

**COFNODION Y CYFARFOD PWYLLGOR ARCHWILIO A SICRWYDD RISG  
CYMERADWYO**

**APPROVED MINUTES OF THE AUDIT AND RISK ASSURANCE COMMITTEE MEETING**

Date and Time of Meeting:	9.30am, Tuesday 20 February 2024
Venue:	Board Room, Ystwyth Building, St David's Park, Carmarthen and via Microsoft Teams

Present:	<p>Cllr. Rhodri Evans, Independent Member (Committee Chair)</p> <p>Mr Winston Weir, Independent Member (Committee Vice-Chair)</p> <p>Mr Michael Imperato, Independent Member (VC)</p> <p>Ms Eleanor Marks, Vice-Chair, HDdUHB</p>
In Attendance:	<p>Ms Anne Beegan, Audit Wales (VC)</p> <p>Mr Anthony Veale, Audit Wales (VC) (part)</p> <p>Mr James Johns, Head of Internal Audit, NWSSP</p> <p>Mrs Joanne Wilson, Director of Corporate Governance/Board Secretary</p> <p>Miss Charlotte Wilmshurst, Assistant Director of Assurance and Risk</p> <p>Mr Andrew Spratt, Deputy Director of Finance (deputising for Mr Huw Thomas, Director of Finance)</p> <p>Mr Timothy John, Senior Finance Business Partner (deputising for Mr Huw Thomas, Director of Finance)</p> <p>Mr Ben Rees, Head of Local Counter Fraud Services (part)</p> <p>Professor Philip Kloer, Interim Chief Executive (part)</p> <p>Mr Andrew Carruthers, Director of Operations (part)</p> <p>Ms Sharon Daniel, Interim Director of Nursing, Quality and Patient Experience (part)</p> <p>Ms Jill Paterson, Director of Primary Care, Community and Long Term Care (VC) (part)</p> <p>Mr Lee Davies, Director of Planning and Strategy (VC) (part)</p> <p>Mr Mark Henwood, Interim Medical Director (part)</p> <p>Ms Rhian Bond, Assistant Director of Primary Care (VC) (part)</p> <p>Ms Liz Carroll, Director of Mental Health and Learning Disabilities (VC) (part)</p> <p>Ms Rebecca Temple-Purcell, Assistant Director of Nursing, MHL D (VC) (part)</p> <p>Ms Carly Hill, Assistant Director, Medical Directorate (VC) (part)</p> <p>Mr Paul Williams, Head of Property Performance (VC) (part)</p> <p>Ms Sharon Hughes, Principal Programme Manager (VC) (part)</p> <p>Ms Delyth Raynsford, Independent Member (VC) (observing)</p> <p>Ms Haidee Jepson, Assurance and Risk Officer (VC) (observing)</p> <p>Ms Clare Moorcroft, Committee Services Officer (minutes)</p>

Agenda Item	Item	
AC(24)01	<b>Introductions and Apologies for Absence</b>	
	<p>Cllr. Rhodri Evans, Audit &amp; Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting, particularly the new HDdUHB Vice-Chair, Ms Eleanor Marks, attending her first ARAC meeting.</p> <p>Apologies for absence were received from:</p> <ul style="list-style-type: none"> <li>• Mr Maynard Davies, Independent Member</li> <li>• Mr Huw Thomas, Director of Finance</li> </ul>	

	<ul style="list-style-type: none"> <li>Ms Lucy Evans, Audit Wales</li> <li>Ms Diane Knight, Service Delivery Manager, Theatre Services</li> </ul>	
<b>AC(24)02</b>	<b>Declaration of Interests</b>	
	No declarations of interest were made.	
<b>AC(24)03</b>	<b>Minutes of the Meeting held on 12 December 2023</b>	
	<b>RESOLVED</b> – the Minutes from the meeting held on 12 December 2023 were approved as an accurate record.	
<b>AC(24)04</b>	<b>Table of Actions</b>	
	<p>An update was provided on the Table of Actions from the meeting held on 12 December 2023 and confirmation received that outstanding actions had been progressed. In terms of matters arising:</p> <p><b>AC(23)124</b> – It was agreed that this action could be closed.</p> <p><b>AC(23)127</b> – Cllr. Evans observed that the relevant Getting It Right First Time (GIRFT) report recommendation had highlighted the need for a specific Memorandum of Understanding (MOU), and suggested that the management response would need to be updated to reflect the intention to develop an overarching MOU.</p> <p><b>AC(23)172</b> – Members noted that it had been decided to defer the item on governance around contract and procurement processes until the April 2024 meeting. For the purposes of assurance, Mrs Joanne Wilson advised that there are a number of findings which the Committee will wish to consider. However, lessons have been learned, and the use of the G Cloud Framework has been ceased, except for instances where it has been approved by the Financial Control Group (FCG).</p> <p><b>AC(23)207</b> – responding to a suggestion that this action could be closed, Mrs Wilson advised that colleagues from Welsh Government are due to attend Executive Team on 21 February 2024 and Board Seminar on 22 February 2024 to provide further information. Professor Philip Kloer will update further under the Escalation Status Update agenda item. It is likely that assurance will need to be sought both via ARAC and through other Committees. It was agreed that this action could be closed until further detail is available regarding Enhanced Monitoring/Targeted Intervention requirements.</p> <p><b>AC(23)226</b> – Members heard that Mrs Wilson had met with Ms Urvisha Perez, who had explained that other Health Boards work in different ways and that it would, therefore, not be possible to undertake a comparison across them. Ms Anne Beegan is, however, attending a meeting of the Directors of Corporate Governance peer group to discuss the topic of tracking. Ms Beegan confirmed that comparison between Health Boards is difficult, as they all track reviews and audits differently. The HDdUHB Audit Tracker is extremely comprehensive and includes individual recommendations, which not all others do. Audit Trackers is a common theme within Structured Assessments. As well as the discussion with Directors of Corporate Governance, consideration is</p>	<p><b>CM</b></p> <p><b>KJ</b></p> <p><b>CM</b></p>

	being given to a session with Audit Committee Chairs. It was agreed that this action could be closed.	CM
AC(24)05	<b>Matters Arising not on the agenda</b>	
	There were no other matters arising.	
AC(24)06	<b>Escalation Status Update</b>	
	<p><i>Professor Philip Kloer joined the Committee meeting.</i></p> <p>Professor Philip Kloer introduced the Escalation Status Update report, noting that this reflects discussions in January; however, the situation is moving at pace. As indicated within the report, the entire Health Board has now been escalated to Targeted Intervention (TI); this reflects Welsh Government's recognition of the progress made in certain areas, together with their frustration around a lack of progress in others, particularly Finance and Planning, but also some elements of Performance. Whilst the Escalation Framework has been published, the Health Board has not yet received feedback on the new organisational TI arrangements. The Framework covers six Domains, which take in the whole organisation. In terms of preparation, the Health Board had been requested to identify a Senior Responsible Owner (SRO) for the TI process. Mr Lee Davies has agreed to take on this role, which aligns with the TI focus on Planning. A Governance Review of the way in which the Executive Team works is also being undertaken, the findings of which will be reported to an Executive Team meeting and to the Board. Professor Kloer felt that the Health Board is likely to be in TI for 18-24 months and emphasised the need to prepare for this, and for the major challenges and difficult choices ahead.</p> <p>Mr Michael Imperato welcomed this helpful context. He enquired with regard to ARAC's role in monitoring progress, and requested clarification around what the additional support from Welsh Government comprises. Members were advised that Escalation Status will remain a standing agenda item for ARAC meetings. In terms of Mr Imperato's second query, Professor Kloer reminded Members that the Health Board has not yet received full details of Welsh Government's expectations regarding TI. Once this is resolved, the organisation will be in a better position to consider the support which will be of greatest assistance. This feedback, highlighting the need to negotiate appropriate support with Welsh Government was, however, welcomed. Professor Kloer advised that representatives from Welsh Government will be attending this week's Executive Team meeting and Board Seminar and it was hoped that additional information would be provided at those fora. In response to the query around ARAC's role, Professor Kloer would anticipate that he and Mr Lee Davies would continue to provide updates to the Committee. Whilst Mrs Wilson agreed that ARAC would take an overarching view, she added that other fora and Committees may also be involved, as Welsh Government has identified concerns around quality and safety and planning, for example.</p> <p>It was suggested that it would be helpful for Independent Board Members to examine the Escalation Framework (circulated with Board Seminar papers) and raise any queries they may have at the session with Welsh Government colleagues. It will be important to emphasise</p>	

the need for support from Welsh Government. Building on the comment from Mrs Wilson, Professor Kloer noted that the domains within the Escalation Framework include Quality and Safety and Fragile Services. As suggested, this may involve other fora, such as the Quality, Safety and Experience Committee (QSEC) and Strategic Development and Operational Delivery Committee (SDODC), and consideration should be given to the role of all Committees. Mrs Wilson noted that Leadership and Governance is another domain, which would potentially involve the Board. Whilst noting the intention to maintain a standing item on the agenda, Mr Imperato emphasised that there is a need not just for receipt of updates, but for tracking and scrutiny of progress. He suggested that ARAC might need to take an overarching role in ensuring that others are taking the actions required. Mrs Wilson confirmed that this was the envisaged role for ARAC, although it will be necessary to fine-tune the detail.

Mr Winston Weir queried where the findings of the Governance Review would be reported. He also requested further clarification around the statement at the top of page 2 of the SBAR regarding Welsh Government's request for 'greater clarity'. In terms of the Governance Review reporting, the intention is for this to be considered by the Executive Team and the Board; however, it had not yet been agreed which Committee it would be considered by. Given ARAC's role, it might be most appropriately received here. Mrs Wilson advised that it had been intended to report the findings via the Chief Executive's Report to Board; however there was no reason why it could not also be considered by ARAC. The need to consider timing was highlighted, with the Health Board keen to enact the changes to the management structure required by the beginning of the new financial year, which would require consideration at the March 2024 Public Board. Mrs Wilson noted that she would also be engaging with Mr James Johns in Internal Audit to ensure that there had been no omissions in the proposed changes. It was agreed that ARAC's role in TI, together with its requirements to take assurance around progress, be an agenda item for the next meeting.

In response to Mr Weir's second query, Professor Kloer indicated that the statement around HDdUHB's deficit reflects Welsh Government's view. As Health Boards enter the next financial year, there are a number of factors which may come into play and impact on other Health Boards' deficits, such as the level of funding they have received. It is recognised, however that HDdUHB has a significant underlying deficit, and that it has a statutory duty to break even, which it is some way from achieving. It is, indeed, some way from achieving meeting the Control Total set by Welsh Government. There have been discussions at both Executive Team and Board Seminars around the kind of choices which would be required to achieve the Control Total. Certain of these would potentially be controversial, and a number are not concordant with the Health Board's Strategy.

Regarding the appointment of an SRO, and cognisant of the likely demands on this individual, Ms Delyth Raynsford enquired whether the Health Board is confident that it has the resources available to ensure that Mr Lee Davies (and other members of the Executive Team) are

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able to manage and deliver TI requirements, together with their 'day job'. She queried whether this might fall into the category of Welsh Government support. Professor Kloer welcomed this pertinent feedback, advising that he, Mrs Lisa Gostling, Mrs Wilson and Mr Lee Davies will need to consider in detail the support required to fulfil this role. Other organisations have dedicated significant support to the SRO function. Members were assured that discussions are already taking place. With regard to the wider Executive Team, when the Escalation Framework domains are considered, they all represent areas in which the Health Board would aspire to deliver improvement. Thus, Professor Kloer suggested that TI should be viewed as part of the improvement programme for the organisation, rather than a separate exercise. In response to a query around timescales, Members were reminded that the SRO has been appointed today. Professor Kloer would anticipate that a great deal of preparation and preliminary work will take place prior to the new financial year. However, in the first instance, clarification from Welsh Government is required regarding expectations and support.

Ms Eleanor Marks wished to focus on the potential impact of TI on staff morale, given the challenging past few years, and enquired regarding messaging and actions around staff wellbeing. Also, this having already been touched upon, the need to integrate of TI with the organisation's continuous improvement plan. Ms Marks noted a somewhat nebulous statement around enhancing 'the Health Board's reputation', the metrics for which are impossible to define. However, it was suggested that development of an internal plan for managing and improving the Health Board's reputation with Welsh Government should be considered. Professor Kloer recognised that staff are under pressure, following periods of significant demand associated with the COVID-19 pandemic and recovery from this, together with the cost of living crisis; this will be further exacerbated by the requirements of TI. There has been some messaging around the Health Board's escalation status, and there must be an emphasis that this is an organisational responsibility requiring a multi-level approach; however, the Board must also be visible to staff. In terms of the Health Board's reputation with Welsh Government, this will improve providing that requirements can be delivered upon. This will involve tracking and articulating progress effectively. Consideration needs to be given to how the process is managed; it will be vital to maintain a constructive relationship with Welsh Government executives, in order to ensure that they understand the issues being faced by the Health Board. Professor Kloer was hopeful that the meetings this week would assist in this regard.

Noting reference in the Welsh Government letter to meetings with Audit Wales and Healthcare Inspectorate Wales (HIW), Cllr. Evans enquired whether there were any specific concerns on the part of Audit Wales. Ms Beegan explained that the Structured Assessment findings constitute Audit Wales' main input to the tripartite meetings, so their input had reflected these, including observations around the Health Board's operational structures and finances. There were no concerns from Audit Wales' point of view which had not already been raised with the Health Board directly. Ms Beegan was thanked for this useful and honest statement.

	<i>Professor Philip Kloer left the Committee meeting.</i>	
	The Committee: <ul style="list-style-type: none"> <li>• <b>RECEIVED</b>, for information, the update from the TI meeting held on 10 January 2024</li> <li>• <b>RECEIVED</b>, for information, the update from WG in relation to the change of escalation status for the entire HDdUHB organisation</li> <li>• <b>DISCUSSED</b> and <b>REQUESTED</b> assurance in relation to how the Health Board will respond to the increased escalation status.</li> </ul>	

<b>AC(24)07</b>	<b>Contract and Procurement Processes - Governance</b>	
	DEFERRED to 16 April 2024	

<b>AC(24)08</b>	<b>ARAC Self-Assessment 2023/24</b>	
	<p>Mrs Wilson presented the ARAC Self-Assessment 2023/24 report, reminding Members that the proposed approach had been agreed at the previous meeting. The Committee self-assessment process had been conducted based on that approach, with online questionnaires issued and completed, and the report represents the output from this process. A workshop had not been held this year, although this may be considered for the future. In terms of areas for focus, which in many cases are common to other Committees and which will feed into the Board development programme. These included presentation styles, quality of papers, differing opinions between officer members during meetings, the backlog of audits and its impact. Actions for taking forward are outlined within the report, and Members were advised that this has been discussed in detail with the Chair of ARAC. It was suggested that the Committee may wish to request an update on progress against the actions at a future meeting.</p> <p>Cllr. Evans welcomed the report, which was positive overall. In terms of progress update, following discussion, it was agreed that this would be forward planned for August 2024. Audit Wales and Internal Audit were asked whether they undertake similar exercises. Ms Beegan advised that Audit Wales operates a Board and Audit Committee, both of which are subject to annual self-assessment processes. There are also wider quality assurance processes which Audit Wales undertakes and assessments by other audit bodies of Audit Wales' work. External processes include stakeholder surveys. Replying on behalf of Internal Audit, Mr James Johns indicated that there is a quality assurance process for every audit, with questionnaires issued following each. There is ongoing work contributing to an annual report on the quality assurance and improvement programme. Internal Audit teams are required to adhere to the Public Sector Internal Audit Standards and submit a report confirming this. There is a requirement for a formal external quality assurance process every 4-5 years, which has recently taken place. As part of NHS Wales Shared Services Partnership (NWSSP), there are also a number of other processes, including the NWSSP stakeholder survey.</p>	<b>CM</b>
	The Committee <b>CONSIDERED</b> the outputs from the Committee Self-Assessment process, <b>AGREED</b> the actions to be taken to improve its effectiveness and <b>REQUESTED</b> an update to the August 2024 meeting.	

AC(24)09	<p><b>Revised ARAC Terms of Reference</b></p> <p>The Committee <b>APPROVED</b> the revised Audit and Risk Assurance Committee's Terms of Reference for onward ratification by the Board on 28 March 2024.</p>	
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AC(24)10	<p><b>Financial Assurance Report</b></p> <p><i>Mr Timothy John and Mr Ben Rees joined the Committee meeting.</i></p> <p>Mr Andrew Spratt introduced the Financial Assurance Report, which covers the three months from November 2023 to January 2024. The report, and appendices in the main, cover the usual elements. Members' attention was drawn to the proposed Scheme of Delegation change in regards to capital requisitions, and to the losses requiring the Committee's approval. There are a number of other appendices: an update on the Project Bank Accounts requested at the previous meeting, documents relating to Pooled Budgets Memorandum and a letter from Audit Wales regarding the audit of annual accounts and other topics. Mr Timothy John suggested that there were two elements of the report requiring a particular focus, as identified by Mr Spratt. With regard to the proposed Scheme of Delegation change outlined in section 2.1, Mr John stated that the proposed change was based on the frequency of requisitions in excess of £1m. It is suggested that requisitions up to £5m are able to be approved by the Assistant Director of Finance (Financial Planning &amp; Statutory Reporting). All requisitions in excess of £5m will require one-off limit increase approval by the Director of Finance. In terms of the losses and special payments requiring approval, detailed in section 2.4, there are three write-offs in excess of £5,000, two in relation to expired drug stocks and one relating to treatment of an overseas patient. Section 2.7 outlines the timelines for this year's annual accounts, following receipt of information from Audit Wales. Draft annual accounts are to be submitted by 3 May 2024; the Remuneration Report, Accountability Report and Performance Report by 10 May 2024 and the 2023/24 annual accounts by 15 July 2024 (the equivalent date last year being 31 July 2023). The remainder of the report is of the standard format.</p> <p>With regard to the requested change to the Scheme of Delegation, Cllr. Evans felt that there was not a great deal of information upon which to base this decision, and was concerned about the propriety of doing so at this time. Mr John understood his concerns, whilst explaining that the size of invoices for capital projects has been increasing exponentially. The proposed change would allow for a more efficient process. Mr John did not have detail regarding the numbers of requisitions involved. Members were assured that requisitions in excess of £5m would require approval by the Director of Finance. Mr Spratt explained that the capital approval process managed by the Planning team agrees the costs being incurred. When requisitions are received, the Assistant Director of Finance then conducts checks against these approved works being undertaken. Requisitions in excess of £1m have become relatively common, reflecting the scale of projects currently taking place. The current process, which requires the intervention of the Director of Finance, is being prolonged; the proposed change would avoid these inefficiencies whilst remaining proportionate. Cllr. Evans remained uncomfortable regarding this change in view of the Health Board's</p>	
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current financial situation. Ms Marks noted that those further removed from the process also have less information and context, suggesting that it would be helpful to have more detail around the numbers of requisitions involved. Concerns were not due to a lack of faith in the system. It was agreed that ARAC should receive details around the number of requisitions and the potential delays involved at the next meeting, in order to make an informed decision regarding this change.

*Ms Sharon Daniel joined the Committee meeting.*

Cllr. Evans referenced section 2.2.1, and breaches of the No PO, No Pay Policy resulting in a cumulative position of £411k at the end of January 2024. Noting that this has been a long-standing issue, Cllr. Evans recalled that a 'zero tolerance' approach had previously been proposed. Mr John agreed that this was an ongoing issue, assuring Members that the Finance team is working with colleagues in Procurement. The report attempts to provide some context, and HDdUHB's figures are a small proportion when compared with the rest of Wales. It was noted that the same suppliers appear regularly on the list. Turning to Single Tender Actions (STAs) in excess of £25k, Cllr. Evans enquired whether the same rigour is applied to STAs under £25k. Mr John confirmed that this is the case. In response to a query around the approval process for losses, Mr John advised that those in excess of £5k are submitted for approval by ARAC, under this figure they are approved by the Chief Executive or Director of Finance. Referencing Appendix 2, specifically HDD-DCO-23-40, Curtins Consulting Ltd, Cllr. Evans noted that this has been a direct award, and requested assurance that it did not fall into the category of consultancy. Mr John stated that Procurement had advised not; however, was happy to seek further confirmation. Members were reminded that Curtins have been undertaking the Reinforced Autoclaved Aerated Concrete (RAAC) survey work within the Health Board; Mrs Wilson suggested that it would be reasonable to establish the total cumulative spend to date.

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Noting that a number of short-term contracts are presented which are close to ending, requiring urgent approval of extensions, etc, Cllr. Evans requested assurance that there are robust contract management systems in place. It was suggested that this might be a suitable area for an internal audit. Mr Johns advised that an exercise around procurement and contract management is planned. Welcoming this statement, Mr Spratt advised that concerns around this topic and the 'reactivity' of current arrangements are shared by the Finance team. Whilst it was felt that steps have been taken internally to address the matter, an independent assessment would be helpful.

In considering the report's Recommendations, a decision on the proposed change to the Scheme of Delegation was deferred to the next meeting.

The Committee:

- **DISCUSSED** and **NOTED** the report
- **DID NOT APPROVE** the requested change to the Scheme of Delegation for approval by the Board and **REQUESTED** that this be re-presented to the next meeting
- **APPROVED** losses as detailed within the report



AC(24)11	<b>Annual Statement of Financial Procedures</b>	
	Mr Spratt presented the Annual Statement of Financial Procedures report, which he hoped was relatively self-explanatory. The appendix outlines a proposed list of procedures to be reviewed during the year.	
	<i>Mr Timothy John left the Committee meeting.</i>	
	The Committee <b>NOTED</b> the Annual Statement of Financial Procedures report.	

AC(24)12	<b>Counter Fraud Update</b>	
	Mr Ben Rees introduced the Counter Fraud Update report, highlighting Prevent and Deter work based on two risk alerts recently identified nationally. The first of these was around individuals impersonating a medical professional, mainly affecting the nursing profession. Whilst there are processes in place, the risk cannot be mitigated completely. However, following a proactive exercise, all of those checked had been verified. A Risk Assessment has been conducted with the Directorate. The second risk alert was around international medical trainees using false International English Language Testing Systems (IELTS) certificates. A story relating to this topic appears in the latest Counter Fraud Newsletter, linked in the Teams Chat for this meeting. Again, a local proactive exercise had been undertaken to validate certificates, and all had proved to be legitimate. A further proactive exercise is proposed as part of next year's Counter Fraud Work Plan. Work is also underway around Procurement, with a review of requisitions having commenced, concerning the risks associated with contract splitting. Whilst no instances of fraud have been identified to date, the team is considering both risks and mitigations. In general terms, Members were assured that controls appear to be working, although further training is being undertaken. A further exercise involving Procurement and requisitions is planned.	
	Cllr. Evans thanked Mr Rees and his team for their work.	
	<i>Mr Ben Rees left the Committee meeting.</i>	
	The Committee <b>RECEIVED</b> for information the Counter Fraud Update Report and appended items.	

AC(24)13	<b>Structured Assessment 2023 - Management Response</b>	
	<i>Professor Philip Kloer and Mr Lee Davies joined the Committee meeting.</i>	
	Professor Kloer presented the Structured Assessment 2023 Management Response for the Committee's consideration. In terms of Recommendation 3, Members heard that discussions have taken place with Mrs Wilson and Mr Johns and that performance management arrangements are being reviewed. Professor Kloer did feel that changes to the Directorate Improving Together sessions (DITs) are required, with it recognised that these are not proving as effective as the organisation would wish. The Executive Team will be considering this matter further. As a result, it is suggested that a period of six months be allowed for the new arrangements to become embedded, before a review is undertaken.	

In response to a query from Cllr. Evans around whether Audit Wales is content with the management response, Ms Beegan confirmed that this was the case.

With regard to Recommendation 5, Mr Imperato requested clarification on the statement that 'the Health Board needs to do more to ensure scrutiny by Independent Members is appropriately focused across all members of the executive team'. He queried whether broadening attendance at the Sustainable Resources Committee (SRC) fully addresses this issue, and how its achievement can be tracked. Ms Beegan explained that this recommendation centres on scrutiny around finances, noting that this has – until now – mainly focused on the Director of Finance, who has only this role. There is also a role and responsibility for the wider Executive Team which must be recognised. In terms of the management response, Audit Wales has not recently observed a meeting of the SRC, and would need to do so in order to assess whether the changes have been effective. However, there needs to be a role for other members of the Executive Team at Board and wherever finances are discussed.

Mr Weir, who Chairs SRC, was of the opinion that there have been improvements in reporting to SRC, such as from the Core Delivery Group and Directors other than the Director of Finance being asked to clarify overspends, etc. He felt that, from a governance perspective, this was better, as it is other members of the Executive Team who are responsible for spends rather than the Director of Finance. Mr Weir agreed with the recommendation, in that greater accountability around finance from Directorates is required. He was of the opinion, however, that this was more evident at Board, with all members of the Executive Team responding to financial queries. With specific reference to SRC, there have, however, been instances of non-attendance by key members of the Executive Team, which has precluded full scrutiny. Mrs Wilson advised that SRC membership has been extended to include CDG Executives and a number of clinical leads. In response to the point relating to the Director of Finance not spending resources Members were reminded that the Director of Finance does spend, particularly on digital systems and resources. There had been a useful discussion at the last SRC on the Pembrokeshire system; however, this had not covered the finances, which aligns with the recommendation's finding that there is still more to do. Mrs Wilson felt, however, that there was a need for staff other than Executives to attend; support for officers attending is also required.

Mr Weir enquired whether Audit Wales had also considered within this area the other fora within the Health Board focused on finances, such as the Use of Resources meetings, and their ownership, governance and scrutiny around financial arrangements. In response, Ms Beegan advised that this had not formed part of the Structured Assessment, as it is focused on committee level. However, the Audit Wales review in relation to Financial Efficiencies will consider this area in more detail. Mr Imperato emphasised the importance of this recommendation, and the need to ensure that progress against it is tracked. Referencing Recommendations R2 and R4, Cllr. Evans requested assurance that

	<p>the proposed completion dates of 31 March 2024 are realistic. In terms of R2, Ms Sharon Daniel confirmed that the work in relation to this recommendation has been undertaken; the refreshed briefing on the role and content of the Patient Safety Walk Rounds, and Patient Safety Walk Round handbook are scheduled to be considered by QSEC in April 2024. Consideration is being given to presenting this at a Board Seminar to ensure appropriate governance and information sharing with Board Members. With regard to R4, again, Mr Lee Davies advised that this was effectively already completed, with the Annual Plan to be discussed at the Board Seminar this week and presented to the March 2024 Public Board meeting. There is, potentially, a discussion required around whether the Health Board would wish to review/revise its Strategic Objectives, which can be considered following the Board meeting. Cllr. Evans welcomed this assurance and thanked Ms Daniel and Mr Lee Davies. In view of earlier comments around R3, and the need to allow arrangements to be embedded, Mrs Wilson advised that the completion date for this action will be changed to 31 March 2025. It was agreed that an update would be scheduled for six months' time.</p> <p><i>Professor Philip Kloer and Ms Sharon Daniel left the Committee meeting.</i></p>	<b>CM</b>
	<p>The Committee <b>CONSIDERED</b> whether the management response provides assurance that the recommendations within the Structured Assessment 2023 report will be addressed appropriately.</p>	

<b>AC(24)14</b>	<p><b>Audit Wales Update Report</b>  <i>Mr Anthony Veale joined the Committee meeting.</i></p> <p>Referencing the letter from Audit Wales included both as part of the Financial Assurance Report, and under For Information items, Mr Anthony Veale explained that this sets out the proposed timescales for this year's financial audit work. It also includes a brief review of last year's process, together with an update around proposed audit fees and other items. In terms of the audit timescale, Mr Veale indicated that Audit Wales had hoped to bring this forward to the end of June 2024; however, it had only been possible to bring it forward to 15 July 2024. It is the aim to bring timings forward further next year. Risks still remain in terms of delivery of the proposed timescale for this year's audit. The proposed increase to this year's audit fee is 6.4%. Audit Wales has done all it can to contain costs, and is still hoping to deliver some efficiencies; if this occurs, refunds will be issued. This year's main focus will be on the financial position and associated audit risks.</p> <p>In terms of process, Mrs Wilson highlighted that Public Board dates had been planned around a submission date of 31 July 2024. The timescale proposed by Audit Wales would require an additional ARAC and Public Board meeting, with the associated impact on Board Members' commitments. Noting that it will not be possible to hold an Annual General meeting by the end of July 2024, Mrs Wilson enquired whether Audit Wales is working with Welsh Government in relation to the resulting potential breach of Standing Orders. Mr Veale acknowledged this point, explaining that Audit Wales would have liked to issue timelines earlier to allow forward planning by Health Boards. Cllr. Evans agreed that Welsh Government should be made aware of this issue.</p>	
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	<p>Referencing paragraph 20 of the letter, Cllr. Evans was pleased that audit overrun costs were not being passed onto the NHS. With regard to paragraph 22, in relation to recruitment and retention, he enquired whether plans to address this issue are in place. Mr Veale explained that Audit Wales is having to take an alternative approach; it is challenging to recruit qualified accountants, therefore, more trainees and apprentices are being brought into the system. In response to a query around the statement in paragraph 27, it was confirmed that Mr Veale will be HDdUHB's Engagement Director. For assurance, in relation to paragraph 31, Mrs Wilson confirmed that HDdUHB does not pay executive salaries in excess of the salary band; however, will be prepared for the audit in terms of evidence.</p> <p>Returning to the Update Report, Ms Beegan noted that Structured Assessment and the Follow-up Review of Primary Care appear on today's agenda. Findings of the Review of Operational Governance Arrangements across Service Directorates will be reported to the Director of Operations and will feed into the Organisational Change Process (OCP). The intention with regard to the Deep Dive into Financial Efficiencies is to feed back key messages by the end of March 2024, with the formal report to follow. In terms of other work, but not covered in the report, Audit Wales' has recently published the findings of its Board Effectiveness Follow-up Review at Betsi Cadwaladr UHB.</p> <p>Ms Marks noted the intention to replace the planned Deep Dive into digital with the Financial Efficiencies Deep Dive and queried whether this would be revisited, in view of the fact that digital can offer cost savings. In response, Ms Beegan advised that all NHS bodies were informed of this change; however, the Digital Deep Dive will form part of the 2024 Audit Plan. Whilst it was recognised that digital developments can contribute to financial efficiencies, the Deep Dive into the latter will take in specific areas.</p> <p><i>Mr Andrew Carruthers joined the Committee meeting.</i></p> <p>In regards to the Unscheduled Care Review, Ms Beegan confirmed that this will be presented to the April 2024 ARAC meeting. Cllr. Evans enquired whether there were any concerns around the findings of the Review of Operational Governance Arrangements, and was advised that there was nothing of particular concern; however, as indicated above, the findings will inform the OCP. In terms of reporting, Members heard that this report will be presented to either the April or May 2024 ARAC meeting. Finally, work in relation to the Planned Care Review is scheduled to begin this month, with the aim of reporting to the October 2024 ARAC meeting.</p> <p>The Committee <b>NOTED</b> the Audit Wales Update Report.</p>	
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<p><b>AC(24)15</b></p>	<p><b>Decarbonisation (Limited Assurance)</b></p> <p><i>Mr Paul Williams and Ms Sharon Hughes joined the meeting.</i></p> <p>Mr Johns introduced the Decarbonisation report, explaining that the purpose of this audit had been to consider progress against the NHS Wales Decarbonisation Strategic Delivery Plan and the Health Board's</p>	
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Decarbonisation Action Plan. Similar audits were being undertaken across all NHS Wales bodies, in order to take an overview and consider consistency between organisations. An All Wales summary will be produced. A Limited Assurance rating had been returned, with the key findings summarised in the Overview section. Financial challenges have impacted on the Health Board's ability to produce a fully costed plan; establish a long-term financial model for the funding required to support the decarbonisation programme; implement structural changes to address the insufficient staffing resource dedicated to decarbonisation; and complete the key actions assigned to the initiatives set out in the Strategic Delivery Plan in a timely manner.

Mr Lee Davies thanked the Internal Audit team for the report, which provides a helpful summary position. The Health Board has undertaken a significant amount of work around Decarbonisation, which has been reported on a regular basis to SRC. A great deal of progress has been made. The report, however, identifies that, despite this, the organisation is not on trajectory to meet Welsh Government targets. There is insufficient confidence around the availability of capital, which is common to all Health Boards. This issue was raised with Welsh Government in October 2023, to flag that – without investment – achievement of targets remains a significant risk. In terms of the recommendations, a strategic delivery plan has been developed and approved by Board. The first phase has been costed; however, it is not possible to anticipate all costs, as surveys and feasibility studies are required. HDdUHB is the only Health Board in Wales to have done the level of costing already undertaken. However, consideration will be given to further costings and this matter will be discussed with Welsh Government. The remainder of the recommendations are relatively minor issues; a number have already been completed or will be by the end of the month.

In response to a query around whether proposed completion dates are achievable, Mr Lee Davies explained that, whilst the work to address Recommendation 1.1 is quite involved, the team will be working through it during March 2024. It should be noted, however, that it is an iterative and ongoing process. Mr Weir expressed disappointment that the audit had returned a Limited Assurance rating, whilst suggesting that this results from a fundamental failure to invest sufficient resources. This applies not only to the Health Board, but to Welsh Government. Noting the intended completion date for costings of 31 March 2024, Mr Weir enquired whether this was somewhat ambitious, and suggested a phased approach. In terms of governance, Mr Weir observed that, whilst SRC receives an update from the Decarbonisation Taskforce, it does not receive an update from the Agile Working Group. Formal minutes are not provided for either. Mr Weir did not feel that the RAID logs mentioned are sufficient, and requested that this be reviewed. He was of the opinion that, with Decarbonisation being such an important issue, the Health Board and Welsh Government should be committing to it the required resources, both financial and human. Although the report's findings are disappointing, they can and should be viewed as a platform for improvement, particularly in view of the commendations HDdUHB has received for the work it has undertaken in this area.

	<p>Mr Lee Davies agreed, whilst suggesting that it is difficult to see how any rating other than Limited Assurance could have been awarded. He was of the opinion that all Health Boards will be in a similar position. HDdUHB should be proud of what it has achieved; and whilst he agreed that Decarbonisation is a moral responsibility, there needs to be consideration of where it sits within the organisation's priorities. Ms Sharon Hughes, who is the Project Manager for the Decarbonisation and Agile Working programmes, advised that a report from the latter is included in the Decarbonisation update report to SRC, although a separate report around Agile Working can be prepared if required. In terms of formal minutes, administrative resources are limited, and the RAID log represents a comprehensive record of risks, actions, issues and decisions. It also now includes a record of quoracy. Mr Paul Williams advised that Welsh Government is reviewing its target dates, and accepts that these are unrealistic, particularly for 2025. The Health Board needs to align its Decarbonisation strategy to the 'A Healthier Mid and West Wales' (AHMWW) Strategy, which requires consideration of the level of investment in its current estate. A great deal of work is taking place around baseline and targets, including whether Procurement is included in the targets, as this represents one of the highest carbon footprints. There is a focus generally on what can be done in terms of the Decarbonisation agenda in healthcare delivery, and the changes which can be made. As there is much work ongoing within Welsh Government which will impact, the Health Board will need to adapt to any changes in targets, etc.</p> <p>Whilst agreeing that this area should be prioritised, Cllr. Evans noted that, in doing so, due consideration needs to be given to the Health Board's financial position. Mr Weir concurred, suggesting that, if it is not possible to take forward everything in the Decarbonisation agenda, the organisation should aim to progress specific projects to its best ability. In response to a suggestion that the Internal Audit report be shared with SRC, Ms Hughes advised that she has already included it as part of her next report to the Committee.</p> <p><i>Mr Lee Davies, Mr Paul Williams and Ms Sharon Hughes left the Committee meeting.</i></p> <p>The Committee <b>NOTED</b> the Decarbonisation (Limited Assurance) report.</p>	
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<b>AC(24)16</b>	<b>Review of Unscheduled Care</b>	
	DEFERRED to 16 April 2024	

<b>AC(24)17</b>	<p><b>Review of Operational Governance Arrangements MHL D - Update</b></p> <p><i>Ms Liz Carroll and Ms Rebecca Temple-Purcell joined the Committee meeting.</i></p> <p>Presenting the Review of Operational Governance Arrangements Mental Health and Learning Disabilities (MHL D) - Update report, Mr Andrew Carruthers hoped this was relatively self-explanatory, and provided assurance around progress. Ms Liz Carroll felt that there has been good progress and that, even in those areas which are behind schedule, a positive start has been made. The staff engagement</p>	
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workshops, which were due to take place last summer were delayed due to work on the Annual Plan; however, these took place at the end of November 2023 and a staff survey closed on 19 January 2024. The MHLD Directorate plan to work with colleagues in Workforce and OD to evaluate the findings from these exercises. There has been engagement with services, and the Directorate has received a great deal of support from corporate colleagues, including the Assurance and Risk team. All of which contributing to an increased profile in this area.

Referencing work in relation to the Clinical Audit Framework, Ms Rebecca Temple-Purcell advised that this framework is not yet in place; however, a Clinical Effectiveness Group has been established and Clinical Leads for audit identified. Training in the Audit and Management and Tracking (AMaT) system has also taken place. It is intended that MHLD will contribute to the Health Board's Clinical Audit Plan going forward. There has been proactive work in relation to recruitment and retention planning, including meetings with colleagues across Wales, consideration of overseas recruitment, 'Grow Your Own' initiatives and strengthening of links with university partners. Up to now, the priority has been around cleansing of data (financial and workforce) and examining the establishment to ensure a clear baseline. As part of the engagement work, the Directorate has been mirroring the Health Board approach to retention, by engaging specifically with MHLD services to ensure that their voices are heard. Workshops have been taking place during the past few weeks and a report is expected to the next Workforce Management Group meeting in March 2024.

Cllr. Evans noted that three recommendations are on schedule and three behind schedule. He requested assurance that there is confidence around delivery of the former within the prescribed timescales, and that delivery of those behind schedule is achievable. In response, Ms Carroll explained that Ms Temple-Purcell has outlined a great deal of the work which has taken place towards meeting these recommendations. There had previously been suggestions that timescales might be too short, making them unrealistic; therefore, the team has defined completion dates which allow sufficient time. Ms Temple-Purcell stated that she was content that the updates and reflect progress and that the proposed timescales are realistic.

*Ms Sharon Daniel joined the Committee meeting.*

In response to a query around whether this report and actions in response represent an opportunity for consistent governance arrangements across other Directorates, Mr Carruthers confirmed that this is the intention and a key outcome from the work, and felt that the changes to the structure will facilitate this. Referencing the management response to Recommendation 4, Cllr. Evans enquired how this aligns to the wider Clinical Audit work. Ms Temple-Purcell suggested that there will be three layers to the Clinical Audit Framework: integration with the Health Board forward Clinical Audit Plan and auditing day to day practice; both of which are already in place. The missing component is a more coordinated, structured and prioritised Directorate wide approach to Clinical Audit, although it was emphasised that the Directorate does participate in audit work.

Mr Imperato felt that Recommendation 5b, around increasing senior management visibility across the Directorate was somewhat vague and challenging to track. In response, Ms Carroll suggested that the priority is to ensure that visibility is meaningful to staff, rather than a 'tick box' exercise. What is meaningful and appropriate will be different for different settings; however, the key is to identify what staff want in this regard, which is likely to be broader than just visibility of the senior management team. Mr Carruthers observed that this is an area presenting challenges operationally, particularly post COVID-19. The advent of remote working (for example via Teams) and resulting change in working practices has both positives and negatives. Whilst it has increased the number of people individuals can engage with, the type of engagement and visibility is not necessarily the most appropriate for all circumstances. In some cases, face to face engagement is required.

With regard to Recommendation 6, around recruitment, Cllr. Evans noted that the Directorate has significant vacancies, and queried whether suitable staff are available to recruit. Ms Temple-Purcell acknowledged that it will become more and more challenging to recruit into certain professional roles, as there are insufficient individuals in training programmes. This will necessitate a more flexible and creative approach, including 'Grow Your Own' initiatives and possibly overseas recruitment. Workforce will remain a priority. Ms Carroll agreed that there is a need to be innovative in this area, to attract staff. Whilst there have been staff losses, there has also been some success in recruiting staff from other Health Boards. The Directorate must take steps to continue to raise the profile of MHL D at HDdUHB.

Referencing data within the Audit Tracker, which appears later on the agenda, Cllr. Evans noted that MHL D is a service of concern, with 101 open and 57 overdue recommendations. He enquired how these were being addressed. Ms Carroll recognised that the Directorate is not where it would wish to be and that there are delays in meeting a number of recommendations, whilst assuring Members that there are regular meetings and discussions, including DITs, around progress with these. Ms Temple-Purcell indicated that there are duplicates within those numbers, as they feature within more than one report. This means that when the Directorate is able to close one such action, it will be closed in a number of places. Mrs Wilson clarified that there are no duplications; however, there may be a number of different reports which all make the same recommendation. Agreeing, Ms Carroll indicated that an example would be the Review of Part 1 of the Mental Health Measure, which has appeared in several reports.

*Mr Andrew Carruthers, Ms Liz Carroll and Ms Rebecca Temple-Purcell left the Committee meeting.*

The Committee **DISCUSSED** and **CONSIDERED** the progress made in respect of the recommendations from the Audit Wales review of the operational governance arrangements in MHL D.

AC(24)18

**Follow-up Review of Primary Care - Management Response**

*Ms Jill Paterson and Ms Rhian Bond joined the Committee meeting.*



Noting that the Review report had been discussed at the previous meeting, and that presentation of the management response had been requested, Cllr. Evans enquired whether Audit Wales was satisfied with the response provided. Ms Beegan replied that Audit Wales' only issue was around the need for dates, otherwise they were content. Ms Jill Paterson accepted the feedback around dates, explaining that certain timescales were somewhat 'fluid', linked as they are with development of the Clinical Services Plan (CSP). In terms of Recommendation 1, the CSP Issues Paper is due to be presented to the March 2024 Public Board, which will signal the beginning of wider engagement with stakeholders and public. An audit has, however, already been conducted with professional groups and there is ongoing work with the Primary Care Workforce Academy which will feed into the Workforce Plan. An event is taking place around the latter on 15 March 2024. It is intended that the Strategy will be presented to a Board later in this calendar year, or early 2025. There will be reports to various other fora, including SDODC in the interim. In terms of the budget, Ms Paterson recognised the need to demonstrate a shift of resources into Primary Care; discussions around this topic continue both nationally and locally. Primary Care has not yet received its budget; however, there are routine reports to SRC on various aspects of expenditure. With regard to Recommendation 2, General Medical Services (GMS) Patient Reported Outcome Measures (PROMs) and Patient Reported Experience Measures (PREMs) data is collected on a national basis. There is no such arrangement currently for General Dental Services (GDS), although the Health Board continues to engage on this matter with its local population.

Mr Weir queried the statement around budgets, which he understood from discussions at SRC were issued and approved each year, and how there could be an issue around the baseline. Secondly, why – if there is a strategy around movement of services from Secondary to Primary Care, why this cannot be costed. Whilst Ms Paterson maintained that Primary Care have not received its budget, Mr Spratt contended that delegated authority letters had been signed and returned by all budget holders, including from Primary Care. How budgets are subsequently managed is in the hands of the budget holders. Ms Paterson agreed that she had signed the letter; however, explained that she had included a caveat stating that there was insufficient clarity around the budget. It was agreed that this discussion would be continued outside of the meeting. Mr Weir stated that his comment had been more to do with arrangements going forward, and how resources are moved from Secondary into Primary Care. In response, Ms Paterson advised that there is some extremely constructive work taking place in this area, although there is more still to do. Delivering services in Primary Care will require a shift in resources, which is recognised as an area of challenge across Wales. A process was defined some time ago; however, this needs to be taken forward. Primary Care is keen to embrace this change.

Cllr. Evans reiterated the need for completion dates in the management response, to facilitate monitoring within the Audit Tracker. He also felt that there was insufficient detail within the response generally and that there was a particular need for more detail and clarity around budgets.

	<p>Mrs Wilson agreed, stating that the management response as presented does not provide sufficient assurance, and offered Miss Charlotte Wilmshurst assistance to Primary Care with developing this. It was agreed that the revised management response would be presented to the April 2024 meeting.</p>	<b>JP/CW</b>
	<p><i>Ms Jill Paterson and Ms Rhian Bond left the Committee meeting.</i></p> <p>The Committee <b>NOTED</b> the management response to the Audit Wales Follow-up Review of Primary Care and <b>REQUESTED</b> that a revised version be presented to the next meeting.</p>	

<b>AC(24)19</b>	<p><b>Internal Audit Plan Progress Report</b></p> <p>Mr Johns introduced the Internal Audit Plan Progress Report, which is of the usual format. It includes, in Section 2, details of those audits finalised since the previous meeting. In terms of an update on delivery of the Plan, it is recognised that a number of pieces of audit work are behind schedule; the rescheduling of these is being discussed with the Director of Corporate Governance on an ongoing basis. Members were assured that the fieldwork for these is well advanced. Whilst good progress is being made, it is acknowledged that there are delays. All audits in the Plan will be completed by the timescale required to deliver the Head of Internal Audit opinion later in the year. There has been recruitment to vacancies within the Internal Audit team; however, these have impacted on the team's ability to deliver audits on schedule. Two additional audits have been requested. Finally, Mr Johns advised that the process for developing next year's Internal Audit Plan is well underway.</p> <p>Noting that there are 15 audits yet to be completed, Cllr. Evans enquired regarding the level of confidence around delivery. Mr Johns explained that fieldwork has taken longer than expected; however, assured Members that all audit reports will be completed by June 2024. The Internal Audit team is evaluating its audit approach and reporting methodology to assess the potential for efficiencies, and is also planning to develop a pathway for trainees.</p> <p>The Committee <b>TOOK ASSURANCE</b> with regard to the delivery of the Internal Audit plan for 2023/24 year and the outcomes of the finalised audit reports.</p>	
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<b>AC(24)20</b>	<p><b>Bronglais General Hospital Quality and Safety Governance Follow-up (Reasonable Assurance)</b></p> <p><i>Mr Andrew Carruthers joined the Committee meeting.</i></p> <p>Mr Johns introduced the Bronglais Hospital (BGH) Quality and Safety Governance Follow-up report, reminding Members that an interim follow-up report had been presented at the previous meeting. The report provided today presents the more detailed follow-up work conducted. A number of positive actions have been taken, and progress made particularly on the high priority recommendations, which was good to see. A number of further recommendations have been made, which are included together with accompanying narrative, and a rating of Reasonable Assurance recorded.</p>	
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	<p>In response to a query around the Band 3 resource previously discussed, Ms Daniel confirmed that this had been agreed and a post would be advertised this month. To clarify, the Band 3 is to assist administratively; a senior nurse with responsibility for quality governance will also be identified. It has been recommended that the impact of both posts be monitored. With regard to the number of open incidents, there has been an improvement in this, with Mr Carruthers assuring Members that this will continue to be monitored. Cllr. Evans emphasised the need to ensure that numbers reduce. Agreeing, Mrs Wilson further highlighted the need for appropriate accountability in this regard, should the number of open incidents not reduce.</p> <p><i>Ms Sharon Daniel left the Committee meeting.</i></p> <p>The Committee <b>NOTED</b> the Bronglais General Hospital Quality and Safety Governance Follow-up (Reasonable Assurance) report.</p>	
<b>AC(24)21</b>	<b>WGH RAAC Internal Major Incident</b>	
	DEFERRED to 16 April 2024	
<b>AC(24)22</b>	<b>Transforming Urgent and Emergency Care (TUEC)</b>	
	DEFERRED to 16 April 2024	
<b>AC(24)23</b>	<b>Cleanliness/Cleaning Standards</b>	
	DEFERRED to 16 April 2024	
<b>AC(24)24</b>	<b>Elective Waiting List Management</b>	
	DEFERRED to 16 April 2024	
<b>AC(24)25</b>	<p><b>Theatre Loan Trays and Consumables Follow-up (Reasonable Assurance)</b></p> <p><i>Mr Mark Henwood joined the Committee meeting.</i></p> <p>Mr Johns introduced the Theatre Loan Trays and Consumables Follow-up report, advising that the purpose of this audit had been to assess progress in implementing actions to address the issues identified previously. There has been positive progress and suspension of the loan service has reduced the associated risk. An assurance rating of Reasonable Assurance has been returned. Mr Carruthers confirmed that the risk previously identified has been removed by virtue of suspension of the loan service, which will not be reinstated until the Scan 4 Safety system has been implemented. The latter was due to be implemented in December 2024; however, based on learning from the roll-out at BGH, this is likely to be delayed until March 2025.</p> <p>Referencing the management response to 3.1a, and the statement that ‘A written process will be developed to record requests and tracking of all emergent urgent loans’, Cllr. Evans enquired whether this has been approved and (if so) by which forum. Also, whether the action in response to 3.1 is on track. Mr Carruthers committed to check. In terms of the management response to 7.1a, it was noted that this would be changed to March 2025, in line with Mr Carruthers’ earlier statement. Cllr. Evans expressed concern around the conclusion regarding 7.1c</p>	<b>AC</b>

	that no further action is required, suggesting that this fails to address the need to monitor stock, to ensure none is going missing. Mr Carruthers reiterated that the Scan 4 Safety system will address this; however accepted that it should be regarded as partially rather than fully implemented. Cllr. Evans stressed the need for clarity around this. The Committee <b>NOTED</b> the Theatre Loan Trays and Consumables Follow-up (Reasonable Assurance) report.	<b>AC/JJ</b>
<b>AC(24)26</b>	<b>GGH Fire Enforcement (BJC1)</b> DEFERRED to 16 April 2024	
<b>AC(24)27</b>	<b>Agency/Rostering</b> DEFERRED to 16 April 2024	
<b>AC(24)28</b>	<b>Emergency Planning</b> DEFERRED to 16 April 2024	
<b>AC(24)29</b>	<b>NICE Guidance Follow-up (Substantial Assurance)</b> <i>Mr Mark Henwood and Ms Carly Hill joined the Committee meeting.</i>  Mr Johns introduced the NICE Guidance Follow-up report, explaining that the purpose of the audit was to establish progress made to implement agreed actions arising from the previous internal audit, which had concluded Limited Assurance. Significant progress had been made, with actions taken to strengthen areas of concern. As a result, a rating of Substantial Assurance had been awarded.  Cllr. Evans noted that it was extremely reassuring for an area to improve from a Limited Assurance rating to Substantial Assurance, adding that this signifies better patient care. He recorded the Committee's thanks to Ms Carly Hill and Ms Lisa Davies, noting that Ms Davies is moving to a new role in the near future. Mrs Wilson agreed that such an improvement in rating is rare. Ms Carly Hill thanked the Internal Audit team, and commended the Clinical Effectiveness team on their excellent work. It was agreed that a letter would be sent to Ms Davies.  <i>Mr Andrew Carruthers, Mr Mark Henwood and Ms Carly Hill left the Committee meeting.</i> The Committee <b>NOTED</b> the NICE Guidance Follow-up (Substantial Assurance) report.	<b>RE</b>
<b>AC(24)30</b>	<b>Cross Hands Health and Wellbeing Centre</b> DEFERRED to 16 April 2024	
<b>AC(24)31</b>	<b>Major Programme/Project Provision</b> DEFERRED to 16 April 2024	
<b>AC(24)32</b>	<b>Financial Savings and Financial Control</b> DEFERRED to 16 April 2024	

<p><b>AC(24)33</b></p>	<p><b>Audit Tracker</b></p> <p>Miss Charlotte Wilmshurst introduced the Audit Tracker report, advising that since the previous report, 7 reports have been closed or superseded, with 20 new reports received by the Health Board. As at 15 January 2024, the number of open reports has increased from 123 to 134. 52 of these reports have recommendations that have exceeded their original completion date, an increase from the 45 reports previously reported in December 2023. There is an increase in the number of recommendations where the original implementation date has passed, from 166 to 230. 57 of these are a result of the outcomes of the reconciliation exercise between the Audit and Inspection tracker and the AMaT system, coupled with current operational demands. The number of recommendations that have gone beyond six months of their original completion date has increased from 47 to 66, as reported in December 2023. There are currently 539 open recommendations on the Audit Tracker, an increase from the 503 reported in December 2023.</p> <p>The Assurance and Risk team is exploring the feasibility of using the AMaT system, utilised elsewhere in the Health Board, for the Audit Tracker. There is an inspections and audits module which is being used for HIW reports. Issues are beginning to arise in respect of having two tracking systems, both from the perspective of the services, and from a reconciliation perspective. Whilst AMAT provides services with a central point for them to go in and update all their recommendations, there are issues to resolve in respect of exporting the data to be able to report on and analyse. The number of Not Knowns has increased from 77 to 140; certain of these are related to the AMaT system where there is no field for a revised date. Most have lapsed in the last 2-3 months and the team is speaking to services to establish revised dates.</p> <p>A number of services have been highlighted in the report, including MHLD and Nursing Quality Patient Experience. This is the third time that these have been highlighted (although not consecutively) and the Committee may wish to consider a Deep Dive into these areas. The report also highlights Women and Children, who have previously been called out twice. On a positive note, services do respond positively when they have been highlighted in ARAC reports; however, those called out today do not seem to be able to maintain their performance.</p> <p>Cllr. Evans queried whether he, as ARAC Chair, should contact the services identified. Mrs Wilson confirmed that more targeted communications could be considered, whilst recognising that services are impacted by other demands. Mrs Wilmshurst suggested that it might be appropriate to focus on the longer-term recommendations, and whether lack of progress on these is a result of resource constraints.</p> <p>The Committee <b>TOOK ASSURANCE</b> on the rolling programme to collate updates from services on a bi-monthly basis in order to report progress to the Committee.</p>	
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<p><b>AC(24)34</b></p>	<p><b>Risk Assurance Report and Risk Maturity Assessment</b></p> <p>Presenting the report, Miss Wilmshurst explained that this is the 6 monthly risk assurance report, detailing the risk management activities that have taken place since the last report in August 2023, to provide</p>	
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assurance on the risk management framework and the implementation of the risk management strategy. Miss Wilmshurst highlighted the following:

- Page 2 of the report reports that the Health Board has 623 open risks as at 2 January 2024, which is an increase from 606 reported in July 2023. This change is due to 103 new risks and 86 closed risks across Corporate, Directorate and Service levels
- 80% of the 623 risks are scored as high or extreme (scoring over 8) indicating that the organisation may be taking risks beyond its capacity. (*risk capacity is “the maximum level of risk to which the organisation should be exposed, having regard to financial and other resources”*)
- At the time of pulling off the report, 39% were overdue for review – however the majority of these went overdue in the last 3 months and there are minimal risk overdue by more 6 months which may reflect the impact of current operational demands across the Health Board. The team will pick up the long overdue risks with the services
- The report also includes independent assurance on risk management activities through internal and external reports (these have been reported to ARAC previously)
- The report also includes an update on the 3 objectives outlined in the Risk Management Strategy for 2023
  - The Board has agreed its Risk Appetite Statement in January 2024. A proposed approach on risk tolerance will be presented to the Executive Risk Group in March 2024 which will align it to trajectories of key outcome measures detailed in the Health Board’s Annual Plan
  - The team has supported operational and corporate functions to strengthen Risk Management arrangements through business partnering, providing risk reports to teams, Committees, and DITs sessions, training, supporting the work around fragile services, improving its Sharepoint page on the intranet. Whilst there are delays to the implementation of the New Datix Risk system, the current system can still be used while Datix resolve the access and reporting issues on the new system
  - The team has strengthened assurance on Risk Management activities through this risk assurance report, and has undertaken a risk maturity self-assessment against The Orange Book Risk Management Standard. It is the first assessment undertaken and asks 7 overarching questions relating to Risk Management, each of which was assessed using the maturity scoring matrix contained in the Orange Book. An initial assessment has been undertaken as a risk team; however, to fully assess maturity, input from others in the organisation is required. Difficulty in fully answering certain of the areas comprehensively has resulted in them scoring quite low : eg People, Partnerships, risk Handling and Outcome. Initial assessment would seem to indicate that, whilst the organisation has satisfactory leadership and documentation, it does not seem to be translating into better

	<p>organisational health, ie achieving its objectives, delivering performance, managing risk. This needs to be understood better. The outcomes of the assessment have informed the new Risk Management Strategy for 2024/25.</p> <p>Cllr. Evans welcomed the report. Noting that the majority of risks have not been reviewed within the past 3 months, he enquired whether this was due to operational capacity or need for training, etc. Mrs Wilson suggested that it was likely the former, whilst highlighting that risks do impact on and feed into other activities which are occupying operational teams' time, such as planning and finance. Cllr. Evans suggested that members of the Executive Team be encouraged to reflect on comments within the report, and examine and update their risks on a more regular basis. Ms Marks thanked the team for the information presented in the report, and queried whether any particular factor is causing the escalation of new cases/risks. In response, Miss Wilmshurst suggested that it reflects the context within which the organisation is operating and that there needs to be a discussion around priorities. Ms Marks enquired whether Targeted Intervention is impacting negatively; whether staff are becoming more risk averse. Mrs Wilson felt that the Health Board's ageing estate and equipment is impacting negatively, with a lack of investment due to limited availability of capital. She agreed that discussions around priorities and risk appetite were required. It was agreed that narrative around the reasons for the figures within the report should be added to provide context.</p>	<p>JW</p> <p>CW</p>
	<p>The Committee <b>TOOK ASSURANCE</b> on the effectiveness of the Risk Management Framework and implementation of the Risk Management Strategy, and the work being undertaken to strengthen risk management as outlined in the report.</p>	

<p>AC(24)35</p>	<p><b>Risk Management Strategy</b></p> <p>Miss Wilmshurst introduced the revised Risk Management Strategy, which outlines three new Risk Management objectives, for approval by the Board in March 2024. These will build on work already started in 2023 and respond to gaps identified in the risk maturity assessment. The proposed objectives are to:</p> <ul style="list-style-type: none"> <li>• Implement and embed the Health Board's refreshed risk appetite statements, which includes new approach to risk tolerance</li> <li>• Support the strengthening of operational risk management arrangements – this will build on current work and continue to strengthen existing arrangements</li> <li>• Understand how established risk management processes currently contribute to the overall health of the organisation (ie achievement of objectives, delivery of plans and performance), and how this can be strengthened</li> </ul> <p>In response to a query around whether the Risk Management Strategy has been fully consulted upon, it was confirmed that this was the case. Ms Marks commended the well-written document.</p> <p>The Committee <b>ENDORSED</b> the Risk Management Strategy, prior to its submission to the Board for approval on 28 March 2024</p>	
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AC(24)36	<b>Audit Wales Letter - Audit of Accounts 2023/24</b>	
	The Committee <b>NOTED</b> the Audit Wales Letter, which had been discussed earlier in the meeting.	
AC(24)37	<b>Audit &amp; Risk Assurance Committee Work Programme 2023/24</b>	
	The Committee received and noted the Audit & Risk Assurance Committee Work Programme 2023/24.  It was noted that Private Meetings with Audit Wales, Internal Audit, Counter Fraud and HIW would need to be scheduled.	
AC(24)38	<b>National Internal Audit Reports</b>	
	None to report.	
AC(24)39	<b>Any Other Business</b>	
	There was no other business reported.	
AC(24)40	<b>Matters and Risks for Escalation to the Board</b>	
	<ul style="list-style-type: none"> <li>• Terms of Reference for ratification</li> <li>• Risk Management Strategy for approval</li> </ul>	
AC(24)41	<b>Date and Time of Next Meeting</b>	
	9.30am, 16 April 2024	