

Enw'r Pwyllgor: Name of Committee:	Audit and Risk Assurance Committee (ARAC)
Cadeirydd y Pwyllgor: Chair of Committee:	Mr Paul Newman, Independent Member
Cyfnod Adrodd: Reporting Period:	Meeting held on 18 th October 2022
Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor/ Key Decisions and Matters Considered by the Committee:	
<p>In accordance with the guidance provided in the NHS Wales Audit Committee Handbook, the Board should look to their Audit Committee to review and report on the relevance and rigour of the governance processes in place and the assurances provided to the Board. Hywel Dda University Health Board's Audit and Risk Assurance Committee's (the Committee) primary role is, as such, to ensure the system of assurance is valid and suitable for the Board's requirements and to support the Board by seeking and providing assurance that controls are in place and are working as designed, and to challenge poor sources of assurance.</p> <p>This report summarises the work of the Audit and Risk Assurance Committee at its meeting held on 18th October 2022, in monitoring, reviewing and reporting to the Board on the processes of governance, and facilitating and supporting the attainment of effective processes. At its meeting on 18th October 2022, the Committee critically reviewed governance and assurance processes for a number of service/business areas, with the following highlighted:</p> <ul style="list-style-type: none"> • Table of Actions (Financial Assurance Report): The Committee was advised that the Finance Delivery Unit were reviewing COVID-19 expenditure across NHS Wales. Findings will be shared in due course via the Targeted Intervention Update Report and will be reported to the Board in the Chief Executive Officer Report. • Targeted Intervention Update: The Committee received the CEO's Targeted intervention report which outlined the increase in the Health Board's escalation status from Enhanced Monitoring to Targeted Intervention. The Committee noted Hywel Dda Health Board's escalation status has been raised to Targeted Intervention for planning and finance, however, would remain at Enhanced Monitoring for quality issues related to performance. Welsh Government have confirmed that de-escalation would be considered when the Health Board has an approvable and credible plan and improvement in its financial position. Targeted Intervention will be a standing agenda item going forward. • Counter Fraud Update: The Committee received the Counter Fraud update and noted key updates from the service such as the staff survey of fraud awareness which would inform delivery of the upcoming November Fraud Awareness Week. The Committee noted that due to a disappointing response, individual Directorates will be invited to complete the survey again, following targeted work in November's Fraud Prevention Week. • Financial Assurance Report: The Committee received the October Financial Assurance report, which was discussed in detail. The report highlighted that the Health Board did not meet the Public Sector Payment Policy (PSP) target of paying 95% of its non-NHS invoices within 30 days in September. This was due to staffing constraints within the team and reducing a backlog of historical invoices. A number of measures have been 	

introduced, including education of staff in NHS Shared Services Partnership (NWSSP). Delays in digitising payroll forms are contributing to staff overpayments, and NWSSP are investigating a co-ordinated national approach to developing a new solution.

Despite some continuing challenges, the Health Board's tax and VAT status has been restated as 'low-risk', which is the lowest of four possible risk ratings.

The Committee was asked to review and recommend the changes to the Financial Scheme of Delegation, to the Board for approval in November 2022. These included changes to the lease section, as a result of changes to IFRS 16, and the addition of non-Welsh Government sourced income generation from research and development activities, to the scheme of delegation. The Committee also approved the write-off of Losses and Special Payments detailed within the report.

- **Audit Wales Update Report:** The Committee received the Audit Wales Update Report, which highlighted the following matters:
 - **Orthopaedics Review:** The report will be presented to the Committee at its meeting in December 2022.
 - **Review of Operational Governance Arrangements – Mental Health & Learning Disabilities:** Following a slight delay, this report will now be presented to the Committee at its meeting in December 2022.
 - **Review of Unscheduled Care: the review has started and will be undertaken in two phases:** Phase 1 of this report will focus on discharge planning, whilst Phase 2 will consider how the Health Board is working with its partners. This would provide Audit Wales an opportunity to review Regional Partnership Boards (RPB) through an unscheduled care lens.
 - **Structured Assessment:** Work has commenced on this year's assessment with the report to be presented to the Committee in December 2022, prior to the Board in January 2023.
 - **Planned Care:** Follow up work will be undertaken across all Health Boards, which will include a focus on primary care.
 - **Workforce** – This review will commence with Health Education and Improvement Wales (HEIW), and some smaller organisations. This will include Hywel Dda due to some good practice work that has been identified, before being widened to other health boards.

Audit Wales was involved in tripartite discussions relating to the Health Board's increased escalation status, and the Committee noted that last year's Structured Assessment process had been undertaken in two stages, phase 1 focussed on planning, with phase 2 reviewing the Health Board's arrangements for corporate and financial governance. Both these reports informed the Health Board's Annual Audit Report, and progress against the recommendations from last year's Structured Assessment will be reviewed as part of this year's assessment.

- **Welsh Community Care Information System (WCCIS) – Management Response:** The Committee received the WCCIS Audit Response and associated management response, outlining the main risks identified, main recommendations and a stocktake of the programme. The rollout of WCCIS would not be adopted by Carmarthenshire and Pembrokeshire Local Authorities due to ongoing challenges. The Committee requested

further clarity on the incurred costs to date and the re-contracting position, and the benefits of any new system over current systems.

- **Internal Audit Plan Progress Report:** The Committee received the Internal Audit Plan Progress Report and the outcome of the finalised audits. The Committee was advised that initial discussions have commenced with the Board Secretary and Director of Finance to understand the changing priorities and operational pressures, as well as the impact of the increase in escalation status (to Targeted Intervention) on the second half of this year's Internal Audit plan.
- The Committee received the following Internal Audit reports:
 - Directorate Governance GGH (Reasonable Assurance)
 - Directorate Governance WGH (Reasonable Assurance)
 - Quality & Safety Governance (Reasonable Assurance)
 - Fall management (Reasonable Assurance)
 - TriTech Governance Follow-up (Substantial Assurance)

The following IA reports were deferred to the December 2022 meeting:

- Estates Assurance – Decarbonisation
- IT Infrastructure
- Fitness for Digital
- Cyber Security
- Welsh Language Follow-up
- Service Reset and Recovery
- Continuing Health Care
- Regional Integrated Fund

The following IA reports were deferred to a future meeting in 2023:

- Agency Nursing
- Discharge Management
- Workforce Strategies
- Major Project/Programme Provision
- Financial Management
- Records Digitalisation

- **Quality and Safety Governance Framework:** The Committee received the Quality and Safety Governance Final Internal Audit Report. The report advised that not all sampled directorates had adopted the mandated templates, and that the level of detail recorded in meeting minutes is inconsistent. Reasonable assurance was concluded with two medium priority matters relating to the adoption of the standard terms of reference and agenda templates by all directorates; and the quality of minutes to clearly evidence discussion of key issues.
- **Falls Management:** The Committee considered the Falls Management Internal Audit report, which provided reasonable assurance, with one high priority matter, relating to the completion of falls risk assessments, and five medium priority matters. These include reviewing the falls policy, the absence of a delivery plan and target completion date for development of the falls strategy, lack of a formal falls training programme, the timeliness and completeness of falls incident investigations, and sharing of lessons learned across the Health Board. Whilst targeted training was undertaken by the Quality Improvement

Officer for falls, there was no Health Board wide training to capture all staff. The report also advised that falls investigations were not always started promptly and may not contain sufficient detail. A review of the management response for Matters Arising 2.1a in Appendix A was also requested by the Committee. The Committee also agreed that the report should be provided for information to the next Quality, Safety and Experience Committee.

- **Directorate Governance – Glangwili Hospital:** The Committee received an Internal Audit report on the Unscheduled Care Directorate Governance at Glangwili Hospital. The report concluded reasonable assurance overall with one high priority matter arising, relating to sickness management and four other medium priority matters relating to having no terms of reference or work plans for the Directorate's Quality, Safety and Assurance and Budget and Management Groups, updating the risk relating to financial performance on directorate risk register, timeliness of the management of incidents and the statutory and mandatory training compliance rates are below the Health Board target of 85%.

In the context of the financial position of the Health Board, the Committee requested clarification in respect to the Directorate's savings scheme and received assurance that there had been a large amount of work undertaken to align opportunities with savings, and to understand the need to balance finance with quality and performance to develop a plan to deliver savings in future. The Health Board approach had been to take a more strategic approach rather than provide Directorates with a percentage savings target from budget.

In respect of sickness management, the Committee heard that due to operational pressures, return to work (RTW) interviews were not always documented, however a plan is in place to address this.

The report also noted that the number of outstanding incidents did seem high in comparison to other sites in Hywel Dda, however conceded that this might be attributable to the numbers of patients and business undertaken on site.

Due to current front door pressures and workforce capacity issues, the Directorate does receive a high number of complaints, many of which can be complex and involve a number of areas and therefore can be more challenging to investigate when more than one service is involved. Further assurances were provided to the Committee, as every incident is reviewed by the corporate quality and assurance team.

The Committee agreed that the management response to recommendation 5.1 needed further work, and that an updated response could be appended to the Table of Actions for the December meeting.

- **Directorate Governance – Witybush Hospital:** The Committee received an Internal Audit report on the Unscheduled Care Directorate at Witybush Hospital.

The report, which concluded reasonable assurance, reviewed the directorate governance arrangements and governance structures, and provided one high priority recommendation in relation to financial monitoring arrangements, and five medium priority recommendations. These related to workforce governance arrangements which

showed that whilst workforce issues were being discussed in the Quality and Safety meetings, these were not on the group's terms of reference, risk management as risk actions were not updated, incidents and concerns, statutory and mandatory training and sickness management.

In respect of financial monitoring arrangements, the Committee received assurance that the report did not fully reflect the measures in place to monitor and manage the Directorate's financial position, and that formal finance meetings were in the process of being reinstated.

The Committee accepted the content of the report, however requested that the report needed to be more nuanced and reflect that financial matters are discussed, albeit not in a formal structure.

The Committee noted that sickness absence rates appeared to be higher in Wthybush Hospital than Glangwili Hospital, and that whilst rates can fluctuate, the sustained high level of sickness increased workforce pressures and this affected the Directorate's capacity to effectively manage incidents and undertake mandatory training as ward sisters often have to fill gaps in the rota to ensure the delivery of patient care. Whilst sickness is monitored, the pressures on staff were unprecedented due to the increased operational pressures. The Committee was assured that the Directorate was working with OD Relationship Managers in areas where there are high sickness absence rates and low numbers of recruitment and retention of staff.

- **TriTech Institute Governance Review Follow-up:** The Committee received the TriTech Follow Up Final Report. The report concluded substantial assurance and advised that significant progress has been made by management to address the previous audit report's findings, which concluded limited assurance, including the development and submission of a TriTech business case. All previous recommendations have now been addressed and closed.
- **Audit and Risk Assurance Tracker:** The Audit Tracker, which tracked progress against audit and inspections within the Health Board, was presented. At the time of reporting, the number of open reports had decreased from 98 to 91, 47 of which have recommendations that have exceeded their original completion date. There was a slight decrease in recommendations where the original implementation date has passed from 128 to 124. The Committee requested a deep dive into Ophthalmology at its next meeting, which will detail all outstanding recommendations, challenges and how the Health Board intends to address them. Further clarity on how the Health Board responds to Royal College recommendations will also be provided at the next meeting.
- **Audit Committee Work Programme** – The Committee received for information the ARAC work programme for 2022/23.

**Materion y Mae Angen Ystyriaeth neu Gymeradwyaeth Lefel y Bwrdd ar eu Cyfer/
Matters Requiring Board Level Consideration or Approval:**

- The Committee agreed to recommend for approval by the Board, changes to the Scheme of Delegation, outlined above and detailed within the Financial Report (agenda item 4.1).

Risgiau Allweddol a Materion Pryder/Key Risks and Issues/Matters of Concern:

- The Finance Delivery Unit are reviewing COVID-19 expenditure across NHS Wales.
- Concerns were raised in respect of the Health Board's increased escalation status to Targeted Intervention and the Committee would seek assurance of the Health Board's response at future meetings.
- The rollout of Welsh Community Care Information System (WCCIS) Audit Response would not be adopted by Carmarthenshire and Pembrokeshire Local Authorities due to ongoing challenges.
- Internal Audit have advised that initial discussions have commenced with the Board Secretary to understand the changing priorities and operational pressures, as well as the impact of the increase in escalation status (to Targeted Intervention) on the second half of this year's Internal Audit plan.
- A deep dive into Ophthalmology has been requested to provide assurance on outstanding recommendations, and to understand the challenges and how the Health Board intends to address them
- Further clarity on how the Health Board responds to Royal College recommendations will be provided at the next meeting.

**Busnes Cynlluniedig y Pwyllgor ar Gyfer y Cyfnod Adrodd Nesaf/
Planned Committee Business for the Next Reporting Period:****Adrodd yn y Dyfodol/Future Reporting:**

In addition to the items scheduled to be reviewed as part of the Committee's work programme, following up progress of the various actions identified above will be undertaken.

Dyddiad y Cyfarfod Nesaf/Date of Next Meeting:

13th December 2022