett, Deputy Head of Internal Audit, NWSSP (VC)
Mrs Joanne Wilson, Director of Corporate Governance/Board Secretary (VC)
Ms Rachel Williams, Head of Assurance and Risk, deputising for Miss Charlotte Wilmshurst, Assistant Director of Assurance and Risk (VC)
Mr Huw Thomas, Executive Director of Finance (VC)
Mr Terry Slater, Local Counter Fraud Specialist, deputising for Mr Ben Rees, Head of Counter Fraud (VC) (part)
Professor Philip Kloer, Chief Executive (VC) (part)
Mr Lee Davies, Executive Director of Strategy and Planning (VC) (part)
Mr Shaun Ayres, Director of Delivery (VC) (part)
Mr Andrew Carruthers, Chief Operating Officer (VC) (part)
Mr Gareth Cottrell, Deputy Chief Operating Officer (VC) (part)
Mr Peter Skitt, Clinical Care Group Service Director - Community and Integrated Medicine (VC) (part)
Mr Thomas Alexander, Principal Programme Manager (VC) (part)
Ms Linda Jones, Regional Partnership Programme Manager (VC) (part)
Mr Gareth Rees, Deputy Director of Operations (VC) (part)
Mr Jan Bojanowski, Head of Clinical Engineering (VC) (part)
Ms Clare Moorcroft, Committee Services Officer (minutes) (VC)

Minutes Ref.	Item	Action
AC(25)184	**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: • Mr Winston Weir, Independent Member (Committee Vice-Chair) • Miss Charlotte Wilmshurst, Assistant Director of Assurance and Risk • Mr Ben Rees, Head of Counter Fraud	
AC(25)185	**Declaration of Interests** No declarations of interest were made.	

AC(25)186 **Minutes of the Meeting held on 14 October 2025**

Decision: RESOLVED – the Minutes from the meeting held on 14 October 2025 were approved as an accurate record.

AC(25)187 **Table of Actions**

An update was provided on the Table of Actions from the meeting held on 12 August 2025 and confirmation received that outstanding actions had been progressed. In terms of matters arising:

AC(25)164 – Mrs Joanne Wilson advised that this issue had been raised with Welsh Government, and correspondence received. Mr Lee Davies explained that an email response from Welsh Government had outlined the sequence of events leading to the escalation criteria being revised. He suggested that this be circulated to Members and any further queries addressed subsequently. **LD**

AC(25)167 – in view of the fact that Mrs Eleanor Marks has requested that an update on the Operational Structure is presented to the next People, Organisational Development and Culture Committee (PODCC) meeting, it was agreed that this action should be closed.

AC(25)170 – Mr Maynard Davies enquired regarding the outcome of the meeting between the Chair of ARAC, Head of Internal Audit and Director of Corporate Governance. Mr James Johns advised that this is summarised in the Internal Audit Plan Progress Report later on the agenda and that he would update at that juncture.

AC(25)171 – it is unclear whether the revised Standard Operating Procedure (SOP) has been subject to the required governance processes; this will be clarified. **AC**

AC(25)179 – Members heard that a meeting had taken place between the Director of Corporate Governance, Assistant Director of Assurance and Risk and Head of Assurance and Risk. The process of reviewing recommendations overdue by more than 6 months will take some time and due to the current pressures on operational services, this exercise will be postponed until the New Year. An update will be provided at the next meeting. **JW**

AC(25)188 **Matters Arising not on Agenda**

There were no other matters arising.

AC(25)189 **Escalation Status Update Report**

Mr Lee Davies reminded Members that HDdUHB's Public Accountability Meeting with Welsh Government is taking place on 11 December 2025. This is likely to involve discussion of a number of issues relating to the Health Board's escalation status. Presenting the Escalation Status Update Report, Mr Shaun Ayres indicated that a different approach has been taken, mirroring the reporting format for the Finance and Performance Committee

(FPC). All escalation criteria associated with ARAC are broadly on track, with those rated as ‘Advise’ generally due to ‘slippage’ caused by deferral of certain work.

In terms of key issues, Mr Ayres highlighted the interrelation between the Audit Wales report on Patient Flow and Delayed Pathways of Care (DPOC) performance, outlined in the report’s Analytical Addendum. DPOCs numbered 258 in October 2025, against a baseline of 203 and target (Annual Plan and Targeted Intervention) of 174. Clearly, a performance level of 258 is showing adverse deterioration. DPOCs during 2024/25 caused 55,482 delayed bed days at an estimated cost of £27.7m. A number of challenges have been highlighted around the Discharge of patients from hospital; however, Members heard that a significant proportion (approximately 26%) of discharge delays are associated with Health Board issues. Mr Ayres felt that this was the matter most deserving of ARAC’s consideration, especially given the alignment with the Audit Wales report which appears later on the agenda.

From a high-level perspective, Mr Maynard Davies suggested that the assurance position has actually deteriorated; with one criteria rated as ‘Advise’ at the previous meeting, versus four at this meeting. In reference to Mr Ayres final comment, he agreed that – if it is the case that 26% of delays are attributable to the Health Board – the organisation needs to take steps to address this.

Mrs Wilson suggested that two of the criteria were not necessarily ‘Advise’. With regard to MD1, a significant amount of information had been provided to Internal Audit, albeit some delayed due to one Clinical Care Group (CCG) having administrative capacity issues. The relevant Internal Audit report will be presented to the next ARAC meeting in February. MD5 (which should be attributed to Mrs Wilson rather than Mr Lee Davies) mentions the committees 3As report. This relates to a recommendation from Structured Assessment, which has not yet been discussed, and is on today’s agenda. Mrs Wilson advised that it is intended to train all Independent Board Members in the 3As approach in January 2026. It was felt that the fact that these matters are being worked through should be recognised. With regard to the DPOC issue, Members were reminded that the Director of Operations and colleagues are joining later to discuss the Audit Wales report; the challenges and issues can be fully discussed at that point.

Mrs Eleanor Marks agreed that the rating of these criteria was debatable, noting the planned discussion at Board Seminar around the 3As report. She welcomed the report, however, particularly the ‘dovetailing’ of DPOC analysis with the Audit Wales review findings. Professor Philip Kloer suggested that the Public Accountability Meeting will represent an important moment for the Health Board. As indicated by Mr Ayres, it is likely that a number of these issues will be raised. Professor Kloer hoped to get from Welsh Government a sense of their opinion regarding the Health Board’s progress. He understood, however, that none of

the health boards which have attended Public Accountability Meetings have received any feedback yet. In terms of 'Advise' versus 'Assure', it was suggested that other indicators may be more applicable in identifying whether there has been deterioration or improvement.

With regard to DPOCs, Professor Kloer understood that rates have reduced to approximately 212. A 'Reset Week' had recently taken place within the Health Board, and a national 'Reset' initiative is currently underway. Actions identified as a result will all be aimed at addressing the issues described. Data suggests that approximately 25% of discharge delays are related to Health Board issues; 25% are related to Social Care issues; and 50% are jointly 'owned'. Joint working is, therefore, clearly required. Mr Maynard Davies advised that his primary concern is whether the target is ever likely to be achieved, given the challenges involved. In response, Professor Kloer indicated that he would hope to see some improvement following the 'Reset' initiatives described above, or at the very least, learning.

Referencing the issue of feedback from Public Accountability Meetings, Mrs Wilson advised that a member of Welsh Government staff had indicated that this was delayed due to the condensed timetable of meetings. It is hoped that letters will be issued to health boards over the Christmas period.

In response to a more general query around Targeted Intervention and whether there is sufficient pace, Mr Ayres advised that he had no concerns regarding the criteria for which ARAC is responsible. He accepted that there are certain nuances and that the timing of reports impacts on their findings. In more general terms, there were probably three to five areas which were of most concern, including Urgent and Emergency Care (UEC), DPOC, hospital-acquired infections and the financial position. Members noted that these were among the five priority areas identified for discussion at the Public Accountability Meeting. Professor Kloer would add to these Planned Care and Cancer, where he would wish to see improved performance. He agreed that UEC is a significant challenge, particularly in terms of targets versus fragility; an issue which pervades all areas.

Returning to DPOCs, Cllr. Evans focused on the analytical addendum and queried whether ARAC should be aiming to respond to this in any way. In response, Mr Ayres suggested that it is intended to promote discussion around those issues within the Health Board's control and whether it can make changes to address these. In this regard, Mrs Wilson emphasised the need to differentiate between assurance and management. It may be appropriate to consider whether ARAC recommends referral of DPOC as a topic to FPC and/or the Quality, Safety and Experience Committee (QSEC). However, it was suggested that this be delayed until discussion of the Audit Wales report later on the agenda has taken place.

Decision: The Committee:

- **NOTED** the positive assurance ratings for MD2 (Board oversight and Duty of Quality), MD4 (Board sighted on key risks), and MD6 (Governance and leadership maturity), which confirm that the Health Board's core governance arrangements are functioning effectively.
- **NOTED** the 'Advise' ratings for MD1, MD3, MD5 and MD7, recognising that these reflect work in progress rather than fundamental concerns, with clear actions and timescales identified.
- **CONSIDERED** whether the DPOC analytical addendum provides sufficient assurance that the organisation understands the current position and the actions required to meet the TI de-escalation criterion.
- **SCRUTINISED** the linkage between DPOC performance and the enabling actions identified in the Audit Wales Discharge Planning report, particularly progress against R1 (discharge lounges) and R6 (training and policy embedding).
- **CONSIDERED** whether any matters should be escalated to Board or drawn to the attention of other Committees such as FPC and **AGREED** that the ARAC discussion on DPOC should take place in the first instance.

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

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

AC(25)190 All Wales NHS Audit Committee Chairs' Meeting Update

Decision: The Committee **NOTED** the All Wales NHS Audit Committee Chairs' (AWACC) Update

AC(25)191 Committee Self-Assessment

Mrs Wilson thanked Members for their participation in this exercise, noting that the response rate to the shortened and more focused survey had been excellent. Page 4 of the report outlines the areas identified for improvement. Cllr. Evans felt that Members' feedback was very fair and Mrs Marks agreed, adding that the high response rate was pleasing. In terms of feedback around the need for engagement and scrutiny from all Independent Members (IMs), Mrs Marks suggested that a discussion around adequate representation is needed. This is a generic point, not specific to ARAC. Overall, however, the areas identified as requiring improvement are sensible.

Mrs Wilson welcomed these comments. The issue of potential membership changes to committees is under consideration, and needs to be debated with the Health Board Chair and Mrs Marks as Vice-Chair. It will then be discussed with the wider IM body. Cllr. Evans suggested that the issue of deferred reports is challenging; however, he was not sure what can be done to address this. Mrs Marks advised that the same comment was

made at the last PODCC meeting, with the view expressed that deferral should be discussed with the committee Chair. Deferring reports is unsatisfactory, not least because it makes committee workloads difficult to manage. Mrs Wilson advised that a process has been put in place by which deferral must be agreed with the Chair. In respect to ARAC, she emphasised that there are weekly meetings with Internal Audit to discuss progress. The reports deferred on today's agenda are due to Health Board delays, meaning that Internal Audit also now has a backlog. In addition, a number of the reports due for presentation will have Limited Assurance ratings, necessitating more detailed discussion. Professor Kloer stated that he had assumed deferral of reports did have to be agreed with committee Chairs, and would support enforcing this. Mrs Wilson confirmed that this is the protocol; however, it has not been applied consistently.

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

The Committee agreed to **ASSURE** the Board in relation to the Committee Self-Assessment process.

AC(25)192 Audit Wales Update Report

Presenting the report, Mr David Williams advised that it had been hoped that the Charitable Funds accounts audit work would be complete this month. Whilst this had not been possible, Audit Wales are on track to deliver by the deadline of late January 2026. There are conversations ongoing around delivery of the wider financial audit work. Mr Huw Thomas thanked Audit Wales for their work on the Charitable Funds audit, which will be reported to the Corporate Trustee in January 2026. There is one issue outstanding, which was a recommendation last year that should have been addressed. It involves the report from the Charities' investment advisors, CCLA, which Audit Wales recommended should be the more detailed Type 2 report, rather than the routinely-provided Type 1 report. Even if this had been requested, it would not have been available by December without a change in CCLA's processes. Nevertheless, this will be taken forward for future audits.

With regard to performance audit, Ms Urvisha Perez indicated that the Structured Assessment and Regional Patient Flow reports are included on today's agenda. The Outpatient Review report is currently undergoing quality assurance. Exhibit 2 describes progress on these and other planned performance audit work. Two reports are due for submission to ARAC in February 2026, and Ms Perez was not aware of any reason why these should not be delivered by that date. There have been resource issues within the Audit Wales team which have resulted in some delays. The remainder of the report is as presented.

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

AC(25)193 Structured Assessment 2025

Ms Perez introduced the Structured Assessment 2025 report, which is generally positive, with very few recommendations. She reminded Members that the focus of this review is on the Health Board's corporate arrangements. The wider Audit Wales Annual Audit Report will be presented to Public Board in January 2026. This year's Structured Assessment had found that the Health Board remains strongly committed to public transparency and continues to have good governance arrangements. Whilst there is good quality information to support scrutiny, there is an opportunity to clarify the 3As process to ensure its effectiveness. Since last year, the Board has stabilised and there are no interim arrangements in the Executive Team. There are strong arrangements to oversee risk, performance, service quality and safety and audit recommendations. The Health Board is taking positive steps to improve data quality and further strengthen governance arrangements for quality and safety. Audit Wales identified an opportunity to clarify committee oversight in the Board Assurance Framework (BAF) dashboard.

The Health Board is refreshing its long-term Strategy, and maintains good oversight around developing and delivering corporate plans and strategies. Whilst the Health Board is progressing its Clinical Services Plan (CSP) it was noted that this currently only covers the nine most fragile services. It is important not to lose sight of other services which are not included. Whilst appropriate financial oversight, control and management processes are in place, the financial position remains challenging. As in previous years, the Health Board was not able to submit a financially balanced Integrated Medium Term Plan (IMTP) to Welsh Government. It has, however, improved on its opening Plan deficit and has taken steps to achieve financial sustainability by 2028/29. Ms Perez advised that, as part of the clearance process, Audit Wales representatives had met with the Director of Corporate Governance, Executive Director of Finance, Chair of ARAC, Health Board Chair and Chief Executive to discuss the draft report. Finally, she wished to thank Mrs Wilson and her team for their support on the Structured Assessment.

Cllr. Evans thanked Audit Wales for facilitating discussion of the draft report, which had been extremely helpful. He acknowledged the need for a focus on 3As reporting practice. Mrs Wilson added that Audit Wales' ongoing dialogue with the Health Board is helpful, particularly in ensuring that there are no 'surprises' in terms of findings, and an ongoing dialogue on all Health Board matters. She and Mr Thomas had greatly appreciated the opportunity to comment on the first draft of the report. Mrs Wilson was pleased that there were only two recommendations, whilst emphasising that the report's focus is on corporate governance arrangements, recognising that more work is required on the operational arrangements. Finally, Members were advised that the management response had been finalised earlier than last year and was presented for their consideration.

Thanking all of those involved in preparing the report, Mr Maynard Davies agreed that only two minor recommendations should be welcomed. Commenting on the report, he highlighted that the financial position has further improved beyond that recorded therein. Mr Davies noted feedback around public openness around Board and committee business, and the statement that committee meetings are not recorded. It was observed that meetings are recorded for minuting purposes, and he enquired whether these recordings could be published. Mrs Wilson explained that, aside from Public Board, meetings are not livestreamed due to team capacity. Whilst consideration can be given to publishing recordings, when this was deliberated previously, there were concerns that to do so might stifle debate.

With regard to Paragraph 24, Mr Davies noted the statement around discussion at some of the newly formed committees being too operational. He would welcome feedback in his capacity as a committee Chair if this is the case, as it would be useful learning. Mr Davies welcomed the planned training session on 3As reports, emphasising that the IMs need to take ownership of this task. Cllr. Evans agreed that it is important to be aware of the 'line' between assurance and operational discussions. Professor Kloer thanked Audit Wales and Mrs Wilson and her team. He was delighted with the report's findings and felt that these were a fair reflection of the Health Board's position. The report makes a number of important points. Whilst these are themes often raised at Board and committees, it is useful to have them highlighted and summarised. An example is around the CSP and the statement that it includes only nine services. It is pleasing to have recognition of the organisation's progress in various aspects; however, it is accepted that there is much still to do.

Mrs Marks welcomed the professional 'critical friend' relationship between the Health Board and Audit Wales, which is important for both organisations. She too was pleased that the report made only two recommendations, whilst expressing that she would have liked to see additional detail around what might require work. Mrs Wilson's comments around the level of work already identified to address these two recommendation was, however, noted. Mrs Marks highlighted that the interview she had participated in had been very thorough, which should provide assurance around the process. Whilst accepting that the process is both robust and thorough, Mr Thomas reiterated that it is limited in its scope to the organisation's corporate governance arrangements. Certain issues 'fall easily' into either corporate governance or operational governance; however, others involve both. It is not possible to take assurance regarding the Health Board's operational governance arrangements from this exercise, as they are not within its scope.

With regard to Mr Davies' comments, Mr Thomas emphasised that the financial position is continuously changing and dynamic. He expressed concern around publishing meeting recordings,

suggesting that this may increase transparency at the expense of effectiveness. He was concerned that it would reduce the candour demonstrated by officers in discussions, which would in turn diminish the effectiveness of meetings. In addition, there is a risk of misinterpretation of discussions due to their technical and detailed nature and the issue of confidentiality.

Ms Perez acknowledged all of these comments. She agreed that the Structured Assessment only considers corporate governance arrangements, with the Annual Audit Report having a wider scope. The Health Board's Structured Assessment findings have been fairly positive for the last couple of years, suggesting that there is nothing fundamentally amiss with the arrangements in place. In terms of public access to meetings, Members heard that different health boards take different approaches. HDdUHB tends to publish its unapproved and approved minutes online quite quickly, which is one approach. As regards committee discussions becoming overly operational, Ms Perez suggested that this tends to be when IMs are not receiving adequate assurance around topics. Further questions often prompt more operationally focused responses. Mrs Wilson agreed, indicating that a different response in such instances might be to recognise that no assurance can be taken at this stage.

In terms of next steps, Members noted that the Structured Assessment Report will be presented to the Board in January 2026, alongside the Annual Audit Report, which will be issued before Christmas.

Decision: The Committee **NOTED** the Audit Wales Structured Assessment 2025 Report.

The Committee agreed to **ASSURE** the Board in relation to the Audit Wales Structured Assessment 2025 Report.

Professor Philip Kloer left the Committee meeting.

AC(25)194 Review of the Management of Outpatients

DEFERRED to 10 February 2026 meeting

AC(25)195 Audit Fees Consultation 2026-27

Mr Williams advised that this letter represents the outcome of the consultation with regard to audit fees for 2026/27. It includes information on how fees are set, which reflect only the work undertaken. The letter also describes actions being taken to reduce costs, and is provided primarily for information.

Cllr. Evans requested assurance that information requested from the Health Board is being provided as required, in a timely fashion. From a financial audit perspective, Mr Williams confirmed that this was the case, with the organisation providing good quality information and participating in useful dialogue. In terms of performance audit, Ms Perez indicated that the information is generally good and received in a timely manner. On those

occasions when it is necessary to escalate, Mrs Wilson is always helpful in providing support.

Decision: The Committee **NOTED** the Audit Wales Audit Fees Consultation 2026-27 letter.

AC(25)196 Internal Audit Plan Progress Report

Mr Johns introduced the report, which provides the usual update on progress in delivering the Internal Audit Plan. Section 2 of the report details audit outcomes, with one audit finalised since the previous meeting and presented today, on the topic of Medical Devices Regulations. In terms of audit delivery, fieldwork has been challenging for a number of reasons and the team is not where it would wish to be at this stage of the year. The report contains a summary of the issues and challenges, which include additional audit work required and the secondary impact of this, a topic which has been highlighted in meetings with the Health Board. There were a number of challenges in relation to the Vaccinations and Immunisations audit; however, a draft version of the report has now been issued to the Health Board. Another report from an audit due for consideration in February 2026 has also already been issued.

There have been discussions around changes to the Plan, and (as mentioned earlier) a meeting with the ARAC Chair in relation to this took place in early November 2025. It has been suggested that audits on Health and Safety and Complaints are deferred, and that a number of follow-up audits are conducted, on Staff Sickness, Human Tissue Authority (HTA) and Emergency Department (ED) Data Validation. Other additional audit work has also been requested, including in relation to a specific financial system, WellSky. The Committee's approval is sought for these changes to the Plan.

Mr Terry Slater joined the Committee meeting.

Cllr. Evans requested clarification around the cause for delays. In regard to the Vaccinations and Immunisations audit, Mr Johns indicated that making progress in work with Health Board colleagues had been difficult. Certain events had necessitated the team to re-audit after a first draft had been prepared, and information received subsequently had been contradictory. Overall, it had proved challenging and had impacted on the team's ability to conduct other audits. For the Operational Governance audit, there had also been delays in submission of information and evidence from some of the CCGs, as mentioned earlier. Other audit work has been delayed for various reasons.

Noting the frustration that such issues cause, it was suggested that Mr Johns could be more explicit around the difficulties the team has experienced. Mrs Marks enquired whether there are too many audits included in the Plan, and whether ARAC can take any actions which might assist. Mrs Wilson did not feel that there are too many audits, whilst noting that the risks and environment

have changes as the year has progressed. She agreed that the Internal Audit team has experienced a particularly challenging month, emphasising that support has been provided in communicating with Health Board colleagues whenever possible.

Responding to Members' requests for more context around difficulties with the Vaccinations and Immunisations audit, Mr Johns explained that the first stage of fieldwork had been concluded and findings identified. The team had been content with these. However, the reaction to these findings had not been positive, with additional documents submitted once the report had been concluded which were not necessarily relevant or meaningful. There was also concern about whether these documents were actually operationalised within the Health Board. Key documents seemed to be missing and/or being worked on. The team had received conflicting and contradictory information from different sources within the organisation. A clearance meeting had taken place last week, noting a range of findings and a number of points. The report issued in draft returned a Limited Assurance rating. In summary, difficulties had arisen following the initial fieldwork and feedback stage, resulting in an unnecessarily elongated process.

Thanking Mr Johns for the additional information, Cllr. Evans indicated that this matter will be pursued at the next meeting when the report is presented. Mrs Marks also welcomed the context, emphasising that audit partners should explicitly state when they have experienced challenges with audits. ARAC needs to have an understanding of such issues. Cllr. Evans enquired whether the Chief Executive has been made aware of this matter, and was advised that he had. Mr Johns noted that it can be the case that issues during an audit are indicative of wider issues in a particular area or system. Mr Davies suggested that if the Health Board does not engage effectively with audit partners, the organisation loses any potential benefit of the audit and risks failing to identify underlying issues.

Mr Davies suggested that consideration be given to how the need to be honest and open with audit partners is communicated to the wider organisation. He emphasised that audits are for the benefit of the organisation, not the auditors. Agreeing, Mrs Wilson proposed that this be taken forward via the Audit and Risk team and their business partner approach with CCGs and other executive led functions. Members were also reminded that the Health Board's responsibility is to its population, rather than individuals within it. Having considered the issue of outstanding audit reporting, it was agreed that an additional meeting will be required prior to year-end. Potential dates would be considered. **RW** **JW**

Decision: The Committee:

- **TOOK ASSURANCE** with regard to delivery of the Internal Audit plan and from the outcomes of the finalised audit reports
- **APPROVED** updates to the plan

Whilst the Committee agreed to **ASSURE** the Board in relation to Internal Audit Plan progress, it agreed to **ADVISE** the Board regarding issues around responses to audits. These need to be timely, honest and open; and engagement with audit partners must be effective and constructive.

AC(25)197 Financial Assurance Report

Mr Thomas presented the Financial Assurance Report, noting that there were no 'Alert' issues. 'Advise' issues related to three breaches of Standing Financial Instructions (SFIs) resulting from retrospective purchase orders. All had been escalated and re-education provided. Staff overpayments increased slightly over the period, but the average recovery period has improved from six months to five and the value is relatively stable. The drivers for staff overpayments are as previously discussed and the need to monitor this area is recognised. Mr Thomas indicated that there are two losses over £5k which require approval: Firstly, Nurokor Limited following company liquidation, which was previously provided for. Members were reminded of previous discussions around this issue. Secondly, pharmacy wastage due to cold chain failure; the WellSky issue referenced at Public Board. Mr Thomas suggested that this is the most important item in the 'Advise' category. A 'root and branch' review has identified an aseptics module issue within WellSky. This had produced a non-material but significant overstatement of costs over two financial years. Corrections have now been posted and Audit Wales have been informed. A task and finish group has been convened to review controls and Internal Audit involvement has been requested, as alluded to earlier. Members were assured that the issue has been corrected and the cause is being addressed. There is no evidence of any wider misstatement. It is isolated to that particular issue.

Mr Davies requested clarification around whether the WellSky error is a system error or a system application error. Mr Thomas indicated that it was the latter. Drugs costs were effectively 'double-charged' as they were charged on entry to the system and on issue. This had led to an increased liability which was highlighted during analysis of the balance sheet. Mrs Marks welcomed the well presented report, enquiring whether there are any particular trends. In response, Mr Thomas highlighted page 5, where the balance outstanding in staff overpayments has grown. There is no indication of deliberate fraud; this is largely attributable to process error. As has been described before, the issue relates primarily to the structure and workforce in Estates and Facilities, where there are large numbers of Band 2 and 3 staff. These staff have limited notice period required, and sometimes leave without working their notice, making management processes challenging. It is possible that the new Electronic Staff Record (ESR) system may assist. If there are any issues suggesting potential fraud, these are referred to the Counter Fraud team for investigation.

Cllr. Evans requested assurance around the governance process for making the direct awards listed in the report. In response, Mr

Thomas advised that these are avoided whenever possible by use of tendering or framework award processes. Any which remain are considered at Financial Control Steering Group (FCSG). There is a particular focus on avoiding use of Single Tender Actions, which would be subject to significant scrutiny.

It was agreed that the breaches of SFIs would be highlighted in the 3As report to Board. **CM**

Decision: The Committee:

- **SCRUTINISED** the award of contracts listed
- **DISCUSSED** the breaches of Standing Financial Instructions (SFIs)
- **DISCUSSED** the staff overpayments and **TOOK ASSURANCE** that actions to control them are sufficiently embedded
- **DISCUSSED** losses as detailed and **APPROVED** losses in excess of £5,000
- **DISCUSSED** the WellSky accounting issue and **TOOK ASSURANCE** that the implemented corrective actions will eliminate the risk of recurrence
- **TOOK ASSURANCE** from the actions taken to Improve Purchase To Pay (P2P) compliance; Manage Single Tender Actions (STAs) and Ensure National Minimum Wage (NMW) compliance

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

AC(25)198 Counter Fraud Update

Presenting the Counter Fraud Update Report, Mr Thomas suggested that this represents a clear articulation of the current position. Mr Terry Slater highlighted in particular work in relation to National Fraud Awareness Week, which had included visits to hospitals, GP practices and pharmacies. Ad hoc conversations also took place with members of the public and patients. It is hoped that this will prove effective in raising awareness of and potentially deterring fraud.

Referencing Appendix A, Cllr. Evans noted a significant increase in activity in relation to Carmarthenshire. Mr Slater advised that this relates in the main to working while on sick leave in two staff groups. These are areas which are always more likely to see such trends. Members were reminded that staff are permitted to work while on sick leave, providing that they have approval from Occupational Health and their manager. It only becomes potential 'false representation' when an individual is dishonest with the purpose of making a gain. Mrs Marks enquired whether this is likely to be a seasonal trend, and Mr Slater confirmed that cases are expected to rise due to the time of year and the financial pressures it brings. Need and opportunity are likely to cause an increase in cases.

In response to a suggestion that reminders regarding the rules around working while on sick leave should be sent, Members were assured that this is being undertaken. Communications have been issued via Viva Engage, which have included examples and media reports regarding criminal cases. Mrs Marks queried whether these are likely to resonate with staff who might be undertaking what they might consider 'lower level' work, such as casual bar work. Mr Slater advised that the need for reminders has also been added to forms regarding long-term sickness absence. It is also hoped that declaring additional employment becomes mandatory, as this would make it easier for managers to discuss the potential for working while on sick leave. Mrs Wilson indicated that consideration is being given to whether it can be made mandatory to declare secondary employment.

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

The Committee agreed to **ASSURE** the Board in relation to the Counter Fraud Update Report.

Mr Terry Slater left the Committee meeting.

AC(25)199 Medical Devices Regulations (Substantial Assurance)

Mr Andrew Carruthers, Mr Gareth Cottrell, Mr Gareth Rees and Mr Jan Bojanowski joined the Committee meeting.

Mr Johns introduced the Medical Devices Regulations Internal Audit report, which had examined the management of medical devices. It had considered whether governance arrangements, controls and monitoring arrangements in place to ensure compliance with relevant regulations. Key messages are that there are appropriate arrangements in place around governance; underpinned by a range of policies and procedures. A system is in place for recording and monitoring devices; there are appropriate arrangements for the distribution and communication of safety notices and alerts; staff are appropriately trained. Of the four objectives in the report, three are rated as substantial assurance, with just one specific finding in relation to training compliance. An overall rating of Substantial Assurance has been concluded.

Welcoming the positive report, Cllr. Evans noted the finding around expired training and enquired whether this risk can be mitigated and/or tracked in any way. Whilst recognising that the auditors were correct to identify the issue, Mr Gareth Rees explained that this relates to a technical finding, which will trigger conversations with the relevant manufacturer.

Mr Jan Bojanowski added that the policy has been updated and the relevant wording was already part of the training matrix where details of the certificates are captured. Other data has also been added for clarification. The online portal has the most up-to-date list of all the service reports and test cards for the technicians to

follow. This particular manufacturer is the only one that includes an expiry on the training certificate. Overall, the team is content that the risk is mitigated.

Cllr. Evans congratulated the team on the audit findings. Members noted that Mr Bojanowski has only been in post since May 2025 and Mr Rees wished to place on record his thanks for the contribution he has made.

Decision: The Committee **NOTED** the Medical Devices Regulations (Substantial Assurance) Internal Audit report

The Committee agreed to **ASSURE** the Board in relation to the Medical Devices Regulations (Substantial Assurance) Internal Audit report.

Mr Gareth Rees and Mr Jan Bojanowski left the Committee meeting.

AC(25)200 Vaccination and Immunisation

DEFERRED to 10 February 2026 meeting

AC(25)201 Operational Governance Arrangements

DEFERRED to 10 February 2026 meeting

AC(25)202 Managed Practices

DEFERRED to 10 February 2026 meeting

AC(25)203 Level 3 and 4 Directorates

DEFERRED to 10 February 2026 meeting

AC(25)204 Review of Urgent and Emergency Care - Patient Flow (Regional Report)

Ms Bethan Hopkins, Professor Philip Kloer, Mr Peter Skitt, Mr Thomas Alexander and Ms Linda Jones joined the Committee meeting.

Ms Bethan Hopkins presented the Urgent and Emergency Care: Flow out of Hospital - West Wales Region report. Members heard that this is a regional report looking at cross-sector working between the Health Board and Local Authorities focused on resolving discharge delays, their causes and the impact they are having on the urgent and emergency care system in the West Wales region. The report has been cleared for factual accuracy through the Regional Partnership Board (RPB) in collaboration with the Health Board and the Local Authorities, reflecting its joint nature. The audit was extensive, including cross-sector interviews, data collection and analysis. It is recognised that the audit reflects a ‘moment in time’ and the data capture is relevant to the publishing period, but it is hoped that it provides a comprehensive overview of the position and the general successes and challenges within the region.

Key findings suggest that, despite patient flow being a key aspect of plans across partners, high numbers of delayed discharges continue to negatively affect urgent and emergency care services. This includes ambulance handovers and emergency department waiting times. Increased complexity of demand, capacity constraints and weaknesses in the discharge planning process are all key barriers to more effective patient flow. Whilst partners understand the need to drive improvement, more action is needed to secure the sustainable improvements required. Audit Wales recognises that the issues identified in this report will not be new information to teams. The challenges are also similar across Wales in general. However, the causes and the impacts differ on a regional basis. The report aims to provide a bespoke picture in the west Wales region and offers practical insights into some of the governance which sits around the local issues. The discharge planning report provided at the previous meeting includes a more detailed insight into the discharge planning specifically.

The regional report includes 15 recommendations; 4 directed at the Health Board, 9 jointly with a Local Authority and 2 Local Authority specific. Audit Wales has received management responses to the recommendations, coordinated through the RPB, which are included.

Mr Peter Skitt confirmed that all of the issues highlighted are known to the Health Board and steps are being taken to address them. Also, that the report represents a ‘moment in time’ and that the situation is dynamic. For example, Members were advised that the ‘Winter Sprint Fortnight’ Welsh Government discharge initiative is currently underway. As such, the organisation is aware of the actions required to address recommendations; the question is the pace which is possible and ensuring timely delivery on completion dates. As indicated, this requires a regional approach, with cross-organisational working; which can be challenging and complex. In summary, Members were assured that the report and its findings were accepted and that steps are being taken to address these. The need to work jointly with partners is acknowledged.

Mr Gareth Cottrell echoed these comments, adding that a ‘two pronged’ approach is being applied: The Health Board is attempting to maximise how it manages patients proactively; and is developing its relationships with the Local Authorities, to ensure as seamless working as is possible. This is challenging, which is stated in the report. The report also, quite rightly, highlights some of the difficult issues requiring navigation; including the expectations of patient families and relatives. This requires support for staff in maintaining compassion during what can be challenging conversations. Mr Cottrell welcomed the recognition within the report of the new operational structure.

Cllr. Evans enquired whether the report will also be considered by the three Local Authorities, and Ms Hopkins confirmed that it will be presented to the relevant committees in each. Whilst

welcoming the well-written report, Mrs Marks indicated that it raises for her a number of concerns and questions in relation to the care sector and discharge:

- Concern around the fragility of the care sector and its ability to cope with the increasing demand, the aging population and the complexity of their needs
- With only three Local Authorities and 380,000 people, there needs to be better 'joined-up thinking'
- Concerns around the complexity of the funding structures for care, including Continuing Health Care (CHC)
- The lack of weekend discharge; people are ill 24/7 and capacity needs to be freed-up by changes in approach to discharge
- In HDdUHB's rural population, the principle of caring for people near where they live is very important

Mr Andrew Carruthers shared all of these concerns, and agreed that all are valid. The first point is a long-standing issue of concern, given the significant fragilities in terms of sustainability, including financial. There is inconsistency around service provision on a 7 day basis in general, not just in relation to discharge. These are as much to do with the Health Board's capacity as care capacity. The UEC business case due for consideration at the January 2026 Public Board should begin to consider this; in conjunction with various other programmes of work. Members heard that at least one Local Authority partner has suggested in the past that DPOCs are not viewed as so much of a priority by them as they are by the Health Board. It had been suggested that the focus should be on reducing and managing demand and preventing admission rather than on the 'back door' of discharge and care packages. However, Mr Carruthers advised that he is working with Local Authority colleagues to agree a Memorandum of Understanding (MOU) or set of commitments, which would cover a broad spectrum of activity. The perception highlighted above would need to be addressed as part of this work. It was suggested that dedicated resource is probably required, and that there is a need to learn from others, where there has been more success in this area. In response to another of the comments above, Mr Skitt highlighted that the Health Board works with at least five Local Authorities rather than three. He noted that some of the work required is cultural, which will take time and effort. There are significant complexities and issues involved.

Ms Hopkins confirmed that similar comments to one made by Mr Carruthers had been made in other regions. This related to social workers' caseloads and the priority given to social care assessments by Local Authorities. Whilst there may be two individuals awaiting assessment in hospital, there may be 15 in the community, and a number of these might be living alone. This leads to potential for tensions in terms of priorities.

Whilst appreciating the complexity of the various elements involved in discharge and care packages, not least the financial ones, Mrs Marks emphasised the need to appreciate the perspective of patients and their families. She stated the need for a significant leadership effort, indicating that she was not currently assured of sufficient impetus. Whilst aware that this is a UK-wide issue, Mrs Marks emphasised the Health Board's responsibility to the local population.

Cllr. Evans enquired whether there are plans to secure a different form of engagement from Local Authorities. In response, Mr Skitt confirmed that the Health Board is working more closely with Local Authorities than ever, referencing the work already mentioned by Mr Carruthers. He agreed that a dedicated resource is required. The responsibility for CHC packages has now moved to Mr Skitt, and consideration needs to be given to making the processes less complex. Whilst there has been progress, there is still much to do. Joint Equipment Stores are an example of where partnership working has produced major benefits in enabling individuals to remain in their own homes. It is a model which might be applied successfully elsewhere, with consideration to be given to the potential for pooling resources such as CHC.

Professor Kloer reminded Members that a local 'Discharge Reset Week' took place recently and (as has been mentioned) the Health Board is in the midst of a national fortnight focused on discharge. He suggested that the Executive Team needs to analyse and understand the learning from both of these. It may form part of the assurance required by ARAC and the Board, and influence next steps. Whilst he appreciated that there are differences in the measures against which statutory bodies are held to account, and the reason for Local Authorities prioritising those in the community; he highlighted that there is still a 'tipping point' for hospitals. It is important to utilise every possible mechanism to influence change, and Professor Kloer welcomed the suggested consideration of pooled funds. He concluded by enquiring whether the dates in the management response are realistic. Cllr. Evans agreed, adding that these should be fixed dates rather than 'ongoing'. Mr Carruthers indicated that actions and dates have been jointly developed between partners, and he was confident that they should have the desired impact and would be achieved. Progress has been made on agreeing a way forward; timelines on making changes are required. He was happy to update Members outside the meeting on work being undertaken in this area. **AC**

Mr Davies noted that in excess of 20% of discharge delays lie within the Health Board's remit, and enquired regarding actions being taken to address this. Secondly, he noted with concern the comments reported in paragraph 38 around 'families leaving patients in hospital because they are going on holiday.' Mr Davies emphasised that hospital is not necessarily the optimal place for elderly patients, who can experience deconditioning and increased fragility, and queried how this can be communicated. Mr

Carruthers agreed that hospitals are viewed as a ‘safe place’ and, whilst he did not wish to entirely dispel this view, it is a delicate balance between that and the potential impact of an extended stay on ongoing health, wellbeing and recovery. This issue is being discussed with the Communications team and the work undertaken during the Reset Week will be built upon, alongside the Discharge Toolkit and training. Mr Carruthers also agreed that the Health Board should not lose sight of the delays caused by internal factors. These currently include issues around the capacity deficit with therapies, which is precluding assessment of patients, together with wider-ranging issues. He emphasised that a great deal of the work being undertaken is focused on the Health Board’s responsibilities and contribution to discharge processes.

In response to a query around how the report’s findings will be taken forward, Ms Hopkins suggested that implementation of the Health Board specific recommendations will be tracked via the Audit Tracker. Joint recommendations could also be included, or be part of RPB monitoring processes. Local Authority specific recommendations will sit with them. In terms of completion dates, discussions are ongoing with the parties involved and these can form part of those discussions. Ms Hopkins advised that certain health boards do openly communicate to the public the risks involved in hospitals stays, by stating that hospital should not be viewed as a ‘neutral environment’. Leaflets can be utilised to help manage expectations. She highlighted that certain issues with 7 day discharge centre on what are quite practical concerns for patients and families. An example is that some organisations providing transport do not open 7 days a week. Whilst these may be outside of the Health Board’s control, there needs to be an awareness of them and their impact.

Ms Linda Jones wished to return to a comment around the use of ‘ongoing’ in completion dates. She explained that this reflects the fact that a number of the actions are based upon existing workstreams. It was emphasised, however, that review meetings are being put in place to ensure that dates are achievable. On discharge in general, Ms Jones highlighted that a number of individuals relocate to west Wales to retire, and do not necessarily have family situated locally. However, there are practical issues which need discussion, and partners are aware of the need for messaging around these. With regard to completion dates, Mrs Wilson indicated that a lack of specifics makes tracking challenging. In addition, she was not sure than all the management responses are SMART (Specific, Measurable, Achievable, Realistic/Relevant, Timely). Both can impact on the escalation status of CCGs.

All of the issues discussed above, Professor Kloer noted, have a direct impact on the inconsistency of patient experience and poor patient experience in UEC. Whilst this is a Health Board responsibility, it should also be viewed as a Local Authority responsibility. Professor Kloer also expressed concern that the

use of ‘ongoing’ to reflect existing workstreams may give the impression of no change in approach. Finally, he referenced Appendix 2 and a potential issue around benchmarking with percentage figures. Ms Hopkins offered to provide the raw data to assist with clarity. In response to the first comment, Ms Jones assured Members that a great deal of work is being undertaken; however, it is not necessarily ‘in response’ to the audit findings, it was already underway as a result of the priority being given to this area. With regard to whether and how the management response, propriety and tracking of actions should be considered in more detail, Ms Hopkins suggested that the issue is whether parties are satisfied with these. Whilst expressing concern at the lack of assurance around completion dates, Mrs Wilson was aware that the management response has been agreed by the RPB and queried the ability to revisit its contents. It was agreed that this matter would be discussed outside the meeting.

BH

AC/JW

Decision: The Committee **NOTED** the Audit Wales Urgent and Emergency Care: Flow out of Hospital - West Wales Region report

The Committee agreed to **ADVISE** the Board regarding concerns around the significant issues in patient flow impacting on UEC and around completion dates. Whilst recognising the programmes of work being undertaken, the need for continued vigilance around this issue.

Ms Bethan Hopkins, Professor Philip Kloer, Mr Andrew Carruthers, Mr Gareth Cottrell, Mr Peter Skitt, Mr Thomas Alexander and Ms Linda Jones left the Committee meeting.

AC(25)205 Risk Assurance Report

Ms Rachel Williams introduced the Risk Assurance Report, which is intended to provide assurance on the processes in place underpinning the new Risk Management Framework, approved by the Board in September 2025. Members heard that the report format had been revised to align with the assurance and risk reports provided to other committees. It begins by outlining those objectives from last year’s Risk Management Strategy which have been achieved or (for those still in progress), how these have been incorporated into the Strategy for the coming year. The Risk Management Strategy was approved by the Board in September, alongside the Framework. The slides also outline plans to support achievement of the three objectives for 2025/26. There will be a focus on the identification and implementation of a new risk management system, as the existing contract in relation to the Datix system is due to cease in November 2027. HDdUHB is currently exploring options with colleagues from other NHS Wales organisations and is in the early stages of discussions with colleagues in the Digital team.

With regard to the risk landscape, there has been an increase in the number of open risks since the previous report (579 to 624 as at the end of October 2025). In terms of the functions, Estates and Facilities continues to hold the largest number of risks on the risk

register, reflecting the condition of the Health Board's aging estate and equipment. Operational Allied Health Professions and Health Sciences have commenced a wholesale review of their risk register, to ensure that relevant risks are articulated and reflected. This is a piece of work which will continue over the coming months. Planned and Specialist Care, along with Community and Integrated Medicine (CIM), are the other CCGs with a significant number of risks, reflecting the continuing challenges such as service fragility, workforce shortages, lack of funding and demand exceeding capacity. The Assurance and Risk team continues to support CCGs and functions in both Level 3 and Level 2 to support improved risk management and proactively achieve a deescalated position. Finally, work is continuing to embed the new approach to risk treatment; around risk acceptance and tolerance, with the majority of risks on Datix now including a rationale to justify the Target Risk Scores provided and an expected date when these will be achieved.

Highlighting the significant number of risks within Estates and Facilities, Mr Davies emphasised that this impacts on many other aspects; not least, patient care. agreeing, Mrs Wilson added that this also applies to Operational Allied Health Professions and Health Sciences. Noting that CIM CCG remains at Level 3, Mrs Marks queried the pace at which emerging risks are added to Datix. Mrs Wilson advised that there has been discussion around whether this CCG should be escalated to Level 4. A decision was delayed due to the planned discussion scheduled for Board Seminar; however, this discussion had since been deferred. She shared Mrs Marks' concerns. Whilst Members were assured that the Assurance and Risk team do encourage services to add risks to Datix, their influence is limited. Also, the escalation score is not based on risks alone; it also involves compliance with Welsh Health Circulars, etc. The issue of pace in adding risks is one which relates to operational capacity. Risks are not necessarily on the Datix system, however, they are discussed at operational meetings. Whilst noting this, Mrs Marks highlighted that this does not facilitate Board awareness of issues. The escalation level in this case would be examined prior to the next report. **RW**

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

The Committee agreed to **ASSURE** the Board in relation to the Risk Assurance Report, whilst noting caveats around the need to strengthen processes to ensure risks are added to Datix in a timely fashion.

AC(25)206 ARAC Workplan 2025/26

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

AC(25)207 **Any Other Business**

There was no other business reported.

AC(25)208 **Matters and Risks for Escalation to the Board**

As noted.

AC(25)209 **Date and Time of Next Meeting**

9.30am, 10 February 2026