

**APPROVED MINUTES OF THE
Audit and Risk Assurance Committee Meeting**

Date of Meeting: **09:30am, Thursday 09 May 2024**
Venue: **Microsoft Teams Meeting; Ystwyth Board Room**

Present: Cllr. Rhodri Evans, Audit and Risk Assurance Committee Chair and Independent Member
Mr Maynard Davies, Independent Member
Mr Michael Imperato, Independent Member
Ms Eleanor Marks, Health Board Vice-Chair and Independent Member

In Attendance: Professor Philip Kloer, Interim Chief Executive (observer) (part)
Mr Huw Thomas, Executive Director of Finance
Dr Ardiana Gjini, Executive Director of Public Health (part)
Mrs Joanne Wilson, Executive Director of Corporate Governance
Ms Sharon Daniel, Interim Executive Director of Nursing, Quality & Patient Experience (part)
Mrs Judith Hardisty, Interim Hywel Dda University Health Board Chair
Ms Delyth Raynsford, Independent Member
Mr David Williams, Audit Wales
Mr James Johns, Head of Internal Audit, NWSSP
Ms Sophie Corbett, Deputy Head of Internal Audit, NWSSP
Mr Eifion Jones, Audit and Assurance Services, NWSSP (part)
Mr Robert Elliott, Director of Estates, Facilities and Capital Management (part)
Mr Peter Jones, Head of Facilities (part)
Mr Samuel Chiffi, Head of Operations (part)
Mr Timothy John, Senior Finance Business Partner (part)
Mrs Alwena Hughes-Moakes, Communications and Engagement Director (part)
Mrs Fiona Hancock, Senior Communications Officer (part)
Mrs Tracy Price, Performance Manager - Planning, Performance and Delivery (part)
Ms Heather Hinkin, Head of Workforce (part)
Mrs Sam Hussell, Head of Health Emergency Planning (part)
Miss Charlotte Wilmshurst, Assistant Director of Assurance and Risk
Ms Kate Gannon, Committee Services Officer (minutes)

Minutes Ref.	Item	Action
AC(24)78	Introductions	
	The Chair welcomed Mrs Judith Hardisty, Mr Rob Elliott, Mr Peter Jones and Mr Samuel Chiffi to the meeting.	

AC(24)79

Apologies

Apologies were received from Mr Winston Weir, Audit and Risk Assurance Committee Vice-Chair, Ms Anne Beegan from Audit Wales and Ms Urvisha Perez from Audit Wales.

AC(24)80

Declaration of Interests

No declarations of interest were made at this point. The Chair requested that members make known any declaration of interests they may have at any point during the course of the meeting.

AC(24)81

Internal Audit Plan Progress Report

Mr James Johns gave an overview of the Internal Audit Plan Progress Report which is brief report outlining activity since the last meeting of the Audit and Risk Assurance Committee. Mr Johns wished to specifically draw the Committee's attention to Section 2 of the report which outlines the outcomes of two finalised audits; Cleanliness/Cleaning Standards and Glangwili General Hospital - Fire Precautions Phase 1. Mr Johns advised that both of these audits have their own agenda item at today's meeting and will be discussed in further detail.

Mr Johns advised that any outstanding items will be updated following the publication of the Annual Report which will be finalised in two weeks' time.

Mr Maynard Davies raised a query regarding process, he noted that there are six areas which are listed as in progress in the report. Mr Johns responded that he has been in discussion with the Chair regarding these items, and he is confident that these will be closed off by the next Committee meeting in June 2024 and that this would not have an impact on the 2024-25 workplan.

Decision:

The Committee **RECEIVED** the Internal Audit Plan Progress Report and took **ASSURANCE** with regard to the delivery of the Internal Audit plan for 2023/24 year and the outcomes of the finalised audit reports.

AC(24)82

Cleanliness/Cleaning Standards (Limited Assurance)

An audit on cleaning standards and cleanliness in two Hywel Dda University Health Board acute sites; namely, Withybush Hospital and Glangwili General Hospital has recently been undertaken by Internal Audit colleagues. The audit set out to assess compliance of the two sites based on the National Standards for Cleaning in NHS Wales. Ms Sophie Corbett presented the findings of the audit to the Committee, the overall rating for which is 'limited assurance'.

The report found that several key areas of governance were lacking and in need of improvement, Ms Corbett noted that Operational Governance Groups are in existence, but there are no terms of reference and no evidence of written assurance reporting or escalation of issues via the appropriate governance channels. Ms Corbett added that a Cleanliness Policy, training manuals and Service Level Agreements (SLAs) were present, but in need of updating to reflect current best practice.

The audit also found that there was no central record of training compliance, and in some medical areas there were no cleaning schedules or rotas in place. It was noted that some areas were using the new symbiotics cleaning system, but not all. This lack of a central repository for tracking cleaning audits has led to inconsistencies in the risk assessment of clinical areas. Ms Corbett also found that there was little evidence of cleaning audit scrutiny; out of the fifty-three high risk medical areas identified as requiring a monthly cleaning audit, only nine of these were being fulfilled. Ms Corbett noted that a new group has been established as a result of the audit entitled, 'Environment of Care' to increase oversight and compliance.

Mr Rob Elliott, Director of Estates, Facilities and Capital Management and members of his team were in attendance to speak to this item and answer any questions posed by Committee members. Mr Elliott noted that despite the disappointing rating he welcomed the audit as a learning opportunity and catalyst for improvement.

Mr Elliott also spoke about a need to improve the culture, and Mrs Hardisty asked him to clarify this statement. Mr Elliott explained that there was a feeling of low morale amongst cleaning staff, and that it was important to nurture a culture of dignity and respect in order to help staff feel valued. Professor Philip Kloer, who was in attendance at the meeting as an observer added that he had met with cleaning staff to listen to their concerns and had also noted feelings of low morale amongst staff. Professor Kloer added that the findings of the audit made for disappointing and uncomfortable reading and asked Mr Elliott how he would act to improve the working culture.

Mr Elliott responded that he has been engaging with the cleaning staff and listening to their feedback. Staff have requested that senior management be more visible, and as a result he and members of his team are now attending staff meetings on a regular basis as well as carrying out on site walkabouts.

Ms Corbett noted that the ongoing project work around the removal of Reinforced Autoclaved Aerated Concrete (RAAC) at Withybush hospital would have had an impact on the findings at

this site. Ms Corbett added that a pilot study has been recommended at this site, which would separate cleaning and food preparation duties to increase efficiency. Ms Corbett added that there are four high, and two medium priority recommendations detailed in Appendix A, page 12 of the report.

The Chair thanked Internal Audit colleagues for their work on this report and remarked that the findings of the audit were exceptionally concerning. The Chair voiced additional concerns that this audit was focusing on just two acute hospital sites and that the findings of the report could indicate a Health Board wide trend, and several members concurred with this view. Mr Simon Chiffi clarified that the age, level of finance and nature of each estate were the reasons why Withybush Hospital and Glangwili General Hospital were specifically targeted by the audit. Mr Elliott stressed that all cleaning improvement programmes would be rolled out across all Health Board sites not just the two audited sites.

Mr Elliott advised that next steps over the next 12-18 months will be the roll out of the new standards of cleaning across all hospital sites, which has been trialled on five wards to date. Mr Elliott will also ensure the ongoing implementation of recommendations outlined in the action plan, and high-risk wards will be prioritised in the first instance.

Mr Elliott took on board the feedback regarding the need to improve on governance and will be carrying out a deep dive into governance processes. Ms Sharon Daniel offered her assistance and support in regard to the task of updating some key policies, specifically relating to Infection Prevention. It was agreed that Ms Daniel, Mr Carruthers and would meet with Professor Kloer to discuss progress on this.

**SD / AC
/ PK**

Mr Michael Imperato queried whether this audit would be shared with other Committees, as well as the Audit and Risk Assurance Committee as the findings have a direct impact on patient safety. Mrs Wilson confirmed that this item would be reported to Board, and it will also be scheduled for discussion at the Quality and Safety Executive Committee.

The Chair queried whether the dates outlined on the Action Tracker indicated commencement of the actions or completion. Mr Elliott confirmed that the dates indicated the completion date of the action. Mr Elliott added that many of the actions outlined in the audit are already underway, with a completion date for the majority of the actions by September 2024.

Mrs Hardisty queried the current reporting structure and how this would facilitate appropriate oversight to ensure recommendations from the audit are actioned. Mr Elliott responded that he would use a check and challenge approach and that he would invite Internal Audit colleagues back to carry

out a follow-up audit to ensure that we have impartial assessment of our progress. In addition, the new group 'Environment of Care' has been established which will be focusing specifically on oversight of the action plan. Internal Audit colleagues will also be monitoring progress via their own processes, as well as the Health Board Audit Tracker.

Ms Marks remarked that the audit findings made for challenging reading and was disappointed that an audit was necessary to commence essential improvements. The Chair noted that one element which was outside the scope of the audit was how the service reached the point of limited assurance. The audit outlines the current position and areas of failings as well as recommendations for improvement, but not what led up to the service reaching this point.

The reasons listed for the failings were multifaceted; however, staff recruitment and retention especially in regard to increasing the number of supervisory staff were listed as key areas for improvement. Mr Elliott added that a Quality Assurance Manager has now been employed, as well as plans for the recruitment of four additional cleaning supervisors, two for each acute site.

Mr Simon Chiffi added that the Management Team are a relatively new team and have experienced a challenging period during the COVID-19 pandemic. Mr Chiffi reiterated to members that many of the actions are already in progress.

Mr Thomas noted that the directorate had received significant investment as a result of the COVID-19 pandemic, and therefore funding could not be cited as a contributing factor to the failings. Mr Thomas queried whether delaying the appointment of key staff was due to the current financial position, Mr Elliott confirmed that this was not the case.

Mr Andrew Carruthers echoed previous comments that the findings of the report were disappointing and that he was committed to working with Mr Elliott to ensure that adequate oversight of governance processes are in place in order to avoid a reoccurrence of a limited assurance rating. It was agreed that Mr Carruthers and Mrs Wilson would meet to discuss the findings of the audit in further detail and to establish if a governance review was required.

AC / JW

The Chair queried whether Ms Corbett has had sight of the draft Service Level Agreement (SLA), Ms Corbett confirmed that she had but that she did not think there was enough information to form an opinion at this draft stage, however she did confirm that it has not raised concerns thus far. It was also queried whether a generic SLA would be used, Mr Peter Jones confirmed that a generic SLA would be used as a starting point, but that each

ward and clinical area would have specific and bespoke information added to it.

Mr Davies queried whether escalation procedures will be included in the SLAs, and it was confirmed that this would be the case. Mr Davies and Ms Eleanor Marks both noted the need to improve upon escalation protocols and stressed the importance of patients and clinical staff being empowered to report an issue and have confidence that it will be addressed in a timely manner.

The Chair urged Mr Elliott and members of his team to reflect on the outcome of the audit and focus on the wider picture outside of the audit requirements to ensure sustainable improvements. Mr Elliott wished to give his personal assurance to the Committee that he was committed to making the necessary improvements to the service, and at significant pace.

Decision:

The Committee **RECEIVED** the Cleanliness/Cleaning Standards report from Internal Audit and agreed that the Committee would **ALERT** the Board to the findings of the audit due to the seriousness of the recommendations, and the limited assurance rating and request the Quality, Safety and Experience Assurance Committee monitor the implementation of the recommendations.

Mr Simon Chiffi left the meeting.

AC(24)83

Glangwili General Hospital - Fire Precautions Phase 1 (Limited Assurance)

Mr Eifion Jones from Internal Audit attended the meeting to present on the Glangwili General Hospital - Fire Precautions Phase 1 audit report. Mr Jones advised the Committee that this is the second audit undertaken by Internal Audit in this area with this receiving a limited assurance.

Mr Rob Elliott, Director of Estates, Facilities and Capital Management was also in attendance for this item in his capacity as Project Manager. Mr Elliott said that he and his team have been tasked by the Welsh Government to write a report regarding lessons learned from Phase 1 of the Project, and therefore a reflection exercise is currently underway. Mr Elliott shared with the Committee that this project has been the most challenging in his career to date, due in part to the added complexity of working in an active site.

Mr Elliott advised the Committee that during Phase 1 of the project the Health Board was limited regarding the number of potential contractors which they could employ, due to a reluctance within the industry at large to take on fire related contracts following the

Grenfell Tower disaster. As a result of the lack of potential contractors available to undertake the work on Phase 1 of the project, the team had limited options in regard to the contracts they could undertake. This meant that an 'Option E' contract was used, which in turn meant that the contractor was not held responsible for any additional costs associated with going over budget or not completing works on time.

Mr Elliott advised that lessons have been learned from the tendering and procurement process undertaken in Phase 1 of the project, and therefore a different option has been chosen for Phase 2 which will provide increased assurance as the financial risk will be shared with the contractor. The contract model used for Phase 2 will be for a pre-agreed tendered figure. Mr Elliott also noted that longer term contracts with contractors will be implemented, to help foster stronger working relationships and reliability.

Mr Elliott also advised that there will also be changes to who contractors directly report to in Phase 2, which will improve communication and accountability. Mr Elliott noted that there were issues regarding the project bank account in Phase 1 which led to delayed payment or non-payment of sub-contractors.

Mrs Hardisty questioned why the assurance rating was ranked as limited, given the high level of risk associated with fire safety. Mr Jones clarified that the assurance level was limited because if additional funding is secured from Welsh Government this would resolve many of the underlying issues relating to a number of the actions outlined in the report. Mr Jones added that several actions have also already been completed, which is why the rating of limited assurance has been reached.

Mrs Hardisty queried whether additional costs were being incurred as a result of the work being undertaken within an active site, and she asked whether it might be appropriate to close certain areas while work was underway. Mr Elliott responded that the additional costs were not due to this reason, he added that in Phase 2 specific departments and wards will be closed and patients decanted to another area. Ms Marks queried whether there was any scope to recoup any of the losses from Phase 1 of the project, Mr Elliott advised that this would be the remit of the Cost Advisor on the project.

Ms Marks questioned the detail and scrutiny of costings within the Shared Services Directorate and the importance of challenging colleagues and holding them to account at Project Management meetings. Mr Elliott agreed with Ms Marks and said that this scrutiny had not been as robust as it could have been due to the line of reporting in place in Phase 1 in which contract workers were reporting to the contractor and not the Health Board, and this will be rectified in Phase 2.

Decision:

The Committee **RECEIVED** the Glangwili General Hospital - Fire Precautions Phase 1 report and due to the assurance rating being limited the Committee wished to **ADVISE** the Board.

Mr Rob Elliott and Mr Peter Jones left the meeting.

Governance

AC(24)84

Revised Model Standing Orders

The Revised Model Standing Orders (SOs) were presented by Mrs Joanne Wilson. The revision has been driven by Welsh Government who have issued interim amendments to the Model Standing Orders for Local Health Boards and NHS Trusts in Wales. These interim arrangements reflect the new NHS Wales Joint Commissioning Committee, and the revised SOs in order to comply with the new national arrangements. Additional amendments also include the removal of references to committees which are no longer in existence, namely the Welsh Health Services Commissioning Committee and the Emergency Ambulance Services Committee.

Mr Maynard Davies noted an item for correction on pg.70, where there is reference to the 'Strategic Development and Operational Planning Committee', the name should read 'Strategic Development and Operational *Delivery* Committee', Mrs Wilson thanked Mr Davies for the correction and noted that she will ensure this is updated accordingly.

JW

Mrs Hardisty mentioned the inception of a new Joint Committee between Hywel Dda University Health Board and Swansea Bay and queried whether this would be included in a future iteration of the report. Mrs Wilson confirmed that she has not yet received notification of a change in the regulations.

Decision:

The Committee **CONSIDERED** the required amendments made to HDdUHB's Standing Orders in light of Welsh Government amendments to the Model Standing Orders as outlined in WHC/2024/019. The Committee **RECOMMENDED** the revised version of HDdUHB Standing Orders and Standing Financial Instructions to the Board on 30 May 2024 for approval. The Committee agreed to **ASSURE** the Board.

AC(24)85

Report on the Adequacy of Arrangements for Declaring, Registering and Handling of Interests, Gifts, Hospitality, Honoraria and Sponsorship

Mrs Wilson presented an overview of the Report on the Adequacy of Arrangements for Declaring, Registering and Handling of Interests, Gifts, Hospitality, Honoraria and Sponsorship to the

Committee. Mrs Wilson noted that the report sets out our processes for the declaration and registration of interests, gifts, hospitality, honoraria and sponsorship for Board Members and other staff and noted that the report is an annual requirement.

It was also noted that all registers are available in the public domain on the Health Board website. Mrs Wilson added that Board members are required to declare interests etc. on an annual basis and declaration of interests is also written into employment contracts. Targeted work within high-risk teams such as Finance and Corporate Governance is also undertaken on a regular basis.

These documents are co-produced with the Human Resources team and all interests are recorded even if the return listed is 'nil'. The current procedure if any gifts or conflict of interests are declared is that these will be discussed with the colleague's line manager.

Decision:

The Committee **REVIEWED** the adequacy of the arrangements in place for declaring, registering and handling interests, gifts, hospitality, sponsorship and honoraria during 2023/24 for onward assurance to the Board. The Committee agreed to **ASSURE** the Board.

AC(24)86

Year-end Processes

Mrs Wilson noted that as part of the year-end governance processes there is a requirement to assure the Audit and Risk Assurance Committee that a process is in place for responding to Ministerial Directions and Welsh Health Circulars (WHC) which have been received by the Health Board .

Mrs Wilson noted that there are two areas where we are not currently compliant and noted that usually the reason for non-compliance is financial.

Mr Davies noted that in Appendix 1 of the report it notes that 'Ministerial Directions have been enacted'. It was agreed that Mrs Wilson would update this wording.

JW

Mrs Wilson advised the Committee that forty-seven WHCs have been issued in total this year and all WHCs are aligned to specific committees to ensure oversight and compliance. Mrs Hardisty queried whether it was appropriate to cite a shortage of resource as a reason for non-compliance, as later in the report it notes that 'funding has been agreed'. Mrs Hardisty suggested that it may be more appropriate to say that the challenges lie with recruitment, rather than financial shortfalls. It was agreed that Mr Thomas would reword this.

HT

Mrs Hardisty also had a query regarding the ear wax service and why the service wasn't able to fulfil its remit without additional investment. It was agreed that Mrs Wilson would discuss the wording with the Director of Primary Care, Community and Long-Term Care Ms Jill Paterson outside of this meeting.

JW

Decision:

The Committee **NOTED** the Year-end Processes and wished to **ENDORSE** that the Committee was compliant with the non-statutory instruments. The Committee agreed to **ASSURE** the Board.

AC(24)87

Draft Audit and Risk Assurance Committee Annual Report 2023/24

The Chair presented the annual report for Committee approval. The Chair wished to thank all Committee members and attendees for their contribution to the Committee over the past year. The draft report sets out the main areas of business which have been brought to the Committee over the past year.

The Chair noted the number of internal audits which had been carried out through the course of the year; and noted that this was indicative that the Committee is effectively scrutinising areas which have been identified as requiring improvements and we have been transparent regarding this.

Mr Davies noted two items of accuracy, namely regarding item 2.4.11, pg.8 of the report which mentions signed off accounts for '2023/24'. It was agreed that the Chair would update this to reflect the correct year of 2022/23. Mr Davies also noted that in reference to the Standing Orders, this should read September 2023 rather than September 2024.

JW

Mr Davies also queried whether item 2.4.13 which mentions the audit tracker being presented in April 2024 was correct and should be included in next years' report instead of this years' report. Mrs Wilson confirmed it is correct as the reporting period for the audit trackers runs to June 2024.

The Chair asked members to submit their feedback on the report within one week before onward submission to Board.

Decision:

The Committee **AGREED** to feedback comments on the Draft ARAC Annual Report within one week, and also **AGREED** the request that the content of the report be agreed via Chair's action prior to onward submission to the Board. The Committee agreed to **ASSURE** the Board.

**Draft Head of Internal Audit Opinion and Annual Report
2023/24**

Mr James Johns, Head of Internal Audit was in attendance at the meeting to present on this item. Mr Johns wished to give the Committee some context to the report, which outlines the overarching opinion of Internal Audit as well as a risk rating for assignments. Mr Johns noted that it has become standard procedure to submit the draft report to the Audit and Risk Assurance Committee (ARAC) ahead of the publication of the final report.

The key message outlined in paragraph 1.2 of the report highlights that Internal Audit are providing an overall 'limited assurance' opinion, which is a change to the opinion given to the Health Board in recent years. This opinion has been informed by a number of key criteria, amongst these the number of limited assurance reports being brought before ARAC, as well as the associated risks and significance of the areas has contributed to the limited assurance opinion.

Mr Johns noted that the briefing paper gives a high-level background to how and why the overall opinion was reached. In the briefing paper, an overview of the opinion across different years is set out for comparison, as well as the performance of other organisations within NHS Wales to provide a broader comparison. Table 1 in the report outlines audit work which is due to be completed, this work will be reported on and submitted to the 18 June 2024 meeting, which will be the final version of the report.

The Chair noted that he has met with Mr Johns to discuss the draft report in detail. The Chair noted that there are eight follow-up audits detailed in the report which have either the same rating as the previous audit, or worse. Mrs Wilson informed the Committee weekly meetings are held with Mr Johns Mrs Wilson wished to formally thank Mr Johns for his work on the report and his ongoing support of the Health Board and the Chair echoed Mrs Wilson's sentiments.

Mrs Wilson noted that whilst the limited assurance opinion was disappointing, she agreed with the Head of Internal Audit's overall opinion due to the supporting evidence available. .

Mrs Hardisty queried why re-audits outcome assurance ratings were lower than the former audit. Mrs Hardisty acknowledged that the Corporate Governance Team do a lot of work in regard to monitoring the Audit Tracker and alerting risk owners, and Mrs Hardisty questioned whether a change in culture was needed to ensure that colleagues treated the audits with the appropriate level of attention. Mrs Hardisty also queried why a response had not been given to the Director of Nursing who raised concerns regarding some of the issues highlighted in the Cleanliness/Cleaning audit.

Mr Johns advised that in regard to the current escalation status of the Health Board, governance is now included in all reports, which should hopefully concentrate minds on this key area for improvement. It was noted that professional leads also have a role to play in being accountable for their areas of responsibility.

In regard to deferred audits, Mr Johns added that this was being considered as part of future planning, and some will be considered in the annual report next year.

Decision:

The Committee **RECEIVED** the Draft Head of Internal Audit Opinion and Annual Report 2023/24 and took **ASSURANCE** that Internal Audit were effectively assessing and monitoring key areas within the Health Board. It was agreed that the Committee would **ENDORSE** the report to Board and **ADVISE** the Board in respect of the limited Head of Internal Audit Opinion.

AC(24)89

Assurance Report on Board Effectiveness

Mrs Wilson gave an overview of the Assurance Report on Board Effectiveness to the Committee. The report sets out to give an accurate reflection of the organisation; as part of our commitment and statutory obligation to openness, this report will also be shared in the public domain.

Mrs Wilson advised the Committee that the report had been discussed in detail by the Board at the Board Seminar and had been compiled using various sources of evidence. Following a review of the evidence and the Board discussion it had been agreed to decrease the rating level from a level 4 to a level 2. The Board agreed this was an accurate reflection of the current position and noted that the Board had previously stated it was only just in the level 4 and would need significant work to remain in this position.

Decision:

The Committee received the Assurance Report on Board Effectiveness and took **ASSURANCE** from the process that has been undertaken this year to review the Board's effectiveness, recognising this has been discussed by the Board at the Board Seminar meeting held on 18 April 2024. The Committee wished to **ASSURE** the Board on the process undertaken.

AC(24)90

Audit Enquiries to those Charged with Governance and Management

Mr Timothy John joined the meeting.

Mr Thomas gave an overview on this item and explained that this report forms part of the submission to Audit Wales, he noted that it was challenging to demonstrate absolute compliance in this area.

Mr Davies noted that in question 21, pg.20 of the report it mentions requests for additional information from HMRC, Mr Davies queried the necessity of the inclusion of exiting claims in this section. Mr Thomas clarified that no new inspection or concern has been raised and Mr Timothy John added that we currently have the lowest possible risk rating with the HMRC.

Mr Thomas added that the report will now be submitted to Audit Wales who will be asked to review the response prepared.

Decision:

The Committee received the Audit Enquiries to those Charged with Governance and Management and **REVIEWED** the response prepared and, subject to any required amendment, agreed to **RATIFY** for onward submission to Audit Wales. The Committee agreed to **ASSURE** the Board.

AC(24)91

Draft Performance Overview

Mrs Alwena Hughes-Moakes, Mrs Fiona Hancock and Mrs Tracy Price joined the meeting.

This report was compiled by colleagues in the Communications and Engagement Team, and Ms Alwena Hughes-Moakes presented this item to the Committee.

Mr Davies queried why there were no figures included in the report for patients in the cancer pathway. Ms Hughes-Moakes clarified that these figures will be added before the final version is submitted. It was noted that the Health Board is achieving approximately 60% of our Welsh Government target in this area.

Mr Davies had a number of comments regarding design choices in the document. Mr Davies suggested that a small key for one of the diagrams be included on the page, so that readers do not have to exit the document in order to access the key via a weblink. Mr Davies also made a comment in regard to key symbol conventions, he noted that Welsh Government have their own new style conventions for this. Mr Davies suggested that colleagues may wish to update the key to bring the symbols in line with the new Welsh Government style conventions. Ms Hughes-Moakes confirmed that there will be changes to the design elements of the report in the coming weeks and these points will be taken into consideration.

HT

Mrs Hughes-Moakes, Mrs Price and Mrs Hancock were thanked for producing this report, which was acknowledged was a large piece of work in addition to the operational day job. Ms Hughes-Moakes informed the Committee that the report would also be presented to Audit Wales and Welsh Government and the final iteration will be presented to ARAC on 9 July 2024. The report will

then be presented to the Board for their approval at their Annual General Meeting.

Ms Marks remarked that overall, she approved of the clear and concise manner in which the report was presented. The Chair added that the report was a comprehensive and interesting read.

Decision:

The Committee **DISCUSSED** the Draft Performance Overview and were satisfied that the report reflects an accurate and succinct analysis of the main business, performance and accountabilities, as well as key achievements and successes of the organisation for the period April 2023 to March 2024, in line with guidance in the NHS Wales Manual for Accounts 2023/24. The Committee were happy to **SUPPORT** the Draft Performance Report chapter of the Annual Report 2023/24, prior to submission to Audit Wales and Welsh Government.

Mrs Alwena Hughes-Moakes, Mrs Fiona Hancock and Mrs Tracy Price left the meeting.

AC(24)92

Draft Accountability Report

It was noted that the structure of the report comprises of three main sections, and that this report was in essence a follow-on from the work outlined in the performance report. The report has been fully reviewed by the Interim Chief Executive and the interim Chair as well as Board members for their comment.

This report fulfils our compliance with the manual for accounts Mrs Wilson advised that there are likely to be changes, and that a list of changes would be maintained. It was agreed that the final version of the Draft Accountability Report would be brought to the next meeting for final approval with the changes shared with the Chair of ARAC in the intervening period. Mrs Wilson wished to thank Miss Charlotte Wilmshurst for her diligence and hard work in drafting the report.

Professor Kloer noted that he has commented on this previously and was happy to recommend the report.

Mr Davies had one point regarding the formatting of the report, he noted that the image resolution is unclear in the structure diagram. Mrs Wilson responded that the Communications Team would work on formatting this document prior to submission to Board and that they would increase the resolution.

JW

Decision:

The Committee discussed and **SUPPORTED** the content of the Draft Accountability Report and **AGREED** to provide feedback that is relevant to its objective to the Director of Corporate Governance/Board Secretary by 24 May 2024, in order to provide

assurance to the Board that a robust governance process was enacted during the year.

Financial Focus

AC(24)93

Draft Annual Accounts 2023/24

Mr Thomas introduced this item to the Committee, providing an overview of the Health Board's financial position for 2023/24. Mr Timothy John was in attendance to share a presentation with the Committee highlighting key points to note.

Mr John noted that the Health Board has exceeded its revenue resource allocation and therefore failed to meet the statutory target of ensuring that expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years. Mr John noted that the Health Board had underspent slightly on the capital budget and has therefore met the capital resource performance target. Regarding the third target, which is the duty to prepare a three-year plan, Mr John informed the Committee that the Health Board had not been in a position to submit an approvable IMTP for 2023-2026 and therefore has not met this statutory duty. Mr John also highlighted key movements in expenditure headings and the balance sheet between 2022/23 and 2023/2024.

The Draft Annual Accounts have been submitted to Welsh Government and Audit Wales for review. Following the audit the final accounts will be submitted to the Committee on the 9 July 2024 for recommendation of approval by the Board on 11 July 2024 before submission to Welsh Government on 15 July 2024.

The Chair thanked Mr John for his comprehensive presentation and noted that incidences of clinical negligence have increased by 20%, and queried whether there was a trend which could be identified. Mr John responded that this was difficult to determine as some of these claims are several years old. It was agreed that Mr Thomas would investigate this further and bring back an update to the July 2024 Committee meeting.

HT

Mr Davies queried whether or not there was an area in need of further scrutiny in regard to the negligence claims. Mr John responded that there is a lessons learned process which is carried out following a settled case. Mr Davies also queried whether the full amount of patient claims is payable by the Health Board, Mr John advised that the Health Board pays the first £25,000, and the rest is covered by the Welsh Risk Pool.

Ms Marks was pleased to note that the Health Board is spending significantly less on external contractors and consultancies which she commended. Mr Davies noted that there has been an increase of circa £60million on operational staff costs. Mr John

replied that these costs were a combination of wage awards (circa £43m funded by WG), international nurse recruitment as well as recruitment to other staff groups.

It was noted that as the Vice-Chair of the Audit and Risk Assurance Committee was not able to attend this meeting and sent his apologies; therefore, it was agreed that Mr Thomas would meet with him to discuss the Annual Accounts in detail for his oversight and input.

HT

Mr Williams, Audit Wales confirmed that audit work is underway, and there will be a phased delivery of working papers. Mr Williams added that he will be working closely with Mr John and his team.

Decision:

The Committee **DISCUSSED** the Draft Annual Accounts for 2023/24. The Committee agreed to **ASSURE** the Board.

AC(24)94

Industrial Action Overpayments

Dr Ardiana Gjini and Ms Heather Hinkin joined the meeting.

Professor Philip Kloer and Dr Ardiana Gjini declared an interest in the Industrial Action by virtue of being members of the British Medical Association.

Dr Ardiana Gjini, Executive Director of Public Health was in attendance at the meeting to lead on this item. Dr Gjini provided the Committee with some context to the report, she noted that the overpayments were identified internally, and the report sets out to answer how these overpayments occurred, how the mistakes were rectified, and the lessons learned as a result of the errors.

Ms Heather Hinkin, Head of Workforce, was also in attendance to discuss the report. Ms Hinkin noted that this was the first time that the Health Board offered additional payments regarding Industrial Action and noted that she and her team had to move at pace in order to adopt the All-Wales approach. The current position is that there is one query outstanding, and two lines of query from Payroll.

Mrs Sam Hussell joined the meeting.

Mrs Hardisty thanked the team for the report and noted that she wanted to focus upon the lessons learned. Mrs Hardisty queried how overpayments would be monitored in the future to prevent a recurrence. Mrs Sam Hussell informed the Committee that this overpayment affected Hywel Dda University Health Board and one other Health Board. This was due in part to the fact that there was not a robust electronic system in place at the time to track payments. Mrs Hussell added that they are currently looking into the procurement of an internal system to aid with this in future.

Regarding lessons learned, Ms Hinkin added that discussions have been held between Shared Services and Payroll colleagues regarding the introduction of appropriate safeguards to prevent overpayment of staff reoccurring. Ms Hinkin also noted that they have been working closely with other NHS employers to learn from their systems and improve upon our own, meetings have also been held regarding how we can better utilize the Electronic Staff Record (ESR) system and update our central databases to make them more efficient. Ms Hinkin added that meetings with national groups have been held to ensure consistency and best practice is adhered to. In addition, a back-office validation exercise has been introduced to provide a second check.

Dr Gjini advised that other refinements which have been made include simplifying the remuneration process, updating employees job descriptions to include providing cover during strike action and managing multiple contracts in a more timely manner, as well as implementing earlier preparedness. Dr Gjini noted that the introduction of a digital system would help immensely; Carly Hill, Assistant Director within the Medical Directorate is leading on the roll out of e-rostering for Medics within the Health Board.

Regarding the next steps, Mrs Hussell mentioned the payment plan of 2-3 months regarding overpayments. There have been no complaints from staff regarding this.

Decision:

The Committee **RECEIVED** the Industrial Action Overpayments report and took **ASSURANCE** that a thorough investigation of the situation was undertaken, and financial recovery steps actioned. The Committee agreed to **ASSURE** the Board.

Dr Ardiana Gjini, Ms Heather Hinkin and Mrs Sam Hussell left the meeting.

AC(24)95

Any Other Business

There was no other business to discuss on this occasion.

Date and Time of Next Meeting

- Tuesday 18 June 2024, 9.30am