

**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 21 February 2023 |
| Venue: | Board Room, Ystwyth Building, St David's Park, Carmarthen and via Microsoft Teams |

| | |
|----------------|---|
| Present: | Mr Paul Newman, Independent Member (Committee Chair) Mr Winston Weir, Independent Member (Committee Vice-Chair) (VC) Mr Maynard Davies, Independent Member Cllr. Rhodri Evans, Independent Member Mrs Judith Hardisty, Vice-Chair, HDdUHB (VC) (part) Mrs Chantal Patel, Independent Member (VC) |
| In Attendance: | Ms Anne Beegan, Audit Wales (VC) Mr Anthony Veale, Audit Wales (VC) Mr James Johns, Head of Internal Audit, NWSSP Mr Gareth Heaven, Internal Audit, NWSSP Mr David Butler, Internal Audit, NWSSP (VC) (part) Mr Murray Gard, Internal Audit, NWSSP (VC) (part) Mrs Joanne Wilson, Director of Governance/Board Secretary Mr Huw Thomas, Director of Finance Miss Charlotte Wilmshurst, Assistant Director of Assurance & Risk Mr Ben Rees, Head of Local Counter Fraud Services (VC) (part) Mr Steve Moore, Chief Executive (VC) (part) Mr Rob Elliott, Director of Estates, Facilities & Capital Management (VC) (part) Mr Lee Davies, Director of Planning (VC) (part) Ms Eldeg Rosser, Head of Capital Planning (VC) (part) Ms Lisa Davies, Head of Effective Clinical Practice & Quality Improvement (VC) (part) Mrs Bev Thorne, Individual Patient Funding Request Manager (VC) (part) Mrs Lisa Gostling, Director of Workforce & OD (part) Ms Penny Lamb, Senior Nurse Manager, Long Term Care, deputising for Ms Jill Paterson, Director of Primary Care, Community and Long Term Care (part) (VC) Mrs Mandy Rayani, Director of Nursing, Quality & Patient Experience (part) Ms Liz Carroll, Director of Mental Health & Learning Disabilities (VC) (part) Ms Kay Isaacs, Interim Assistant Director of Nursing, MHLD (VC) (part) Mr Tim Harrison, Head of Health, Safety & Security (VC) (part) Mr Daniel Morgan, Audit & Risk Officer (observing) Ms Clare Moorcroft, Committee Services Officer (minutes) |

| Agenda Item | Item | |
|-------------|---|--|
| AC(23)01 | Introductions and Apologies for Absence | |
| | Mr Paul Newman, Audit & Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting, particularly Mr Anthony Veale, who has replaced Ms Clare James at Audit Wales. | |

| | | |
|-----------------|---|---|
| | <p>Apologies for absence were received from:</p> <ul style="list-style-type: none"> • Professor Philip Kloer, Deputy Chief Executive/Medical Director • Mr Andrew Carruthers, Director of Operations • Ms Jill Paterson, Director of Primary Care, Community and Long Term Care • Ms Carly Hill, Service Delivery Manager, Ophthalmology | |
| AC(23)02 | <p>Declaration of Interests</p> <p>The following interests were declared: Ms Joanne Wilson – item AC(23)08 (Bluestone Review) Mrs Chantal Patel – Swansea University and WHSSC</p> | |
| AC(23)03 | <p>Minutes of the Meeting Held on 13 December 2022</p> <p>RESOLVED - The Minutes from the meeting held on 13 December 2022 were approved as an accurate record.</p> | |
| AC(23)04 | <p>Table of Actions</p> <p>An update was provided on the Table of Actions from the meeting held on 13 December 2022 and confirmation received that outstanding actions had been progressed. In terms of matters arising:</p> <p>AC(21)118 – Mr Newman enquired whether the discussion referenced had taken place. In response, Mrs Wilson stated that progress had been made and that a digital sign-off system had been developed internally. The Health Board awaits an All Wales position, and has implemented an internal solution in the meantime.</p> <p>AC(22)66 – it was queried whether the process by which 15 students had been appointed was a permanent arrangement. Mrs Joanne Wilson and Mr Huw Thomas understood that, whilst the streamlining process was a ‘one-off’, an alternative arrangement had been put in place. Clarification would be sought from Mrs Lisa Gostling.</p> <p>AC(22)143 – Mrs Wilson committed to establish whether the discussion/meeting referenced had taken place.</p> <p>AC(22)171 – Mr Maynard Davies enquired as to the existence of an All Wales position around Health Boards signing deployment orders. Mr Thomas indicated that he was not aware of any other Health Boards doing so; however, would seek clarification in this regard. Mrs Wilson advised that the Health Board Chair has visited staff who are using the Welsh Community Care Information System (WCCIS), as has the Minister for Health & Social Services. Mr Newman enquired whether there had been any formal evaluation of the advantages/disadvantages of WCCIS, as opposed to anecdotal evidence. In response, Mr Thomas highlighted that, whilst the system is operational in Ceredigion, it is not necessarily realising the benefits which were anticipated. Mr Thomas would report back via the TOA as to whether a formal evaluation has occurred.</p> <p>AC(22)174 – Mr Newman queried whether the Audit Tracker report later on the agenda now reflects the position following the review of open Healthcare Inspectorate Wales (HIW) actions. Mrs Wilson confirmed,</p> | <p>JW</p> <p>JW</p> <p>HT</p> <p>HT</p> |

| | | |
|--|---|-----------|
| | <p>adding that this matter had also been considered at the Quality, Safety & Experience Committee (QSEC).</p> <p>AC(22)195 – Mr Davies suggested that the updates for the two actions had been transposed. It was agreed it had and this would be rectified in the master copy held by the Health Board.</p> | CM |
|--|---|-----------|

| | | |
|-----------------|--------------------------------|--|
| AC(23)05 | Matters Arising | |
| | There were no matters arising. | |

| | | |
|-----------------|--|--|
| AC(23)06 | <p>Report on the Targeted Intervention (TI) Meeting held on 6 December 2022 and the Joint Executive Team (JET) Meeting held on 22 December 2022</p> <p><i>Mr Steve Moore joined the Committee meeting.</i></p> <p>Mr Steve Moore presented a report from the TI Meeting held on 6 December 2022 and the JET Meeting held on 22 December 2022. Beginning with the quarterly TI Meeting, Members heard that this had been largely positive, with Welsh Government reiterating its desire to limit the length of the TI process and its impact on the Health Board. A great deal of valuable work has been undertaken to close TI actions. Work is focusing on the Planning Maturity Matrix, Peer Review and Financial Recovery Plan, details of which will be presented to the March 2023 Public Board meeting. Members heard that the JET meeting had been equally positive and had offered an opportunity to discuss wider-ranging issues including the Health Board’s work in relation to workforce, digitalisation and quality and safety.</p> <p>Mr Winston Weir welcomed the positive response from the NHS Wales Chief Executive following the JET meeting on 22 December, particularly in regards to recruitment and waiting times. The letter reflects an appreciation on the part of Welsh Government of the Health Board’s challenges.</p> <p>The Committee NOTED:</p> <ul style="list-style-type: none"> • The update from the TI meeting held on 6 December 2022 and the response from the Chief Executive NHS Wales • Update from the JET meeting held on 22 December 2022 and the response from the Chief Executive NHS Wales | |
|-----------------|--|--|

| | | |
|-----------------|--|--|
| AC(23)07 | <p>Targeted Intervention and Enhanced Monitoring - Board Oversight of Areas of Concern</p> <p>Mr Moore introduced the Targeted Intervention and Enhanced Monitoring - Board Oversight of Areas of Concern report, thanking Mrs Wilson for her work. This exercise had been conducted to address comments in the original TI/Enhanced Monitoring inception documents that the Board was not sighted on areas of concern. Mr Moore hoped that the evidence submitted would provide reassurance in this regard.</p> <p>Referencing 1.12 in Appendix 1, Mr Weir noted the statement that:</p> <p>The FDU will review with the Health Board the recommendations from the KPMG reports undertaken in February 2020 to establish</p> | |
|-----------------|--|--|

the evidence of implementing the recommendations and outcomes of the review. Where appropriate review and consider timescales for further implementation.

The KPMG review had been considered at the Sustainable Resources Committee (SRC) and the need to distil key recommendations noted. Mr Weir suggested that, if the Financial Delivery Unit (FDU) is also undertaking an exercise around this, it is unnecessary duplication. Mr Moore advised that there is continued concern around duplication, including that associated with the TI requirements and Ministerial priorities. It was confirmed that the Health Board will be undertaking the exercise to evidence implementation of the KPMG review recommendations. Mr Thomas agreed, indicating that it was for the Health Board to provide assurance around an adequate response to the review. It will be challenging to evidence completion of certain recommendations, due to their nature; however, there will be a robust process. Outstanding recommendations will be incorporated into the Escalation Monitoring reporting Framework. Despite providing the FDU with assurance around various issues, it is proving challenging to obtain written confirmation of their acceptance of such.

Mr Thomas emphasised that the fundamental requirement is for a sustainable financial plan. It was suggested that there is probably a need to move away from an outcome-based approach. Mr Moore stated that the Health Board is clear in terms of the 'drivers' of its financial position: supply, demand and configuration. Given the widespread challenging financial position across Wales, other Health Boards are being asked similar questions; HDdUHB is potentially further ahead in this respect. Recognising the effort involved with meeting TI and Enhanced Monitoring requirements, Mrs Chantal Patel highlighted the pressures being placed on staff, and queried whether other activities are being placed on hold to allow a focus on TI work. Members heard that close to 100 requirements had been issued by Welsh Government, with Executive Team level activity having taken place to close as many of these as possible. In terms of interaction with the wider organisation, Mr Moore advised that this had mainly been limited to the Improving Together process and Opportunities Framework, to maintain a specific focus and ensure that frontline staff are able to concentrate on operational priorities. Whilst Mr Thomas acknowledged that TI and Enhanced Monitoring brings with it greater scrutiny and additional pressures, it was emphasised that there is nothing within the Welsh Government requirements/recommendations which conflicts with the organisation's stated ambitions.

Observing that the Welsh Government requirements/actions are all ranked equally, Mr Newman suggested that there be a focus on closing those which are less challenging/predominantly 'bureaucratic', to allow prioritisation of the more important issues. The judgement around evidence for closing actions is subjective; there should be a focus on objective elements. Mr Thomas noted that this was being taken forward by the TI Working Group and he would provide assurance to the next ARAC meeting that this had been undertaken. Mr Newman referenced the letter from the NHS Wales Chief Executive dated 12 December

HT

| | | |
|--|---|-------|
| | <p>2022, querying the meaning of the following statement around criteria for de-escalation on page 2:</p> <ul style="list-style-type: none"> • For finance a clear plan and trajectory to meet the £25m deficit which result in consideration for de-escalation from TI to EM. Further de-escalation to routine arrangements would require a balanced plan. <p>Mr Thomas agreed that the statement is somewhat ambiguous, with it unclear whether Welsh Government is expecting a 'route map' to achieving a £25m deficit, or achievement of this figure. The latter would take a significant amount of time. Mr Thomas had discussed this with the FDU; however, obtaining clarity around Welsh Government's requirements in this regard remains challenging. It was noted that the letter had been issued in December 2022, prior to the annual budget allocation and projection of financial deficits in excess of £100m by most Health Boards. Mr Moore agreed that there is a lack of clarity around Welsh Government's requirements in terms of finance, with different 'messages' having been communicated in TI meetings. Members were assured that the Health Board will continue to pursue clarification in this regard. It was Mr Moore's sense that Welsh Government's focus is on the Health Board providing a credible Plan and 'roadmap' to recovery, in which there can be confidence regarding achievement. Mr Newman suggested that further clarity be requested again, with it indicated that this had been queried specifically by ARAC.</p> <p>Referencing the requirement to submit an approved Integrated Medium Term Plan (IMTP), Mr Weir noted that the HDdUHB submission is unlikely to be approvable due to the significant financial deficit. Mr Weir enquired whether it would be more sensible to withhold submission and explain to Welsh Government the reasons for this. Mr Moore advised Members that Welsh Government is aware that the Health Board will not be submitting an IMTP; it is intended to submit an Annual Plan, however, the approvability of this remains uncertain. Work on the IMTP for 2024/25 onwards will commence in March 2023. Mr Moore emphasised the need to demonstrate that the organisation is planning effectively, both financially and in more general terms, and the need to ensure that a Plan is developed in which the organisation can have confidence. Furthermore, the Health Board has statutory duties in respect of both finance and planning and therefore there is a requirement to submit a IMTP and, in the case of the Health Board, an annual plan.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • RECEIVED ASSURANCE that all areas of concern included in the <i>Targeted Intervention and Enhanced Monitoring Framework</i> have been, and continue to be, subject to Board oversight. • RECOMMENDED to Board that further discussions be scheduled regarding the steps required to enable the Health Board to achieve the aims of its Ten-Year Plan. | SM/HT |
|--|---|-------|

| | | |
|----------|---|--|
| AC(23)08 | <p>Bluestone Review</p> <p>Mr Moore presented the Bluestone Review report, reminding Members of the background to this item. Most of the HDdUHB Field Hospitals had been located in Public Sector premises, with arrangements led by Local</p> | |
|----------|---|--|

Authorities. The Bluestone Field Hospital had been one of the few located in a commercial environment, involving both a Local Authority and a commercial partner; it had also been one of the few Field Hospitals used. The Health Board commissioned an independent review into the governance and decision-making process, and the review had made five recommendations, which are set out in the report. Mr Moore expressed gratitude to Ms Pam Wenger, Governance Consultant, who had undertaken the review. Mrs Wilson advised that it was Miss Charlotte Wilmshurst who had led the work on this review, as it would constitute a conflict of interest for her to do so as Board Secretary due to her role at the time. Whilst agreeing that the report was extremely helpful, Mrs Wilson was not sure that all of the concerns – particularly those around why other options had been discounted or not considered – had been addressed. There are lessons for the Health Board, including restricting the sphere of accountability of individual officers and ensuring governance advice is sought at the commencement of projects, although there should be cognisance of the unprecedented times in which the NHS was working.

Noting the recommendations, Mrs Patel enquired in respect of next steps, particularly around decision-making processes. It was suggested that consideration be given to whether the Ethics Committee be asked to contribute to guidance in this regard. Mr Moore highlighted Recommendation 2, that the Health Board consider developing a ‘Decision Making whilst in emergency response’ Guide. The decision-making around this particular site was complicated by the fact that it involved both a commercial partner and Local Authority input. Whilst the organisation did stray outside the usual governance processes at times, due to the exceptional circumstances, this was addressed subsequently. The need to ensure due process is followed in the future was acknowledged, however, and development of a handbook/guide, together with ongoing training, will be undertaken. Mrs Wilson reminded Members that the Health Board could be questioned on Board decision-making at the COVID-19 Public Inquiry, and agreed that there must be formal guidance upon which to consult, particularly at times of crisis.

Mr Weir commended the report and its clarity, suggesting that it contains a number of important lessons to be learned, particularly around the challenges when multiple Public Sector and commercial partners are involved in decision-making. Highlighting in particular the issue of value for money, Mr Weir suggested that – rather than dismissing other options or determining that Bluestone was the only option – there should have been a value for money analysis conducted. This would have at least potentially raised further queries. A more objective approach is required, especially around value for money. Whilst agreeing, Mr Moore reiterated the challenges at that point of the pandemic and the requirement to establish Field Hospitals at pace. Normal value for money processes and discussions had, therefore, not necessarily been enacted. In reference to Bluestone specifically, it had become apparent at a certain point that the Health Board was establishing an increasing number of smaller Field Hospitals; and there were concerns around its ability to staff these. A larger facility was, therefore, required. Whilst it may appear that there were alternative options available, other dynamics were involved, including deliverability

| | | |
|--|--|--|
| | <p>and ability to staff. In terms of value for money, Mr Thomas assured Members that the scope of the original site use requirement was ‘pared back’ to the minimum. This also allowed Bluestone the flexibility to work around the Health Board’s usage of the site. Members were reminded that, shortly after the establishment of Field Hospitals, Welsh Government commissioned reviews of the process, including one by KPMG in HDdUHB. This had been a robust and thorough process.</p> <p>Focusing on perhaps the most fundamental issue – whether the decisions made were based on erroneous processes or there was something more concerning, Mr Newman felt that it was the former. The Health Board and its partners had been faced with having to make rapid decisions in an unprecedented situation. Key members of staff with governance and financial expertise had themselves been absent through COVID-19; all of which had created a ‘perfect storm’ of unfortunate circumstances. Whilst the decision-making process was documented, the reason for selecting Bluestone over and above others is not clear. Mrs Wilson agreed with this summary and emphasised that – should a similar situation arise – a different approach would be taken. Mr Moore confirmed that there had been some unease following the Gold Command meeting on 27 March 2020 and further assurance was sought; however, the decision to utilise Bluestone had already been made and work was already underway.</p> <p><i>Mr Steve Moore left the Committee meeting.</i></p> <p>The Committee CONSIDERED the findings, the areas of learning and recommendations of the independent review and TOOK AN ASSURANCE from the management response that the Health Board will incorporate the learning into its governance processes.</p> | |
|--|--|--|

| | | |
|------------------------|--|--|
| <p>AC(23)09</p> | <p>Counter Fraud Update</p> <p><i>Mr Ben Rees joined the Committee meeting.</i></p> <p>Mr Ben Rees introduced the Counter Fraud Update report, drawing Members’ attention to the appended items. Appendix 1 details a proactive exercise to review the use of Purchase Cards within the Health Board. Whilst no instances of fraud had been identified, it had been noted that some users had not received the User Guide, resulting in a recommendation around this. A new system to replace Purchase Cards is being considered. Appendix 2 is a Purchase Order (PO) vs non-Purchase Order report produced by the NHS Counter Fraud Authority, which had investigated vulnerabilities in each Health Board. The recommendations and management response relating to this exercise are contained within the covering SBAR and will be added to the Audit Tracker. Various findings had been noted regarding the Health Board’s PO spend and assurance provided that there is a process for PO compliance. Appendix 3 was a further NHS Counter Fraud Authority report, a Post Event Assurance Report around Welsh Government funded medical equipment, medicines and resources for COVID-19. Whilst no concerns had been highlighted, recommendations were made and have been noted. There are recommendations both for the Health Board and for NHS Wales.</p> | |
|------------------------|--|--|

| | | |
|--|--|--|
| | <p>Mr Davies enquired whether Counter Fraud had been able to examine the new system being considered to replace Purchase Cards, Precisionpay, and whether this would address the concerns raised in their report. In response, Mr Rees advised that Precisionpay would strengthen the process and facilitate improved financial management as well as reducing the potential for fraud; although it was emphasised that every purchase is already pre-approved under the current process. If the Precisionpay system is adopted, it is proposed that a full fraud risk assessment be conducted at implementation and after 12 months. Mr Weir expressed concern regarding the use of purchase/credit cards in general by the Public Sector, challenging the assertion that these are used in the absence of any other means to pay. It was further suggested that the lack of a Purchase Order associated with use of purchase cards is in conflict with the Health Board's aims. Mr Weir enquired whether there were any recurrent purchases and indicated that, if so, there should be processes to manage these. Mr Rees advised that the review had focused on identifying 'emergency' purchases, rather than on repeat purchases. However, it was reiterated that the Precisionpay system would formalise and strengthen the pre-approval process. The review had identified a number of purchases from Amazon and Amazon Prime; whilst these had not been fraudulent, they were not necessarily all appropriate, and the Health Board is in the process of reclaiming costs. In response to a query around how the allocation of Purchase Cards is determined, Mr Thomas advised that he authorises who is allocated a card, and that numbers have been reduced significantly. With regard to the issue of purchases not being possible by other means, Members heard that many software purchases require the use of a credit card. Libraries need to order books and periodicals, sometimes through Amazon. Cards are also used on occasion for booking travel, although sparingly. Mr Thomas emphasised that the values in all cases were extremely small. There is a recognised, approved process in place, which had been agreed by the Finance Committee (the precursor to the SRC). Referencing the use of Amazon/Amazon Prime, Cllr. Rhodri Evans suggested that this should not be dismissed entirely, as it may represent the best value for money in certain cases. Whilst accepting this, Mr Thomas noted that the instances of its use had not necessarily been appropriate. Mr Rees advised that, as a result of the review, a single Amazon account had been established for the Health Board.</p> <p>Members heard that all recommendations/actions from the reports considered would be added to the Health Board Audit Tracker.</p> <p><i>Mr Ben Rees left the Committee meeting.</i></p> <p>The Committee TOOK AN ASSURANCE from the Counter Fraud Update Report and appended NHS Counter Fraud Authority Reports.</p> | |
|--|--|--|

| | | |
|------------------------|--|--|
| <p>AC(23)10</p> | <p>Financial Assurance Report</p> <p><i>Mrs Judith Hardisty joined the Committee meeting.</i></p> <p>Mr Thomas introduced the Financial Assurance report, highlighting in particular the increase in No PO, No Pay breaches outlined on page 5 of the report. A small number of suppliers are driving this issue, and letters are being sent to them. The average recovery period for</p> | |
|------------------------|--|--|

Overpayments of Salary is also increasing, as outlined on page 8. It is challenging to determine how long this may take to address. As already mentioned, utilisation of the Precisionpay system is being considered; this would offer improved analytics and control. In terms of VAT and tax compliance, the issue of VAT treatment in relation to agency doctors is being pursued on behalf of NHS Wales organisations by Berthold Bauer VAT Consultants, and an outcome is awaited. Referencing page 13 of the report, Mr Thomas explained that Compliance with Reporting Requirements is becoming particularly complex. For example, to comply with the IFRS 16 standard, the Health Board needs to examine all contracts for 'embedded' leases. Whilst compliance will present an ongoing challenge, the organisation is working through the implications. As outlined, the Health Board is also undergoing the Quinquennial Valuation process. Finally, Mr Thomas noted that there were no losses or write-offs in excess of £5k requiring approval by the Committee.

Mr Anthony Veale agreed that the complexity and magnitude of work in relation to compliance with the IFRS 16 Accounting for Leases standard is significant. It was suggested that it would be sensible for the Health Board to examine the arrangements it has in place around leases at an early opportunity. Moving onto the issue of financial audit work in general, Mr Veale reminded Members that Audit Wales would usually have started annual accounts audit work by now, but are late doing so; this would be discussed further elsewhere in the meeting. With regard to No PO, No Pay, Mr Davies noted the upward trend in the chart and enquired whether there was any update in terms of setting a target to reduce breaches; and/or whether consideration had been given to using Statistical Process Control (SPC) charts to monitor performance. Mr Thomas confirmed that the latter was being considered and advised that it is a large number of small value invoices driving the breaches, for example Royal Mail. It is hoped that numbers can be reduced. In response to a query around the Year End target for Public Sector Payment Policy (PSPP) compliance, Mr Thomas advised that, whilst the Health Board is on course to achieve this, there are significant numbers of agency and Bank invoices requiring processing.

Referencing page 10 of the report, and the stated intention that NHS Wales Shared Services Partnership (NWSSP) will digitalise and improve current processes associated with new starters, staff changes and leavers, Mr Davies requested a timescale. Mr Thomas committed to enquire further in this regard. In respect of the interim arrangements, Mr Davies enquired whether the proposed submission of termination forms via email will require any change to policies and/or governance. Mr Thomas would check with Mrs Lisa Gostling. Returning to the subject of Precisionpay, Mr Davies queried whether Barclays is the Health Board's bank and, if not, whether other banks offer similar systems. In response, Mr Thomas advised that Citigroup/Royal Bank of Scotland is the Health Board's bank. Precisionpay is being implemented by two other Health Boards in Wales. Finally, Mr Davies referenced Appendix 1, Single Tender Actions and HDD-STA-622, querying whether BSI Assurance UK Limited are the only organisation which can accredit the necessary standards. Mr Thomas stated that the Health Board had been advised as such, although this information had not been specifically checked.

HT

HT

Noting Appendix 2, Contracts Awarded, and HDD-OJEULT-50824, Gower Healthcare for provision of dental services totalling in excess of £4m, Mr Weir enquired whether financial checks on this company had been conducted, as he had concerns. Mr Thomas confirmed that financial checks form part of the standard contract award process. Mr Weir also expressed concern around the STA in relation to BSI and suggested that this be revisited. Mr Thomas explained that the contract for dental services and STA for BSI had both been awarded and it was not possible to revisit these decisions. Members were assured that financial due diligence checks are undertaken before contracts are awarded. Such contracts are then legally binding. Further assurance checks can and will be conducted, however, when the appropriate review/option to extend point is reached. Mr Weir noted page 12 of the report, VAT on the BT PSBA network and the potential exposure to liability of £140k. In response, Mr Thomas stated that the Health Board is usually extremely prudent around potential HMRC liability. There is no degree of certainty regarding the likely decision. In response to a query around the potential revenue impact of the aforementioned reporting requirements and indication of the figures involved, Mr Thomas stated that there was currently no indication of the amount and that the net impact would be neutralised by Welsh Government.

In regards to HDD-STA-622, Mrs Judith Hardisty was mindful that Welsh Government had commissioned a review into dental services, and that these are fragile within Hywel Dda. It is possible that the Health Board will need to take a similar approach for provision of dental services in other areas. Mrs Hardisty suggested, therefore, that this might be an appropriate topic for further discussion at either the People, Organisational Development & Culture Committee (PODCC) or Strategic, Development and Operational Delivery Committee (SDODC). Mr Thomas advised that this was likely, as the Health Board does not have many dentists on its staff; they are mainly independent contractors. It was suggested that a discussion around commissioning should probably take place at SDODC. Mrs Wilson would check the decision made at Board following the most recent report around dental services. Referencing page 13 and the Quinquennial Valuation, Cllr. Evans queried the net £9.7m reduction in value of assets under construction, stating that these usually increase in value. Mr Thomas explained that the issue is in relation to the way in which these assets are valued; an asset under construction does not create a value to the extent of the cost of the building. It was agreed that this would be clarified within the annual accounts.

JW

HT

Returning to the issue of due diligence in awarding contracts, Mrs Patel enquired whether the Health Board's ambitions around Decarbonisation form part of decisions. Mr Thomas confirmed that this was the case, with a Social Value weighting of 10%, of which Decarbonisation is an element. Members were assured that the Wellbeing of Future Generations Act requirements are considered as part of awarding contracts. Mr Newman enquired whether the Health Board has any input into determining the recovery period for Overpayments of Salary. In response, Members heard that the Health Board informs negotiations

| | | |
|-----------------|---|--|
| | <p>in this regard, although there needs to be a balance around ability to pay and potential impact on wellbeing.</p> <p>The Committee DISCUSSED and NOTED the Financial Assurance Report.</p> | |
| AC(23)11 | <p>Annual Statement of Financial Procedures</p> <p>Mr Thomas introduced the Annual Statement of Financial Procedures report, explaining in response to a query around how the procedures are selected, that this is predominantly based on age of procedure; however, also on risk assessment.</p> <p>The Committee NOTED the Annual Statement of Financial Procedures report for information.</p> | |
| AC(23)12 | <p>Audit Wales Update Report</p> <p>Mr Veale reminded Members that the Charitable Funds financial audit had been completed in January 2023 with no issues, which was pleasing to note. Expanding on his earlier comments, Mr Veale explained that, in terms of the 2022/23 Annual Accounts audit process, Audit Wales is probably not in the position it would wish to be in terms of timing. The start of financial audit work has been delayed for various reasons, including significant national issues in relation to local government and staffing challenges. As a result, it will probably be necessary to extend the audit certification deadline until the end of July 2023. Discussions have taken/will take place with Directors of Finance and Audit Committee Chairs, as the process will need to be agreed collaboratively. The foregoing is the main reason why the Audit Wales Annual Plan 2023 had been deferred until the next meeting.</p> <p>Mrs Wilson highlighted to Members that this change to the financial audit timetable would result in the Health Board being in breach of its Standing Orders, as it would be unable to hold an Annual General Meeting by 31 July 2023. Board and Committee dates have been decided and published, and it is challenging to change these, due to competing demands on Members' time. The proposed revised timetable still only allows the Health Board's Finance team one month to produce the accounts, whilst allowing three months to audit them. Finance and Governance team staff do not generally take annual leave around Year End, which needs to be considered. All of these issues are of concern from a Health Board perspective. Mr Veale acknowledged all of these comments, recognising the need to confirm dates and establish strong dialogue with all parties, including the Finance and Governance teams. Audit Wales will take into consideration these and previous comments. Mrs Wilson advised that there has been communication with Welsh Government around whether they would issue a temporary variation order (as per during COVID-19) to prevent Health Boards breaching Standing Orders due to this change in financial audit timings.</p> <p>Mr Weir noted that the next meeting is 18 April 2023, and enquired why it had not been possible to provide any indication in relation to the Annual Audit Plan at today's meeting. In response, Mr Veale advised that the introduction of a new Audit Standard around how risk is assessed has necessitated further consideration of the Annual Plan, to ensure more robust planning and risk assessment. Audit Wales wish to</p> | |

| | | |
|--|---|--------------|
| | <p>populate the Annual Plan with some of the key risks likely to impact Health Boards. Mr Weir stated that it would have been preferable to receive information on what the changes will comprise and requested that the Health Board receive this sooner rather than later. Audit Wales were reminded that the organisation faces other significant challenges and would rather not have an extended audit period in addition to these. Mr Thomas emphasised the importance of the Health Board's response to this issue, highlighting that it could have a qualified audit opinion on the basis of limitation of scope. As Director of Finance, he could not countenance agreeing Annual Accounts being submitted to Board in this position, and would prefer to breach Standing Orders on the basis of exceeding a deadline. Mr Thomas suggested that a joint Health Board/Audit Wales workshop be held to assess the risks around this year's accounts process; this would facilitate the appropriate focus in terms of the Finance team and ARAC. Mr Veale agreed.</p> <p>Ms Anne Beegan introduced the Audit Wales (AW) Update Report, highlighting matters relating to performance audit. Members noted reference on page 5 to the Orthopaedic Services Follow-up Review, from which the local report is presented today for information only. A national report is being published next week, and both will be discussed in more detail at the next meeting, together with the local management response. The Sustainable use of RTT Monies Review will be linked to national work on Planned Care.</p> <p>Work on the Review of Operational Governance Arrangements - Mental Health & Learning Disabilities was delayed; however, the draft report is now out for clearance and will be presented at the next meeting. The Unscheduled Care Review is focusing on flow out of hospitals, involving joint work with Local Authorities and the Regional Partnership Board. There have been delays in accessing Health Board sites; however, current operational pressures are recognised. The Review into Workforce Planning is expected in April 2023. In response to a query around the Audit Wales review into the governance at Betsi Cadwaladr UHB and whether this contains any learning for other Health Boards, Ms Beegan advised that a Public Interest report is due for publication next week; however, she had not seen details. Mr Newman enquired with regard to the timescale for publishing the Unscheduled Care Review report and was advised that a draft is anticipated by the end of March 2023. As this is a regional report, it requires additional clearance.</p> <p>The Committee NOTED the Audit Wales Update.</p> | <p>HT/AV</p> |
|--|---|--------------|

| | | |
|-----------------|--|--|
| <p>AC(23)13</p> | <p>Structured Assessment – Management Response</p> <p>Mrs Wilson reminded Members that the Audit Wales Structured Assessment 2022 report had been discussed at the previous ARAC meeting in December 2022 and at Public Board in January 2023. The Health Board's management response was now appended, as was an update on Phase 1 of Structured Assessment 2021. A couple of the recommendations from this year's Structured Assessment have already been implemented. Ms Beegan noted that a number of the Structured Assessment recommendations align with Welsh Government Escalation Status requirements. Now that the report has been agreed and management response prepared, both will be published on the Audit</p> | |
|-----------------|--|--|

| | | |
|-----------------|--|------------------------|
| | <p>Wales website. Members heard that recommendations/actions will be added to the Audit Tracker.</p> <p>In response to a query around the older recommendations versus the Targeted Intervention recommendations and whether the latter should be prioritised, Miss Wilmshurst stated that both were linked. Mr Thomas suggested that the planning related recommendations could be considered at the Targeted Intervention Working Group to ensure that they remain on track. Referencing Recommendation 2, Mrs Hardisty commented that the timescale for completion appears relatively long and enquired whether this is related to the potential requirement for an Organisational Change Policy (OCP). Mrs Wilson confirmed that this was the case. As there may be changes to the Health Board’s operational structure, an OCP may be required, which would take some time. Mrs Hardisty and Mrs Wilson would discuss this further outside the meeting. Noting that Recommendation 3 contains a number of actions including meetings, Mr Newman enquired with regard to reporting arrangements for outcomes, etc. In response, Members heard that the meetings report to the Executive Team, with any requirements or outputs relating to specific areas being referred to the relevant forum (eg quality issues referred to QSEC). Mr Thomas explained that the Improving Together sessions are part of a management process/activity; therefore, do not routinely report to Committees. They do report, however, via the given Executive Lead to the relevant Board ‘space’. Intelligence from these sessions informs the planning process. The route into the Board is generally through the relevant Executive Lead, unless there are specific issues which need to be escalated directly to Board. Mr Davies suggested that it is also important for those who contribute suggestions, etc, via the Improving Together process to receive feedback via a formal process, in order for them (and others) to remain engaged.</p> | <p>HT</p> <p>JW/JH</p> |
| | <p>The Committee CONSIDERED:</p> <ul style="list-style-type: none"> • Whether the management response to SA22 provides assurance that the recommendations within the SA22 report will be addressed appropriately. • Whether the revised management responses to SA21 recommendations provide assurance that these areas will be addressed in the coming year | |
| <p>AC(23)14</p> | <p>Orthopaedic Services in Wales – Tackling the Waiting List Backlog: A comparative picture for Hywel Dda University Health Board</p> <p>Ms Beegan introduced the Orthopaedic Services in Wales Review report, reminding Members that this is not for detailed discussion today. Orthopaedics had been on the Audit Plan for some time; however, work had been paused due to the COVID-19 pandemic. More general audit work had been conducted around Planned Care; however, this review gives a more specific sense of the local position in terms of Orthopaedic Services. There is also a national report on this topic, which each Health Board will need to reflect upon, together with the Getting It Right First Time (GIRFT) Report into Orthopaedics. HDdUHB has already considered the latter.</p> | |

| | | |
|-----------------|---|-----------|
| | <p>Mrs Hardisty welcomed the report and its helpful structure, whilst expressing concern that the Health Board appears to be such an outlier in regards to Physiotherapy waits and unnecessary Follow-up appointments. In respect of the latter, Mrs Hardisty recalled workshops between HDdUHB and Swansea Bay UHB staff to consider custom and practice, where the Trauma and Orthopaedic Surgeons had recommended these were not required. The fact that HDdUHB remains an outlier was, therefore, a concern. Ms Beegan confirmed that the Health Board is somewhat of an outlier with regard to Physiotherapy waits. However, the findings around Follow-up appointments are actually more positive, with the Health Board adopting new ways of delivering Follow-ups, including 'See On Symptom (SOS)' and 'Patient Initiated Follow Up (PIFU).' Mr Newman suggested that it would be useful if the Health Board's management response could address any instances of HDdUHB being an outlier. In response to a query around whether latent demand for services is returning, how patients are presenting and the trend during the past 6-9 months, Mr Davies advised that there had been a report on this matter to SDODC.</p> <p>The Committee NOTED for information the Orthopaedic Services in Wales – Tackling the Waiting List Backlog: A comparative picture for Hywel Dda University Health Board report.</p> | AC |
| AC(23)15 | <p>Review of the Sustainable use of Referral to Treatment (RTT) Monies</p> <p>This review has been stood down. A note of the key issues from the work is being developed; however, no formal output/report will be prepared.</p> | |
| AC(23)16 | <p>Audit Wales Annual Plan 2023</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)17 | <p>Review of Operational Governance Arrangements – Mental Health & Learning Disabilities</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)18 | <p>Deep Dive - Ophthalmology</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)19 | <p>Internal Audit Plan Progress Report</p> <p>Mr James Johns presented the Internal Audit Plan Progress Report, advising that this was of the usual format. Members' attention was drawn to Section 2, which outlines reports finalised since the previous meeting. Section 3 provides information regarding progress against the overall Internal Audit Plan, which is broadly on track. Within this section, paragraph 3.5 details ongoing work around development of the Internal Audit Plan for 2023/24, which will be presented at the April 2023 meeting.</p> <p>The Committee TOOK ASSURANCE with regard to the delivery of the Internal Audit plan for 2022/23 year and assurance from the finalised audit reports.</p> | |

| | | |
|----------|--|---|
| AC(23)20 | Glangwili General Hospital Fire Precautions Works: Phase 1 (Reasonable Assurance) | |
| | <p><i>Mr Rob Elliott joined the Committee meeting.</i></p> <p>Mr Murray Gard introduced the Glangwili Hospital Fire Precautions Works: Phase 1 report, drawing Members' attention to the Executive Summary. Mr Gard advised that there are various Health Board Business Cases involving Fire Enforcement works. This audit originated from the agreed IA Plan and builds on a previous audit conducted at Withybush Hospital. The audit had identified several medium and low priority recommendations, particularly around performance issues with the Supply Chain Partner's (SCP) design team, specifically the timely and appropriate redesign of notified issues. This had resulted in a Reasonable Assurance rating overall. Members were reminded that projects of this type are not without risk; therefore, a further review has been scheduled. Mr Rob Elliott acknowledged that the issues with the SCP design team have been challenging, particularly as they are not part of the Health Board team and there is no direct contract relationship with them.</p> <p>Noting that the proposed timescale for completion of the medium priority recommendations was relatively short, Cllr. Evans requested assurance that this was achievable; which Mr Elliott provided. The management response of 'Not Applicable' to Recommendation 2 was queried. In response, Mr Elliott explained that this involved the signing of contracts. A framework had been put in place with NWSSP, and the Health Board will work with the Specialist Estates Services department to ensure that this is undertaken on a more timely basis. When asked why this information had not been supplied, rather than 'N/A', Mr Elliott advised that the contract had already been signed for this scheme. It was agreed that the management response should be amended to include this additional information/explanation. Mr Newman and Mr Davies both noted that similar issues are being experienced with the Women & Children's project. With regard to Matter Arising 6, Mr Davies noted that of the 31 Requests for Information (RFIs) only 11 had been closed, leaving 20 outstanding – yet Performance Management had been awarded Reasonable Assurance. Mr Gard explained that the associated recommendation was assessed as medium priority, due to the Health Board having in place monitoring processes. Mr Elliott added that this was only one aspect of Performance Management; the others have contributed to the rating of Reasonable Assurance. Members noted that, whilst the Health Board has processes in place, answers from SCP are not necessarily forthcoming.</p> <p>Noting that this contract was being run as an 'open book' contract, with the SCP team being paid at an hourly rate; Mr Newman queried whether there is any monitoring to ensure that work is being undertaken in the most expeditious way. Mr Elliott indicated that this is not as easy to quantify as in other forms of contract, with the work sometimes proving very different to what was envisaged in the tender. Also, the Health Board often has to limit contractor access to specific areas, so as not to impinge on service provision. All of which makes it difficult to challenge contractors subsequently. Mr Newman suggested that it would have been helpful to include this context in the scope of the audit,</p> | <p style="text-align: center;">RE/MG</p> |

| | | |
|--|---|-----------|
| | <p>as it would have allowed more relevant testing. It was agreed that this would be applied to future similar audits. In respect of monitoring, Mr Elliott advised that there is a permanently based Project Manager at Withybush Hospital and that there are 'eyes on the ground' to ensure that contractors are fulfilling their claimed hours.</p> | MG |
| | <p>The Committee NOTED the Glangwili General Hospital Fire Precautions Works: Phase 1 (Reasonable Assurance) report.</p> | |

| | | |
|-----------------|---|--|
| AC(23)21 | <p>Glangwili Hospital - Women & Children's Development (Reasonable Assurance)</p> <p>Mr David Butler introduced the Glangwili Hospital - Women & Children's Development report, advising that this is the latest audit on this project and reminding Members that previous audits had returned ratings of Reasonable and Limited Assurance. The outcome of the audit/review covering the past 12 months is summarised on page 3 of the report. Positive assurance had been provided across each area. There had been no further delays in works, which were entering the final fit out stage and, as such, the scope for additional delays was limited. Costs had been managed within the existing funding envelope, albeit with previous increases. Aforementioned issues with SCP do not seem to have impacted during this review time period. The report makes a small number of recommendations, including around the Parent Company Guarantee. It was pleasing to note that the Health Board planned to conduct a full Post Project Evaluation (PPE). The audit had returned an overall rating of Reasonable Assurance. With regard to the Parent Company Guarantee, Mr Elliott noted that this was a framework issue, rather than project-specific. It applies to every contract this particular company has across Wales.</p> <p>Mr Davies welcomed the improvement in respect of delays. Noting that 42.2 weeks were attributable to 'undiscovered, unforeseen and/or additional work', Mr Davies enquired whether lessons had been learned to avoid this recurring in future projects. Mr Elliott confirmed, whilst recognising that more can be done in this regard. The issues experienced in the Women & Children's development had been discovered during excavation of the ground and had not appeared on any existing plans or records. More surveying work can be undertaken on future projects, to guard against similar issues. Members heard that asbestos had also been found during works, with Mr Butler explaining that there are sometimes limitations in terms of the extent to which surveys can be conducted. Returning to the Parent Company Guarantee issue, Mr Newman suggested that the potential 'levers' in this regard are restricted. Mr Elliott agreed, stating that there is little the Health Board can do and that the main 'lever' is the company's continued position on the All Wales framework. In response to a query around the timescale of December 2024 for the Lessons Learnt exercise, Mr Elliott explained that there will be extensive learning from the PPE, and that these usually take place 6-12 months after project completion. It is likely, however, that the Lessons Learnt exercise will be undertaken earlier. Mr Butler advised that the guidance states 12-18 months; the timescale had been based on 18 months.</p> <p><i>Mr Murray Gard left the Committee meeting.</i></p> | |
|-----------------|---|--|

| | | |
|--|---|--|
| | The Committee NOTED the Glangwili Hospital - Women & Children's Development (Reasonable Assurance) report. | |
|--|---|--|

| | | |
|----------|---|-----------|
| AC(23)22 | A Healthier Mid & West Wales Programme Forward Look Governance Review (Advisory Review) | |
| | <i>Mr Lee Davies and Ms Eldeg Rosser joined the Committee meeting.</i> | |
| | <p>Mr Butler introduced the A Healthier Mid & West Wales (AHMWW) Programme Forward Look Governance Advisory Review report. Mr Lee Davies welcomed this helpful review, which had considered the AHMWW programme governance arrangements, prior to the programme moving into its next phase. Members were assured that the review findings align with the Health Board's view/plan. The report is scheduled for consideration by the AHMWW Programme Group, and Ms Eldeg Rosser had conducted a related workshop. Ms Rosser agreed that the review and report had helped to focus thinking.</p> <p>From an assurance point of view, Mrs Hardisty stated that the report is pleasing to read, both in terms of findings/queries and the Health Board's response to these. This is a significant capital project, so the assurance provided is welcome. Mr Maynard Davies concurred and, highlighting SDODC's role, suggested that the report be shared with that Committee. This was agreed, with it further suggested that SDODC monitor actions/timescales.</p> | CM LeD |
| | <i>Mr David Butler, Mr Lee Davies and Ms Eldeg Rosser left the Committee meeting.</i> | |
| | The Committee NOTED the A Healthier Mid & West Wales Programme Forward Look Governance Review (Advisory Review) report. | |

| | | |
|----------|--|--|
| AC(23)23 | Individual Patient Funding Requests (Reasonable Assurance) | |
| | <i>Ms Lisa Davies and Mrs Bev Thorne joined the Committee meeting.</i> | |
| | <p>Mr Johns introduced the Individual Patient Funding Requests report, noting that the objective of this audit was to establish and review the systems and processes in place to assess, make decisions on, and monitor spend related to Individual Patient Funding Requests (IPFRs). The review had found that IPFR applications were generally comprehensive supported with appropriate evidence. One area of concern around lack of clarity regarding responsibility for monitoring IPFR expenditure had been identified, resulting in an overall rating of Reasonable Assurance. Ms Lisa Davies thanked the IA team for their review, welcoming and acknowledging the findings. The Substantial Assurance around two assurance objectives was pleasing to note. Ms Davies also thanked Mrs Bev Thorne and her team for their ongoing efforts. Members heard that the team will be working with Mr Dan Binding, Senior Finance Business Partner, and others to address concerns around IPFR expenditure.</p> <p>Focusing on training and screening requirements, Mrs Patel noted that 14 rejected applications had been considered by one individual. Mrs Patel enquired whether clinicians are considering the applications, and whether consistent training in this regard is provided. In response, Ms</p> | |

| | | |
|--|---|---------------------------------------|
| | <p>Davies advised that the IPFR team does support clinicians in completing the application forms. Ms Bev Thorne stated that training has been mentioned within the national IPFR network, with it recognised that more support could be provided to clinicians. It was highlighted that there is a national IPFR conference taking place on 28 February 2023, and the issue of consistent/standardised training could be formally raised then. Mrs Wilson advised that there is national work ongoing around IPFR, particularly via the Welsh Health Specialised Services Committee (WHSSC), and praised the comprehensive and robust response to this prepared by Ms Davies and Mrs Thorne on behalf of HDdUHB. It is likely, however, that this will need to be revisited in the future. In response to a query around where the budget for IPFR sits, Mr Thomas explained that it is part of the overall commissioning budget. The IPFR budget itself is relatively small; the work is focused on oversight rather than budget allocation. Within the online Chat Mr Thomas requested that consideration be given to the process of ensuring that Patient Reported Outcome Measures (PROMs) are captured for all patients for whom IPFR is agreed. This would provide assurance over the impact on patient outcome. Ms Davies and Mrs Thorne agreed to progress this with Mr Simon Mansfield, Head of Value Based Healthcare.</p> <p><i>Ms Lisa Davies and Mrs Bev Thorne left the Committee meeting.</i></p> <p>The Committee NOTED the Individual Patient Funding Requests (Reasonable Assurance) report.</p> | <p>BT</p> <p>LiD/BT</p> |
|--|---|---------------------------------------|

| | | |
|------------------------|---|---------------------|
| <p>AC(23)24</p> | <p>Non-Clinical Temporary Staffing Follow-up (Reasonable Assurance)</p> <p><i>Mrs Lisa Gostling joined the Committee meeting.</i></p> <p>Mr Johns introduced the Non-Clinical Temporary Staffing report, highlighting that this was a follow-up audit; the original having received a rating of Limited Assurance. The review had clearly identified the establishment of a number of new processes. It had been possible for the Health Board to demonstrate improvements particularly around the two high priority recommendations. The review had identified two medium priority recommendations, with an overall rating of Reasonable Assurance awarded. Mrs Lisa Gostling welcomed the report, and thanked Ms Sharon Richards, Senior Workforce Manager, for her work in progressing the recommendations. In terms of a central record of non-clinical temporary staff usage, Mrs Gostling advised that the Health Board now receives this from Procurement. A process is in place for the appointment or management of non-clinical temporary staff, with all requests being scrutinised personally by Mrs Gostling. Evidence to support requests for use of agency staff is now requested.</p> <p>Noting that the Reasonable Assurance rating is probably predicated on the introduction of these new processes, which are not fully embedded, Mr Newman suggested that a further follow-up be conducted in 12 months. Noting that the agency spend has already reduced, and following further discussion, it was felt that this could take the form of an examination of the spend and numbers rather than a full audit.</p> <p><i>Mrs Lisa Gostling left the Committee meeting.</i></p> | <p>LG/HT</p> |
|------------------------|---|---------------------|

| | | |
|-----------------|---|---|
| | The Committee NOTED the Non-Clinical Temporary Staffing Follow-up (Reasonable Assurance) report. | |
| AC(23)25 | <p>Continuing Health Care and Funded Nursing Care (Reasonable Assurance)</p> <p><i>Ms Penny Lamb joined the Committee meeting.</i></p> <p>Mr Gareth Heaven introduced the Continuing Health Care (CHC) and Funded Nursing Care (FNC) report, based on a review intended to ensure that the Health Board complies with the revised national framework. Two medium priority recommendations had been identified, resulting in an overall rating of Reasonable Assurance. Ms Penny Lamb stated that the team was pleased with the audit outcome.</p> <p>Referencing Recommendation 1, Mrs Hardisty highlighted completion dates of 31 January 2023 and enquired whether these had been actioned. Mrs Wilson advised that the revised Scheme of Delegation had been approved at the January 2023 Public Board meeting. Mr Thomas noted the comment that ‘the Senior LTC Team have been requesting that the Scheme of Delegation be updated for some time...’ indicating that he had not been aware of this and would need to address any shortcomings in process. Mrs Wilson reminded Members that changes to the Scheme of Delegation need to follow a specific approval route; whilst this may appear to delay matters, it is not appropriate to change financial approval levels without due process. The timings in this case would be examined. In the management response to Recommendation 2, it was noted that reports would ‘be summarised and submitted to SDODC for Executive oversight.’ Mrs Hardisty suggested that Executive oversight comes prior to submission to Committee. It was agreed that the wording of this response should be reviewed. Mrs Hardisty thanked the teams for their efforts in relation to CHC and FNC.</p> <p><i>Ms Penny Lamb left the Committee meeting.</i></p> <p>The Committee NOTED the Continuing Healthcare and Funded Nursing Care (Reasonable Assurance) report.</p> | <p>JW/HT</p> <p>JP/JJ</p> |
| AC(23)26 | <p>Prevention of Self Harm Follow-up (Reasonable Assurance)</p> <p><i>Mrs Mandy Rayani, Ms Liz Carroll, Ms Kay Issacs and Mr Tim Harrison joined the Committee meeting.</i></p> <p>Mr Heaven introduced the Prevention of Self Harm Follow-up report, based on a review to establish progress made to implement actions arising from the previous Limited Assurance audit. The review had been conducted within Mental Health Inpatient sites. Considerable progress has been made to address the high priority issues previously identified. Three medium priority recommendations had been made, with an overall rating of Reasonable Assurance awarded. Mrs Rayani emphasised that the team had been working hard to progress the recommendations, as evidenced by the improved outcome. Based on this progress, if a further audit were to be conducted, Mrs Rayani was confident that it would return a Substantial Assurance rating. The issue of calculation of risk scores is being prioritised due to the need to</p> | |

| | | |
|-----------------|--|--|
| | <p>ensure these are correct. Ms Liz Carroll acknowledged that there had been an error in this regard, which has been rectified. Members heard from Mr Tim Harrison that, whilst the policy did indicate how to calculate risk scores, this had since been clarified further and uploaded onto the Health Board intranet. Mr Harrison recognised the scope and value of the audit and thanked Mr Gerard Sellek, Health and Safety Adviser, for his contribution. Mrs Rayani agreed that the review had provided a helpful focus and praised the service for responding positively. Mr Newman thanked those involved, stating that he did not envisage the need to conduct a further follow-up audit.</p> <p>The Committee NOTED the Prevention of Self Harm Follow-up (Reasonable Assurance) report.</p> | |
| AC(23)27 | <p>BlackLine (Substantial Assurance)</p> <p>Mr Johns introduced the BlackLine report, reminding Members that a previous advisory review into this system had been conducted. This full audit had allowed more detailed consideration of the BlackLine system, to ensure compliance with approved standard operating procedures. The review had concluded Substantial Assurance. Mr Thomas thanked the IA team for their findings. Referencing the questions this raises in terms of control environment, Mr Thomas suggested that it may not be appropriate to request that Internal Audit examine areas around which External Audit cannot provide assurance.</p> <p>The Committee NOTED the BlackLine (Substantial Assurance) report.</p> | |
| AC(23)28 | <p>Draft Internal Audit Plan 2023</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)29 | <p>Service Reset and Recovery</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)30 | <p>Regional Integrated Fund</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)31 | <p>Fitness for Digital</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)32 | <p>Lessons Learned</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)33 | <p>Safety Indicators</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)34 | <p>Post Payment Verification (PPV) Report</p> <p>DEFERRED to 18 April 2023.</p> | |
| AC(23)35 | <p>Primary Care PPV Report</p> <p>DEFERRED to 18 April 2023.</p> | |

| | | |
|----------|--|--|
| AC(23)36 | Audit Tracker | |
| | <p>Miss Charlotte Wilmshurst presented the Audit Tracker report. Members heard that since the previous report, 16 reports have been closed or superseded, with 13 new reports received by the Health Board. As at 23 January 2023, the number of open reports has decreased from 91 to 88. 39 of these reports have recommendations that have exceeded their original completion date, which has decreased from the 52 reports previously reported in December 2022. There is a slight decrease in the number of recommendations where the original implementation date has passed, from 132 to 128. The number of recommendations that have gone beyond six months of their original completion date has decreased from 73 to 58, as reported in December 2022.</p> <p>The Assurance & Risk team is currently rescheduling service updates to align with the Improving Together process and so avoid duplication of effort for services. In respect of the 49 recommendations that do not have revised timescales (where the original date has passed and not known is reported), which has decreased from the 63 previously reported; this fluctuates and needs to be raised with the services. Certain of these recommendations rely on funding or other resources and it can be challenging for services to provide updates when availability is unknown. As requested at ARAC in December 2022, the report now provides additional detail regarding the 22 HIW recommendations overdue by more than 6 months. A number of these have been closed. All recommendations have been classified into themes. In terms of service updates, Women & Children’s and Mental Health both show an improved position.</p> <p>Mr Thomas felt that the Improving Together process will serve to drive and enhance the Audit Tracker process. Mr Newman agreed, stating that there appears to be increased traction. Noting the outstanding recommendations in relation to the HIW National Review on Welsh Ambulance Service NHS Trust (WAST), Mr Newman enquired whether any of these were within the Health Board’s control. In response, Miss Wilmshurst advised that there are actions which it can take to assist.</p> | |
| | <p>The Committee TOOK ASSURANCE on the rolling programme to collate updates from services on a bi-monthly basis in order to report progress to the Committee.</p> | |

| | | |
|----------|---|--|
| AC(23)37 | Risk Assurance Report | |
| | <p>Mrs Wilson introduced the Risk Assurance Report, which had emanated from comments during the Committee Self-Assessment process around a possible lack of focus on risk when considering ARAC’s Terms of Reference. Miss Wilmshurst indicated that the report was intended to represent a starting point. The team had revisited the Risk Management Framework and Risk Management Strategy, and followed a similar format. During the development of this report, the team identified instances whereby the Health Board had managed risk; however, failed to document this adequately. Also, 78% of the Health Board’s risks are classified as either ‘Extreme’ or ‘High’, and 76% of risks currently exceed Board tolerance thresholds, which both indicate that the organisation is probably exceeding its risk capacity. Miss Wilmshurst outlined how risks are reviewed and monitored. Members heard that there are 108 risks currently overdue for review; this is mainly due to</p> | |

other pressures on services, rather than a lack of engagement. The Assurance & Risk team had found the exercise of compiling this report extremely useful. Future reports will provide assurance on progress. It is also intended that a Risk Maturity Exercise will be conducted.

Mr Newman welcomed and commended the report. Noting that a number of risks have been static for some time at the same level, Mr Newman enquired whether there will be an exercise to examine these in detail, ie to consider what is being done; whether the correct controls are in place; whether these are effective and what might be done differently. Miss Wilmshurst reminded Members that all risks are allocated to specific Board level Committees and that they do conduct 'Deep Dives' into specific risks. ARAC's remit is to take assurance that these actions are being undertaken. Mrs Wilson emphasised the need to consider the Health Board's risk appetite at both Board Seminar and Public Board. Mrs Hardisty agreed that this was an extremely helpful report. Highlighting the table on page 7, Mrs Hardisty noted that a number of risk themes are recorded as 'Not currently reported'; however, suggested that these are reported at committees such as QSEC and the Health & Safety Committee. Miss Wilmshurst explained that this related more to the risk theme; steps are taken to group, for example, Health & Safety risks together, to allow analysis of whether organisational control needs strengthening. The Risk Register is not currently themed. Mr Weir echoed Mrs Hardisty's comments, in terms of Financial and Environmental risks. It was suggested that this is a presentational issue; Miss Wilmshurst would offer to meet with Mrs Hardisty to discuss.

CW

Mr Thomas welcomed this report and the exercise upon which it was based, stating that it had highlighted a gap in his knowledge. He had not been aware that there were 45 Finance themed risks; having been under the impression that he was discharging his responsibility via those being considered by Board level Committees. This suggested the process was worthy of review. Miss Wilmshurst emphasised that the Health Board operates within the 'Three Lines of Defence' model, as outlined within the report. Any risk over tolerance is reported to a Board level Committee. Cllr. Evans also praised the report, returning to the statistic that 443 (78%) of the Health Board's risks are classified as either 'Extreme' or 'High'. It was suggested that assurance around what constitutes 'Extreme' or 'High' is required, perhaps via RAG rating, to ensure that they are prioritised correctly. Whilst recognising that the Health Board is a sizeable organisation, Cllr. Evans expressed concern regarding the number of risks in this category. Mrs Wilson reiterated the need for increased engagement with the Board around the organisation's risk appetite. In response to a query around the proposed frequency of reporting, Members heard that this would be six monthly; primarily due to team capacity. Mrs Wilson thanked Miss Wilmshurst and her team for their work.

The Committee:

- **TOOK ASSURANCE** on effectiveness of the Risk Management Framework and the implementation of the Risk Management Strategy, and the work being undertaken to strengthen risk management as outlined in the report;
- **NOTED** that this paper will be presented bi-annually to ARAC.

| | | |
|-----------------|--|--|
| AC(23)38 | Audit & Risk Assurance Committee Work Programme 2022/23 | |
| | The Committee received and noted the Audit Work Programme. | |
| AC(23)39 | Any Other Business Mrs Hardisty wished to recognise that this was Mr Newman’s final meeting as ARAC Chair, following a tenure of six years. Having been a member of many different Audit Committees, Mrs Hardisty commended Mr Newman on his Chairing of ARAC; which had been fair, reasonable and challenging as appropriate. On behalf of the Board, Mr Newman was thanked for all he has done in driving and leading ARAC within the Health Board. Mr Newman thanked Mrs Hardisty for her kind words, whilst emphasising that his role had been made easier by the team supporting him and – in turn – thanking them. Mrs Wilson expressed her gratitude for Mr Newman’s contribution to changing how both ARAC and the wider organisation operate. | |
| AC(23)40 | Reflective Summary of Meeting A reflective summary of the meeting was captured which will form the basis of the ARAC Update Report, and highlight and escalate any areas of concern to the Board. This would include a summary of discussions, together with the following specifically: <ul style="list-style-type: none">• Concerns regarding changes to the financial audit timescale;• Receipt of the Bluestone Review report. | |
| AC(23)41 | Date and Time of Next Meeting 9.30am, 18 April 2023 | |