

**COFNODION Y CYFARFOD PWYLLGOR ARCHWILIO A SICRWYDD RISG
HEB EU CYMERADWYO / UNAPPROVED MINUTES OF THE AUDIT AND RISK
ASSURANCE COMMITTEE MEETING**

Date and Time of Meeting:	9.30am, Tuesday 15 August 2023
Venue:	Board Room, Ystwyth Building, St David's Park, Carmarthen and via Microsoft Teams

Present:	<p>Cllr. Rhodri Evans, Independent Member (Committee Chair)</p> <p>Mr Winston Weir, Independent Member (Committee Vice-Chair) (VC)</p> <p>Mrs Judith Hardisty, Vice-Chair, HDdUHB</p> <p>Mr Maynard Davies, Independent Member</p>
In Attendance:	<p>Ms Urvisha Perez, Audit Wales (VC)</p> <p>Mr James Johns, Head of Internal Audit, NWSSP</p> <p>Ms Sophie Corbett, Deputy Head of Internal Audit, NWSSP (VC)</p> <p>Mrs Joanne Wilson, Director of Corporate Governance/Board Secretary</p> <p>Mr Steve Moore, Chief Executive (part)</p> <p>Mr Huw Thomas, Director of Finance</p> <p>Mr Ben Rees, Head of Local Counter Fraud Services (part)</p> <p>Miss Charlotte Wilmshurst, Assistant Director of Assurance & Risk</p> <p>Mr Shaun Ayres, Deputy Director of Operational Planning & Commissioning, deputising for Mr Lee Davies, Director of Strategy & Planning (part)</p> <p>Mrs Lisa Gostling, Director of Workforce & OD (part)</p> <p>Miss Maria Battle, Chair, HDdUHB (part)</p> <p>Ms Delyth Raynsford, Independent Member (observing)</p> <p>Ms Clare Moorcroft, Committee Services Officer (minutes)</p>

Agenda Item	Item	
AC(23)143	Introductions and Apologies for Absence	
	<p>Cllr. Rhodri Evans, Audit & Risk Assurance Committee (ARAC) Chair, welcomed everyone to the meeting. Apologies for absence were received from:</p> <ul style="list-style-type: none"> Ms Anne Beegan, Audit Wales Mr Lee Davies, Director of Strategy & Planning 	
AC(23)144	Declaration of Interests	
	No declarations of interest were made.	
AC(23)145	Minutes of the Meeting held on 20 June 2023	
	RESOLVED – the Minutes from the meeting held on 20 June 2023 were approved as an accurate record.	
AC(23)146	Table of Actions	
	<p>An update was provided on the Table of Actions from the meetings held on 20 June 2023 and confirmation received that outstanding actions had been progressed. In terms of matters arising:</p> <p>AC(23)10 – Mrs Judith Hardisty enquired whether there are costs involved with the system to digitalise processes associated with new</p>	

	<p>starters, staff changes and leavers. Mr Huw Thomas advised that, other than management costs in implementation, there were no other costs. The system would mainly be using Office 365, nothing additional. It was highlighted that this was an NHS Wales Shared Services Partnership (NWSSP) driven process. An update on progress would be sought.</p> <p>AC(23)77 – Mrs Hardisty enquired regarding the timescale for introducing the new reporting format. In response, Mr Thomas stated that he had not yet received an update, and this is outside of the Health Board's control, with the Post Payment Verification (PPV) team being NWSSP employees. However, an update on progress would be sought.</p> <p>AC(23)90 – Cllr. Evans requested an update with regard to the additional funding request. Mr Steve Moore advised that, at the most recent Targeted Intervention meeting, the Health Board had highlighted three areas where Welsh Government support would be beneficial. In view of the current financial climate across Wales, however, it was subsequently felt that these requests would not be appropriate and a letter to this effect would be sent. This could be shared with Members.</p> <p>AC(23)118 – Mr Winston Weir noted that this had been marked as completed and queried whether the Internal Audit review had taken place. Mr James Johns replied that it had not. The status of this action would therefore be changed to In Progress (Amber) and an update provided to the next meeting.</p> <p>AC(23)120 – Cllr. Evans requested assurance that there is a clear way forward in regards to this action and that it can be regarded as completed. In response, Mrs Wilson confirmed that the action can be closed, as the requested information is contained within the Financial Assurance Report.</p> <p>AC(23)123 – Cllr. Evans requested further clarification around the process for timetabling consideration of Audit Wales reports. Ms Urvisha Perez responded that ARAC meeting dates had been defined for those reviews already started, and others will be added as review work begins. Mrs Joanne Wilson advised that she would take this forward with Ms Anne Beegan during one of their regular meetings.</p> <p>AC(23)124 – Mrs Wilson advised that this had been discussed as part of operational strategy discussions. A report had been presented to the Quality, Safety & Experience Committee (QSEC) as indicated. It is recognised that more work is required, and this action needs to remain open. A further update would be sought. Mr Moore reported on recent discussions with Mr Andrew Carruthers, which had identified that the structure is largely settled, with a need for clarification around certain areas. The Reinforced Autoclaved Aerated Concrete (RAAC) issue has, unfortunately, taken over as a priority; however, Mr Moore is keen to enact the new operational structure before the winter season hits.</p> <p>AC(23)127 – Mrs Hardisty noted that a report had indeed been presented to QSEC; however, she did not feel that it had addressed the</p>	<p>HT</p> <p>HT</p> <p>SM</p> <p>JW/JJ</p> <p>JW/AB/ UP</p> <p>AC</p>
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	matter in hand and that the action could, therefore, be regarded as completed. Mrs Wilson agreed that there was a need to ensure that this issue is monitored via QSEC.	MR
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AC(23)147	Matters Arising not on the Agenda	
	There were no other matters arising.	

AC(23)148	Escalation Status Update	
	<p>Mr Moore presented the Escalation Status Update report, which he hoped was relatively self-explanatory. The governance around the Escalation Steering Group and other Working Groups is functioning well, despite the challenges involved. The significant number of tasks and actions set by Welsh Government have taken time to address; however, Mr Moore feels that the organisation is now at the point of reducing this to a set of core actions. Focused work on the Financial Roadmap to Recovery and Planning processes is taking place and Welsh Government had identified good progress in certain areas. However, the 'ask' in terms of Urgent & Emergency Care appears to have altered – from 'a degree of consistency' to 'a consistent improvement', which is concerning, as it implies that the Health Board is unlikely to be de-escalated. In terms of those areas in Targeted Intervention: In Planning, Mr Lee Davies has made good progress on planning processes, although triangulation of data is proving challenging. The results of the Peer Review have been made available. In Finance, the actions/recommendations identified within the KPMG report have largely been completed. The key challenge now is development of the Financial Roadmap to Recovery. In conclusion, Mr Moore felt that it will be challenging for the organisation to move out of Targeted Intervention and Escalated Status in the short-term.</p> <p>Noting that HDdUHB is not the only Health Board in a challenging financial position, Cllr. Evans enquired whether Mr Moore was aware of plans to raise any other Health Boards into an escalated status, for example Targeted Intervention. Whilst some were subject to Enhanced Monitoring, Mr Moore was not aware of any proposal to place other Health Boards into Targeted Intervention. There has, however, been a suggestion that the whole Escalated Status framework may be subject to review. Mr Maynard Davies informed Members that the Peer Review report and associated action plan will be considered by the Strategic Development & Operational Delivery Committee (SDODC) at its next meeting. Mr Davies enquired whether the Clinical Services Plan is on target in terms of completion date. In response, Mr Moore confirmed that this was the case, with the exception of the plans in relation to Stroke, which had been somewhat delayed due to the Director of Therapies & Health Science leaving. However, much of the work had been completed ahead of this and the portfolio was being taken on by the Director of Operations in the interim.</p> <p>Referencing the letter attached as Appendix 1, and specifically Action 4, around neurodevelopmental services and psychological therapies, Mrs Hardisty noted that this is a challenge across Wales. It was, therefore, queried why this was identified by Welsh Government as an issue specific to HDdUHB. Mr Moore acknowledged this view, and informed</p>	

	<p>Members that the Welsh Government Delivery Unit (DU) will be conducting a national review in this area; HDdUHB has requested that the review begin here. Whilst accepting this, Mrs Hardisty felt that it was important to raise the matter with Welsh Government. Mr Weir echoed Cllr. Evans comment that HDdUHB is not the only Health Board reporting a significant financial deficit. Directing Members' attention to page 3 of the report, he highlighted the following statement:</p> <p>'WG noted the Director of Finance's proposal that the HB was now in a position to close the work relating to financial management principles and to mark this as complete within the TI Deliverables Framework.'</p> <p>Mr Weir requested assurance that 'noted' equated to approval for this action to be closed. Mr Thomas confirmed that this was the case; at the most recent Targeted Intervention meeting, there was a palpable shift from process to delivery of financial recovery actions. Members were advised by Mr Moore that the wording in question had been lifted directly from the Welsh Government letter. In response to a query around whether the report from the Nuffield Clinical Strategy Review has been published, Mr Moore advised that the final version is due in September 2023. It was emphasised that this is a Welsh Government review, rather than one commissioned by the Health Board. Members were reminded of the earlier statement that the Health Board will not be seeking additional funding, due to the challenging financial position across Wales and within Welsh Government.</p> <p>The Committee NOTED the update from the TI meeting held on 21 June 2022 and the summary response provided by the Chief Executive NHS Wales.</p>	
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AC(23)149	<p>Escalation Status Actions (Reasonable Assurance)</p> <p>Ms Sophie Corbett introduced the Escalation Status Actions report. The purpose of this audit had been to assess and provide independent assurance over the effectiveness of governance arrangements in place for the closure of targeted intervention and enhanced monitoring actions. Of the 28 closed actions on the most recent action log at the time of audit, 20 were considered to have sufficient evidence to support closure. Evidence from meeting notes/minutes demonstrated adequate scrutiny; however, the audit did identify certain actions which had been closed without sufficient evidence. An overall rating of Reasonable Assurance had been recorded.</p> <p>Mr Moore thanked the Internal Audit team for their report. It was emphasised that there is a significant amount of work involved in gathering the evidence to close actions. The audit findings had shown that the Health Board can, in general, demonstrate its ability to do so effectively. Cllr. Evans agreed, welcoming the comprehensive and positive report. Mr Weir commended the manner in which the audit had been conducted, and the assurance which this provides. The difference between the Targeted Intervention and Enhanced Monitoring aspect was noted, with Mr Weir suggesting that the latter is more difficult to deliver upon. Mrs Wilson explained that there has been less internal organisational support for Enhanced Monitoring, and that since Mr Thomas had offered to resource this, the position has improved.</p>	
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	Members heard that it had been agreed that the Internal Audit report would be shared with Welsh Government.	
	<i>Mr Steve Moore left the Committee meeting.</i>	
	The Committee NOTED the Escalation Status Actions (Reasonable Assurance) report.	

AC(23)150	<p>Strategic Governance Update & Savings Governance Review</p> <p><i>Mr Shaun Ayres joined the Committee meeting.</i></p> <p>Presenting the Strategic Governance Update and Savings Governance Review report, Mrs Wilson stated that this review had been conducted at the request of Board. Miss Charlotte Wilmshurst was thanked for her contribution in terms of interviewing key personnel. The version presented is distilled from a more detailed report considered by the Executive Team, Health Board Chair, Vice-Chair and Chairs of ARAC and the Sustainable Resources Committee (SRC). The report identifies a number of areas in which improvements are required, and aligns with the findings of the Strategic Change Programme Governance Internal Audit previously conducted. Mrs Wilson drew Members' attention to the recommendations and management response; the recommendations will be added to the Health Board's Audit Tracker. Mrs Wilson added that the report demonstrates that the Board were placed in a challenging position with it essential that the recommendations are taken forward in the spirit with which they are made.</p> <p>Whilst welcoming the report and management response, Mr Weir could not see within the latter a clear indication regarding a Quality Impact Assessment, and suggested that this needs to be more explicit. Replying, Mr Shaun Ayres advised that, in the management response, the team had attempted to set out the process going forward. Members were informed that a document outlining Terms of Reference is being prepared, which will define a clear process around savings delivery. Mr Ayres could provide assurance that this matter will be addressed therein. In response, Mr Weir suggested that the process is relatively clear, and emphasised that it is the Quality Impact Assessment which requires referencing. Mr Ayres advised that the wording within the proposed Terms of Reference is clear, with a clear expectation of both Quality and Equality Impact Assessments.</p> <p>Miss Maria Battle thanked Mrs Wilson and Internal Audit for their respective reports. With specific reference to the one being discussed today, Miss Battle raised the following queries:</p> <p>Recommendation 1 (R1) – this is marked as 'Complete', with the management response stating what should happen and that these processes have been signed off. However, do these respond to Recommendation 1 or Recommendation 3? Will they be scrutinised by SRC, or which forum?</p> <p>Recommendation 4 (R4) – whilst the response is logical, is there is risk regarding delivery, given capacity limitations?</p>	
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Recommendation 5 (R5) – has a decision been made to bring all documents into one place? The issue of access is important.

Recommendation 7 (R7) – there has been late sign-off of budgets by some Executives. Will the current process continue or be changed?

In response, Mr Thomas confirmed that the processes involved in R1 have been embedded; however, recognised that this would need to be tested in order for assurance to be provided. In terms of R7, it was acknowledged that sign-off of budgets had, unfortunately, taken longer this year. Budget approval could be via default/assumed compliance; however, Mr Thomas felt strongly that there was an important role to be played in seeking formal sign-off. The 'by default' process could be continued at a lower level. It was recognised, however, that the sign-off process should be started earlier in the year. Mr Ayres highlighted that, when considering the processes and Terms of Reference, the findings of both the internal and external reviews had been taken into account, together with feedback from Welsh Government. The proposed Terms of Reference bring together all of these. Once completed, it was agreed these would be shared with Members via the Table of Actions.

Regarding R4, Mr Ayres accepted that the challenge is fair, as there are issues around capacity. This centres on the principles of the planning rounds. Whilst the Planning Directorate has resource, it needs to consider how it reviews and allocates this resource appropriately. This is being worked on, with the aim of strengthening resources within the existing resource allocation; however, it may necessitate deploying staff to other projects in the short-term. There has been a conscious effort to bring together/align the 'Hywel Dda Way' and BRAG (Black, Red, Amber, Green) Status. Miss Battle requested assurance that the capacity risk is being mitigated. Whilst Mr Ayres was able to assure members that this matter is being considered, reallocation of resources naturally impacts elsewhere, and there needs to be clarity around the potential consequences. Noting this response, Mr Weir remained concerned around whether resources would be sufficient, indicating that there is an urgency around ensuring there is enough capacity within the Operational Planning team to facilitate the significant work ahead. Mr Weir would welcome a quality assessment of the requirements. Members were informed that Mr Lee Davies reports to the Executive Team regarding resource allocation issues, and that this links with the Planning Objectives work also. Mr Ayres advised that the team is attempting to allocate individuals to specific tasks, aligning this to their skill set, which will allow review/evaluation of impact on the tasks they were previously undertaking.

With regard to R5, Mr Ayres confirmed that the intention is to have all documents in one place by September 2023, ready for the start of the new planning round. In terms of the forum mentioned in the response to R1, Mrs Wilson noted that the Planning Steering Group reports to the Executive Team and is not part of the assurance arm of the governance structure. It was agreed that SDODC would be the most appropriate forum, particularly as Mr Weir is a Member, providing a link to SRC.

	<p>Mrs Hardisty agreed that there is a significant amount of work involved. Whilst the Health Board has often been commended on its planning and strategy, delivery has been an issue. Clarification was requested with regard to where accountability for delivery of savings sits, and whether operational staff understand the role of the Transformation Programme Office (TPO). Mrs Hardisty reported conversations with staff in services that they had not been able to progress savings schemes due to a lack of support from the TPO. In response, Mr Thomas suggested that the Scheme of Delegation is clear and that responsibility for delivering savings sits with the delegated budget manager. Mrs Wilson indicated that the detailed report does identify concerns around a lack of ownership and difficult identifying resources to support delivery. This issue requires addressing. Mr Ayres advised that he and Mr Lee Davies have discussed the Planning Directorate in its entirety, and how the TPO fits within this. A structure has been developed, which should assist staff in understanding the resource and support required and how best to access this. Mr Thomas felt that there is an element of culture shift since COVID-19, with an acceptance of reasons for non-delivery. However, there are a clear set of proposals being developed, and a further change in culture within the organisation will be required.</p> <p>Cllr. Evans thanked those involved for their contribution, and requested assurance that the management response is representative of progress. Mr Ayres confirmed that this is the case, and that evidence is available to support statements around completed actions. It was agreed that the management response would be updated in accordance with foregoing discussions and that the recommendations would be added to the Audit Tracker. A further Internal Audit review would take place in due course.</p> <p><i>Mr Shaun Ayres left the Committee meeting.</i></p>	LD
	<p>The Committee:</p> <ul style="list-style-type: none">• CONSIDERED the recommendations of the internal review• NOTED that the Executive Team has responded to the findings of both the Savings Schemes Governance Review undertaken by the Director of Corporate Governance, and the IA Report on Strategic Change Programme Governance Review	
AC(23)151	<p>Financial Assurance Report</p> <p>Mr Thomas introduced the Financial Assurance Report, advising that the Finance team is planning to revise the reports currently submitted to Public Board and SRC, to ensure that these are unambiguous and address all requirements. Financial Compliance reporting requires overhaul, and the team is using a process based on audit methodology approach, and reflecting each of the elements of Chartered Accounts. The first stage of this, started yesterday, is a risk assessment, which will be used to assess financial audit work into the next financial year. Reporting will also start to change, as mentioned above, as it does not currently provide the level of assurance required. Alongside these, there will be ‘cultural’ work in finance training, with individual scoping of ‘what excellent looks like’. This will be a significant exercise, and a number of disconnects had already been identified. With regard to the report presented today:</p>	

2.2.1 Breaches of the No PO, No Pay Policy

Mr Thomas reported that there had been an improvement in terms of those suppliers who frequently fail to provide a valid Purchase Order on submitted invoices; however, it would be difficult to regulate/reduce the use of Royal Mail services. Overall, there had been another increase in breaches of the No PO, No Pay Policy, and there would be an exercise to examine this in detail.

2.4.1 General Losses and Special Payments

Mr Thomas advised that there are no Losses and Special Payments for approval.

2.4.2 DWP – Overclaim of Benefits

Mr Thomas advised that the Health Board had become aware of an issue whereby benefits (Housing Benefit) had been overclaimed by the Health Board in its role as 'appointee' for a small number of patients in Mental Health & Learning Disabilities (MHL D). The amount in question was £150-200k and most was already provided for within the accounts; however, repayment requests are now being received. Legal advice is being sought, as there is a potential conflict of interest involved.

2.7 Compliance with reporting requirements: NHS Pension Scheme Year End Processing 2023

Mr Thomas was pleased to report that the Health Board had received an 'A' rating and was grateful to colleagues within the organisation and in NWSSP for their assistance in delivering this position.

Referencing the Appendices, Mr Thomas highlighted certain of the Single Tender Actions (STAs) contained therein, assuring Members that lessons had been learned from the STAs for Carers services and Independent Mental Capacity Advocate (IMCA) services. Pages 14, 15 and 16 of the report outline a retrospective analysis of Direct Awards during the year, including Professional Services, Consultancy and via the G Cloud Framework. The picture with regard to KPMG, Lightfoot and CGI was confusing, and Mr Thomas would take this up with his team. In three instances, the G Cloud Framework had been used; Members heard that processes have been put in place to prevent use of this in the future. A Control Group is being established to monitor Pay and Non Pay expenditure, with any new Non Pay requests being channelled through the Group, together with approvals for any recruitment requests. This matter is due to be discussed in more detail by the Core Delivery Group on 16 August 2023.

Mrs Hardisty highlighted that the DWP issue had been identified in 2022, and requested assurances that there are now processes in place to avoid a recurrence. Mr Thomas confirmed that the Directorate has reviewed processes to ensure it is not overclaiming benefits. To provide ARAC with the assurance required, it was suggested that the MHL D Directorate be requested to provide a report outlining processes going forward, once the legal advice mentioned above has been received and digested. In response to a query around the potential costs of legal advice, Members were informed that this would be via the Welsh Health Legal Service and would be paid for from the MHL D Directorate budget. Mr Thomas emphasised that the patients involved are

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	<p>vulnerable individuals and that the Health Board has overclaimed on their behalf. There is an issue around whether repayment should be from the individual or from the Health Board, given that it was the Health Board's error. Adding to this, Mrs Hardisty suggested that there is also the matter of what the money has been spent on. It was agreed that this should be included in the report mentioned above. Mrs Wilson advised that a report had been submitted to the Executive Team which addressed this issue; however, agreed a formal report should be brought to ARAC. It was suggested that an Internal Audit of the process might be appropriate; Mr Thomas would take this forward with Mr Johns and Mrs Wilson.</p> <p>With regard to HDDSTA-638 on page 11, Mrs Hardisty noted the statement that 'A new all Wales IMCA contract is being developed by NWSSP Procurement Services, with tenders due to go out to potential providers in July 2023' and enquired whether this had taken place. Mr Thomas committed to check. In respect of HDD-MIN-53090 for Medinet Wales Ltd on page 12, Mrs Hardisty noted that this only covers the period to March 2024 and queried whether a re-tendering process will be required and, if so, whether this represents best value. Agreeing, and in response, Mr Thomas explained that clinical services generally only tender for short periods. Moving onto page 14, and HDD-DCO-23-08 for Faculty Science Ltd, Mrs Hardisty expressed concern around how a contract of such significant value could have been awarded directly without any competition and without Board approval and requested assurance that processes will prevent similar in the future, together with further clarification. Further information was also requested regarding the activities for which Opinion Research Services (ORS) Ltd are contracted, whether the KPMG contract has ended, whether the CGI contract has ended and whether the Lightfoot contract has ended.</p> <p>Mr Thomas declared a potential conflict of interest with regard to the Faculty Science Ltd contract, given his role as Director of Finance and responsibility for Digital. He was conscious of the need for more robust processes to review significant digital contracts, recognising that this will become ever more important with the advent of digitalisation and digital transformation. This contract specifically had related to a decision tool for Transforming Urgent & Emergency Care, and had been awarded via the G Cloud Framework, which will not be utilised going forward. The Scheme of Delegation will provide the framework by which such contracts will be considered in the future. Mr Thomas would clarify the issue of 'Unknown' end date for the ORS contract, noting that there will be a defined end date to the Land Consultation work. It was not envisaged, however, that this contract would be ongoing. In terms of the KPMG contract, this is understood to be for Professional Services rather than Consultancy, and Mr Thomas would query why the latter had been indicated. This contract has ended and will not recur; likewise for Lightfoot and CGI, which were both awarded via the G Cloud Framework. Members were advised that the Lightfoot contract had been subject to Board approval.</p> <p>Members were assured that the Procurement advice received as a Health Board has significantly altered, following changes to the</p>	<p>AC</p> <p>HT</p> <p>HT</p> <p>HT</p> <p>HT</p>
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Procurement team. An example is the approach with regard to the G Cloud Framework, which had previously been viewed as a reasonable route to market. The new Procurement team has a different opinion, due to this being awarded without any competitive process and more importantly this being on the suppliers terms and conditions which are not as robust as NHS terms and conditions. Given the potential conflict of interest mentioned above, Mr Thomas would ensure that there is an independent assessment of future Digital contracts. Echoing Mrs Hardisty's queries and concerns, Miss Battle felt that there are predominantly three issues:

- That the Board had not been sighted at all on a number of these contracts. Whilst some were approved, all consultancy contracts in excess of £25k require Board approval, with there being a distinct lack of clarity between professional services and consultancy, leading to the G Cloud framework in some cases being used inappropriately
- It is pleasing to note that the G Cloud Framework is no longer being utilised, particularly as it favours the terms and conditions of providers, which are not necessarily to the benefit of the Health Board. It is important that, as mentioned above, the Board is sighted on such significant contracts
- The organisation needs to have in place robust sign-off processes for agreements/contracts which may present conflicts of interest, given Executive Directors' portfolios. Such processes must occur prior to Board approval

Miss Battle requested that all three of the above be considered as part of revised processes, and Mr Thomas agreed to implement these with immediate effect. He accepted that the directive with regard to the need for Board approval is clear and committed to follow this in future. It was emphasised to Members that there had been no intention to mislead or circumvent processes; issues had arisen due to misunderstandings. Mr Thomas reiterated that the Health Board is now receiving much improved Procurement advice. There will be no further usage of the G Cloud Framework, and a Non Pay expenditure control process has been established. Mrs Wilson agreed that additional governance processes were required to protect both the organisation and Executive Directors, particularly in view of current financial circumstances. The resolution of the potential conflict with regard to Digital mentioned above would require a change to the Scheme of Delegation, with potentially the approval being transferred to the Chief Executive. Mr Thomas acknowledged the need for discussions with the Digital team to emphasise a change in approach from delivery at pace to ensuring appropriate governance. It was agreed that Mr Thomas would develop a clear framework outlining processes, for consideration at the next ARAC meeting.

Cllr. Evans suggested that communications between teams regarding processes are also reviewed, noting that there are several statements suggesting that 'Procurement was unaware of requirement'. Agreeing, Miss Battle further requested that clarity of instruction and clarity of

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	<p>definition are ensured, with the Health Board erring on the side of viewing arrangements as Consultancy rather than Professional Services and applying the associated approval processes. Mr Thomas advised that both would be controlled in the same way. Members were informed that identification of contracts that should have been subject to Board approval presents a potential breach of Standing Financial Instructions and retrospective approval may be required. This will be considered as part of the further review and governance work that needs to be undertaken.</p> <p>Returning to the report, and HDDSTA-634 for Merlin Fire Services Ltd, whilst noting the justification provided, Cllr. Evans suggested that there are other companies who could provide this service and that a tendering process could have taken place, or consideration be given to whether internal capacity exists. Mr Thomas explained that the reason for this direct award is that Merlin Fire Services Ltd are the maintenance provider for that location and, as such, are the only party permitted to access and update the system concerned. In view of this, Mr Maynard Davies suggested that it would be more sensible to award a single contract, which includes the ongoing updates, etc.</p> <p>In response to a query around actions being taken to reduce breaches of the No PO, No Pay Policy, Mr Thomas reiterated that it would be challenging to address the issues with Royal Mail. However, the new Hybrid Print and Post system will deliver improvements. In respect of Just Wales Ltd, whilst the Health Board generally avoids using courier services, it is necessary in certain cases, for example for operational or clinical purposes. Whilst noting that there are no write-offs in excess of £5k, Cllr. Evans highlighted that losses and write-offs under £5k in total amounted to £58,414, which contributes on an ongoing basis to overall expenditure. Mr Thomas assured Members that these costs are thoroughly reviewed. Some involve the cost of treating patients from overseas, after all opportunities to recover payment have been exhausted. It was acknowledged that there is learning from this, in terms of earlier identification of patients in this category. Costs of drugs/ medicines which have reached their expiry date and which cannot be transferred between sites also contribute to losses and write-offs. This is less of an issue in Health Boards with a single hospital site; however, assurance has been sought and provided that the process is managed as effectively as possible.</p> <p><i>Miss Battle left the Committee meeting.</i></p> <p>The Committee DISCUSSED and NOTED the report</p>	HT
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AC(23)152	<p>Counter Fraud Update</p> <p><i>Mr Ben Rees joined the Committee meeting.</i></p> <p>Presenting the Counter Fraud Update report, Mr Ben Rees highlighted in particular on page 3, plans to deliver from Quarter 3 a Counter Fraud Awareness session to all new Managers' Passport course attendees. Members' attention was also drawn to receipt of a Fraud Prevention Notice (FPN) around a growing trend of fraud offences in relation to staff working elsewhere during their contracted NHS business hours.</p>	
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	<p>Assurance was provided that all actions in relation to this FPN have now been completed, with a significant amount of work having been undertaken and mitigations put in place. Work has included a review of various areas, including Declaration of Interests and a Local Proactive Exercise around Agency Staff provider recruitment processes. There will be communication with appointing managers to ensure that they understand their responsibilities in this regard. NHS Counter Fraud Service Wales has produced its periodical Performance Report, which would be presented to the next meeting. This contains no issues of particular concern for the Health Board.</p> <p>Welcoming the report and highlighting page 4 of Appendix 1, Cllr. Evans noted the statement around booking a Fraud Awareness Session, and enquired whether these are available for all staff, including Board Members. Mr Rees confirmed that this was the case, adding that the team has also been raising awareness around Counter Fraud within communities by running joint sessions with Dyfed Powys Police. Mrs Wilson advised that consideration is being given to the training requirements for Independent Board Members, and Fraud Awareness could be included in these deliberations.</p> <p><i>Mr Ben Rees left the Committee meeting.</i></p> <p>The Committee RECEIVED for information the Counter Fraud Update Report and appended items.</p>	JW
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AC(23)153	<p>Workforce Planning Review</p> <p><i>Mrs Lisa Gostling joined the Committee meeting.</i></p> <p>Ms Perez introduced the Audit Wales Review of Workforce Planning Arrangements - Hywel Dda University Health Board report. In terms of context and background, the review had considered the Health Board's strategic approach to workforce planning, operational action to manage current and future challenges, and monitoring and oversight arrangements. Ms Perez summarised the review's key findings, which were detailed on pages 6 and 7 of the report. Six recommendations had been made. Mrs Lisa Gostling and her team were thanked for their cooperation during the review.</p> <p>Welcoming the report, Mrs Lisa Gostling stated that, with regard to its recommendations, the Health Board's 10 Year Strategy embodies the 'direction of travel' in supporting both the community and workforce going forward; therefore, it is not a Workforce Plan as such. However, the review has taught the organisation the need to embed key markers and milestones against which to measure progress. Whilst there was an implementation plan, it did not specifically address this matter. HDdUHB is part of a team undertaking regional workforce planning; however, applying a regional model locally is challenging. In terms of supporting services, whilst the Workforce team does not have a Business Partnering Model, each of its Workforce teams ensure key leads are identified for all service areas and professions. It is believed the Workforce Planning team is well resourced, and also allocated to counties and staff groups. Mrs Gostling acknowledged the need to strengthen how the team works with the Organisational Development Relationship Managers. With regard to performance monitoring, the</p>	
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	<p>checklist for reporting to the People, Organisational Development & Culture Committee (PODCC) which had been developed previously would be refreshed to include progress against all targets. Concluding, Mrs Gostling assured Members that actions are in train for all recommendations and that these are on target for completion.</p> <p>Mrs Hardisty enquired whether it is intended to take an All Wales view on this topic, or whether there will be individual Health Board reports. It was also queried whether there is any intention for Audit Wales to review the effectiveness of Health Education and Improvement Wales (HEIW) and evaluate the overall strategic NHS Wales approach. In response, Ms Perez explained that local reviews will be conducted and presented to Health Board Audit Committees. There will also be a national review and HEIW is one of the bodies being reviewed. Audit Wales had reviewed HDdUHB first, as it is more advanced in its Workforce Planning.</p> <p>Cllr. Evans requested confirmation from Ms Perez that Audit Wales was content with the management response, and this was received. Mrs Wilson advised that the recommendations would be added to the Health Board Audit Tracker.</p> <p><i>Mrs Lisa Gostling left the Committee meeting.</i></p> <p>The Committee NOTED the Workforce Planning Review.</p>	
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AC(23)154	Audit Tracker	
	<p>Mrs Wilson presented the Audit Tracker report, noting that there had been a valuable discussion at QSEC around the Healthcare Inspectorate Wales (HIW) recommendations, which had considered these in detail. Members heard that since the previous report, 6 reports have been closed or superseded, with 16 new reports received by the Health Board. As at 13 July 2023, the number of open reports has increased from 95 to 105. 33 of these reports have recommendations that have exceeded their original completion date, a slight increase from the 32 reports previously reported in June 2023. There is an increase in the number of recommendations where the original implementation date has passed, from 126 to 151. The number of recommendations that have gone beyond six months of their original completion date has increased from 42 to 57, as reported in June 2023. There are currently 438 open recommendations on the Audit Tracker, an increase from 405 reported in June 2023. The Assurance and Risk team had identified a number of services of concern, using the same performance metrics as the Integrated Performance Assurance Report. Finally, Mrs Wilson drew Members' attention to the Appendices and information therein. With regard to the services of concern, Miss Wilmshurst advised that these have been highlighted to the relevant Executive Director as being at risk of escalation to ARAC. It was noted that certain of the issues are as a result of the timing of reporting. Members were also informed that the data within this report is actively used as part of the Directorate Improving Together sessions.</p> <p>Cllr. Evans enquired whether, in respect of the services of concern, there will be a requirement for a report/update to the next meeting</p>	

	<p>around their planned actions, to provide assurance. In response, Mrs Wilson hoped that the next report would demonstrate improvement; however, if this is not the case, escalation to a formal agenda item can be discussed. Noting the number of reports with recommendations that have exceeded their original completion date, Mr Davies queried whether ARAC should be challenging Executive Leads/Lead Officers to ensure that completion dates and timescales are realistic. Mrs Wilson suggested that those responding to audits and reviews tend to want to be optimistic with regard to timescales, emphasising that the team does encourage them to be realistic and perhaps set later completion dates. Mr Thomas felt that there was also an issue around ensuring that recommendations are realistic in general.</p> <p>On page 6, Mr Davies noted reference to the Internal Audit report on Regional Integration Fund (RIF) – 1 overdue recommendation with a revised completion date of July 2023. Mrs Wilson explained that this related to the RIF Memorandum of Understanding (MOU), which is currently with Local Authority partners. The Health Board has taken all of the actions it can and is actively following this up with Local Authorities.</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>	
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AC(23)155	<p>Risk Assurance Report</p> <p>Mrs Wilson introduced the Risk Assurance Report, which is the second iteration presented to the Committee. The report provides an update on the management of risk and the risk strategy within the organisation. Due to other priorities, Board discussion of the Risk Appetite has been deferred to October 2023. The statement that the Health Board currently has 477 risks classified as either Extreme or High was stark. Miss Wilmshurst explained that the data within the report was based on an extract from the Datix system. The team has undertaken work on strengthening Themes and Thematic Reporting. The report makes reference to the Audit Wales Review of Mental Health and Learning Disabilities Directorate Governance Arrangements and the Assurance and Risk team is conducting a Deep Dive with the Directorate to review risks. Members were also advised that risk forms part of discussions at the Directorate Improving Together sessions.</p> <p>Referencing the risks per service area, and noting that the highest numbers are in Estates and Scheduled Care, Mr Davies expressed concern around how support can be provided to these services, given the need for significant investment in Estates and impact of RAAC, for example. Miss Wilmshurst advised that she was meeting with the Director of Estates, Facilities & Capital Management, and anticipated the addition of risks to the Corporate Risk Register following this meeting. Noting statements on pages 6 and 7 of the report around the Capital Sub-Committee and reallocation of risks, Mr Davies queried whether the issue of Capital expenditure risks should be revisited, given the diversion of Discretionary Capital Programme funds for remedial work associated with RAAC. It was agreed that this would be referred to the Director of Strategy and Planning for consideration.</p>	LD
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	<p>On page 7, Mr Davies noted the table allocating Risk Themes to Forum, and requested clarification around how decisions are made. For example, it was suggested that the Information Governance Sub-Committee (IGSC) might be a more appropriate forum than SRC for detailed discussion of Cyber Security. Also, it was felt that Fraud would be more appropriately placed with ARAC than SRC. It was agreed that Miss Wilmshurst would take these issues forward. Mr Davies expressed concern around the 'TBC' and 'No formal governance meeting' entries in the table on page 15/16. Mrs Wilson acknowledged that there is a lack of consistency across the Health Board. Members were informed that the Director of Operations is addressing the issue in his areas. It was agreed that he should be requested to define timescales for completion of this work.</p> <p>Mrs Hardisty welcomed the report's contribution to demonstrating the desired direction of travel; whilst expressing concern around potential omissions in risk reporting, for example to the Operational Quality, Safety & Experience Sub-Committee (OQSESC). Whilst certain Directorates are robust in this, others are not. Similarly, the Mental Health Legislation Committee (MHLIC) only considers risks in relation to non-compliance with Mental Health legislation. Mrs Hardisty was concerned that it is consistently stated that there are no risks to report and was not assured that this is the case. It was emphasised that risks may impact on the Health Board's ability to comply with legislation. In response, Miss Wilmshurst advised that there had been recent discussions around OQSESC and she hoped that this would translate into improved reporting. She shared Mrs Hardisty's concerns around Mental Health and will be meeting with the Director of Mental Health & Learning Disabilities to discuss this matter.</p> <p>Cllr. Evans welcomed the comprehensive and transparent report. He noted that, in addition to the 477 risks classified as Extreme or High, there were a number which were overdue, and enquired whether there is scope to address this. Mrs Wilson did not feel that there is capacity within the Assurance and Risk team to do so; however, could request that Executive Directors ask their teams/services to review risks. Miss Wilmshurst highlighted that a number of services have extremely small management teams, which can make tasks such as this challenging.</p> <p>The Committee TOOK ASSURANCE on the effectiveness of the Risk Management Framework and implementation of the Risk Management Strategy, and the work being undertaken to strengthen risk management as outlined in the report.</p>	<p>CW</p> <p>AC</p>
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AC(23)156	<p>Scheme of Delegation</p> <p>Mrs Wilson presented the Scheme of Delegation report, within which changes have been highlighted and which was being presented for approval before onward submission to the Board. It is likely that further changes will be required.</p> <p>Mr Davies noted that responsibility for 21.1.1 and 21.1.2, around records, is being transferred to different individuals. Mr Thomas advised that a meeting had been due to take place on 14 August 2023 to discuss ownership of records, which is currently extremely disparate. This needs to be examined, particularly in view of the issues previously</p>	
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	identified with regard to records management. Mr Davies felt that the scope of 'records' is so diverse, it is almost impossible to allocate to one Executive Director.	
	Members welcomed the way in which changes had been identified, which made them clear to distinguish.	
	The Committee APPROVED Hywel Dda University Health Board's (HDdUHB's) Scheme of Delegation for onward submission to the Board for approval on 28 September 2023.	

AC(23)157	Audit Wales Update Report	
	<p>Ms Perez introduced the Audit Wales Update Report, advising that, whilst the Annual Accounts financial audit work is now completed, the Charitable Funds audit work is yet to commence. In terms of performance audit work, the review of Workforce Planning report has been presented today. The follow-up review of Primary Care report is being drafted and is due for consideration in October 2023. Part 2 of the review of Unscheduled Care is due to begin soon, along with fieldwork for the review of Operational Governance Arrangements across Service Directorates. Work in relation to the 2023 Structured Assessment is underway. Audit Wales recognises the pressures being experienced by the Health Board and is liaising with the Director of Corporate Governance to discuss the timing of reviews.</p> <p>Referencing page 9 of the report, and whilst appreciating pressure of work, Cllr. Evans enquired whether Audit Wales is able to give any indication of timings, to facilitate agenda-planning. In response, Ms Perez advised that it is anticipated that the Structured Assessment findings will be reported in December 2023. Where review briefs have been issued and/or fieldwork is due to commence, this has been indicated; the remainder are being scoped. It was agreed that indicative timings would be presented to the next meeting.</p> <p>The Committee NOTED the Audit Wales Update</p>	AB/UP

AC(23)158	Follow-up Review of Primary Care	
	DEFERRED to 17 October 2023	

AC(23)159	Review of Unscheduled Care	
	DEFERRED to 17 October 2023	

AC(23)160	Internal Audit Plan Progress Report	
	<p>Mr Johns introduced the Internal Audit Plan Progress Report, which was of the usual format and reflects progress on the Internal Audit Plan. A significant amount of work is at the planning stage. Paragraph 3.2 outlines two audits due for consideration at this meeting which have been deferred to October 2023. As outlined in Paragraph 3.3, there are ongoing and regular discussions around potential adjustments to the Plan as a result of changing priorities and pressures.</p> <p>Referencing Appendix A, Mr Davies highlighted that the entry relating to the report received today on Escalation Status Actions indicates three Matters Arising; however the report itself contains two, each with two recommendations. The figure in Appendix A should, therefore, be</p>	JJ

	corrected. Mrs Hardisty queried whether the two audits deferred to October 2023, and the others identified in the Plan for consideration at that meeting, will be completed in time. Mr Johns confirmed that this was the intention. Of the two deferred, one is awaiting sign-off by the Health Board, and one is largely completed, following the identification of additional work required. Cllr. Evans echoed Mrs Hardisty's comment, highlighting that a number of reports had been delayed last year. In response, Mr Johns advised that, whilst it may be necessary to revise the Plan to address priorities and pressures as outlined above, he was not concerned around delivery of the number of audits planned.	
	The Committee TOOK ASSURANCE with regard to the delivery of the Internal Audit plan for 2023/24 and assurance from the finalised audit reports.	
AC(23)161	NICE Guidance	
	DEFERRED to 17 October 2023	
AC(23)162	Quality & Safety Governance Bronglais General Hospital	
	DEFERRED to 17 October 2023	
AC(23)163	Audit & Risk Assurance Committee Work Programme 2023/24	
	The Committee received and noted the Audit Work Programme 2023/24, which would be updated in line with discussions and to align with Audit Wales and Internal Audit Plans.	
AC(23)164	National Internal Audit Reports	
	None to report.	
AC(23)165	Any Other Business	
	There was no other business reported.	
AC(23)166	Reflective Summary of the Meeting	
	A reflective summary of the meeting will form the basis of the ARAC Update Report, and highlight and escalate any areas of concern to the Board.	
AC(23)167	Date and Time of Next Meetings	
	9.30am, 17 October 2023	