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| <b>Enw'r Pwyllgor:<br/>Name of Committee:</b>  | Audit and Risk Assurance Committee (ARAC)      |
| <b>Cadeirydd y Pwyllgor:<br/>Chair of Committee:</b>   | Mr Paul Newman, Independent Member             |
| <b>Cyfnod Adrodd:<br/>Reporting Period:</b>  | Meeting held on 22 <sup>nd</sup> February 2022 |
| <b>Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor/<br/>Key Decisions and Matters Considered by the Committee:</b>  |  |
| <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 22<sup>nd</sup> February 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 22<sup>nd</sup> February 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"> <li>• <b>Table of Actions</b> – the Committee noted that the scope of the Audit Wales Operational Governance reviews is being developed, and that the Mental Health &amp; Learning Disabilities (MHL) Directorate will be reviewed separately and prioritised, as previously requested.</li> <li>• <b>Counter Fraud Update</b> – an update on counter fraud activity was received, including national discussions around under/overpayment of salary.</li> <li>• <b>Financial Assurance Report</b> – the Committee received the Financial Assurance report, and focused on the continued increase in overpayment of salaries. The issue is essentially one of management control, with the organisation needing to implement improved system controls. The Digital and Workforce teams are taking steps to automate as many workforce processes as possible. The Committee approved the losses and debtors write offs detailed within the report.</li> <li>• <b>Post Payment Verification (PPV) Report</b> – the Committee received an update on general PPV activity, noting both current and planned work, including a programme of enhanced/tailored training. Overall, HDdUHB is performing well.</li> <li>• <b>General Medical Services (GMS) PPV Update</b> – also received was a GMS PPV Update report, with the Committee assured that actions had been taken in relation to specific claim error issues identified. The Committee discussed contracts, the potential future of community service models and the challenges these may present.</li> <li>• <b>Annual Statement of Financial Procedures</b> – the Committee received and noted the Annual Statement of Financial Procedures, hearing that HDdUHB's process for reviewing</li> </ul> |  |

financial procedures is regarded as an exemplar and is being used by other Health Boards.

- **Audit Wales Update Report** – an update was provided by Audit Wales on finance and performance audit work. The review of Referral to Treatment (RTT) Monies is under reconsideration due to significant changes in context and landscape since this began; Audit Wales will seek to extract key messages for the UHB and will issue a partial refund of the audit fee to reflect this decision.
- **Structured Assessment 2021: Phase 2 - Corporate Governance and Financial Management Arrangements** – the Committee was reminded that this report had been considered at the HDdUHB Public Board meeting on 27<sup>th</sup> January 2022. In respect of whether there is anything further the UHB could or should be doing with regard to its financial position, the main issue and area for focus for HDdUHB is around operational teams. The organisation has a strong corporate intention; the issue is its operational teams' ability to deliver. Recognising that previous recommendations, including R3 around staff engagement, are closed, it was, however, agreed that this issue should be revisited in the People, Organisational Development & Culture Committee (PODCC) to review and re-examine the UHB's staff engagement strategy post COVID-19. Whilst acknowledging that the report contains no new recommendations, it was emphasised that the UHB recognises that there are areas for improvement.
- **Audit Wales Welsh Health Specialised Services Committee (WHSSC) Committee Governance Arrangements Update** – a report was received, advising that an update on progress regarding the Audit Wales review of WHSSC Committee Governance Arrangements had been presented to the WHSSC Joint Committee on 18<sup>th</sup> January 2022. A number of the actions fall under the remit of Welsh Government. With regard to recruitment of WHSSC Independent Board Members, whilst consideration is being given to alternatives in terms of remuneration, it is still anticipated that these will be sourced from the Health Boards' Independent Member cohort, meaning that capacity remains an issue.
- **Care Home Commissioning for Older People** – the Committee received a report from Audit Wales on Care Home Commissioning for Older People, noting that this had originated as a North Wales based review. Following its conclusion, however, Audit Wales had felt that there were key messages for other regions/Health Boards. The report was accompanied by a response to the issues raised from HDdUHB. The issues covered in this report have been a matter of concern and debate for some time. HDdUHB has been through various progressions and developments and it was suggested that, with the correct process in place, the outcome will be correct. There will be associated funding implications; however, if there is confidence in the processes and application of these, there can be confidence in and justification of the funding requirements. It was agreed that the HDdUHB response demonstrates a robust understanding of the report and its findings, and Members were assured that there are very few disputes with the Local Authorities within Hywel Dda, which reflects the maturity of both process and partnerships. However, any changes to the system would potentially lead to governance issues and concerns. The need to monitor this area nationally is acknowledged, and an All Wales review incorporating Social Care is planned.

- **Internal Audit Plan Progress Report** – the Committee received an update on the Internal Audit Plan and approved the required adjustments to the plan. It was noted that these adjustments will not impact on the ability to provide an end of year Head of Internal Audit Opinion. Concerns were expressed regarding the number of reports deferred and the resultant impact on future meetings.
- **Internal Audit** – the Committee received the following Internal Audit reports:
  - Nurse Bank Overpayments Briefing Paper
  - Deployment of Welsh Patient Administration System (WPAS) into Mental Health & Learning Disabilities (MHL) Follow-up (Reasonable Assurance)
  - Use of Consultancy Follow-up (Reasonable Assurance)
  - Waste Management (Reasonable Assurance)
  - Records Management Briefing Paper

The following IA reports were deferred to a future meeting:

- TriTech
  - Non-Clinical Temporary Staff/Agency Spend
  - Workforce Planning
  - Quality & Safety Governance Framework
  - Clinical Audit
  - Falls
  - Performance Reporting and Monitoring
  - Commissioning
  - Primary Care Clusters
  - IT Infrastructure (deferred to 2022/23)
  - Continuing Health Care/Long Term Pathway (deferred to 2022/23)
- **Deployment of WPAS into MHL Follow-up (Reasonable Assurance)** – the Committee heard that considerable progress had been made in addressing the Matters Arising previously identified. The management response has focused on those items which could be addressed most quickly; however, it is acknowledged that a number of actions remain outstanding. During detailed discussion of this follow-up report, it was noted that the deployment of WPAS has been a challenging process, particularly the initial phase. It has been decided that there will be a focus on those service areas where there are significant waiting times. The MHL Directorate team is working closely with the Digital team, with bi-weekly meetings to progress work as quickly and thoroughly as possible. Assurance was provided that there had been no harm to patients; however, the project had involved additional staff time. In terms of the reasons for the issues experienced, there had been a lack of appreciation of the complexity involved in migrating MHL services to WPAS, from both a Service and Digital perspective. In retrospect, it would have been more prudent to consider these various complexities more fully rather than try to move at pace in the deployment/implementation of WPAS. It was anticipated that, within 6-9 months, a high percentage of MHL services will be migrated to WPAS. Benefits were already being seen, and Members were reminded that HDdUHB is currently the only Health Board to have a fully integrated Acute and Mental Health Patient Administration System. It was acknowledged that there are lessons to be learned from the deployment of WPAS in MHL, with it suggested that a further review be conducted within in the 2022/23 audit year, to provide assurance regarding progress and evidence benefits to the service.

- **Waste Management (Reasonable Assurance)** – the Committee heard that the audit had identified numerous examples of good practice. The report was welcomed and the Waste Management team was congratulated for their efforts around this high-profile issue. The references to training needs identified in the management response were noted – a common theme across the three Internal Audit reports presented to this meeting. It was suggested that the organisation’s ability to deliver training, even mandatory training, is currently compromised and that a discussion with the Director of Workforce & OD is required.
- **Records Management Briefing Paper** – during discussion of this Internal Audit report, the Committee heard that a range of actions have been undertaken by the UHB; however, certain actions still require completion. There continue to be areas of concern, with a Planning Objective intended to take forward this area of work. In terms of digitisation/storage of records, there has been significant progress since the autumn of 2021. There are approximately 1.6m records within the UHB. Storage and scanning of records remains a key topic for debate; however, HDdUHB has made progress in this respect and should, by the end of the month, have access to an additional storage facility at Dafen. The UHB has also made arrangements for outsourcing the scanning of inactive records. A dedicated Project Manager has been appointed, and fortnightly meetings are taking place. These various actions/factors should begin to make an impact. One of the initial issues affecting progress had been that – while the scanning of records had begun – there was a need for a repository to store these scans which facilitates both accessibility and readability. The organisation now has an Electronic Document Management System (EDMS) and the required infrastructure in place. It was highlighted that Medical/Health Records are only part of this workstream, with various other records, for example corporate records (including financial records), and their management and storage also requiring consideration.
- **Field Hospital Lessons Learned** – the Committee received a report on this topic, prompted by the recommendation that the UHB undertake a ‘lessons learned’ exercise following the Internal Audit report on Field Hospital Decommissioning. The lessons learned process had formally recognised the areas of improvement identified by Internal Audit and clearly acknowledged acceptance of these. It was important to recall where the organisation had found itself two years ago, what it was responding to and the pace of Field Hospital implementation. The original concept of Field Hospitals had vastly differed from the ‘final product’, which was much higher in terms of standard of environment. The UHB now has a proven template/framework, which can be utilised again, should this be required. There are lessons, however, and valuable learning in terms of due diligence, for example. Members heard that the UHB is currently in the process of decommissioning the final Field Hospital. The report and ARAC’s discussions will form part of HDdUHB’s Public Inquiry evidence.
- **External Validation Update** – receiving a report on this topic, Members were advised that Validation will form a key part of Welsh Government’s Planned Care Recovery plans, and that Welsh Government has shared information/experience from HDdUHB. Concern was expressed regarding the fact that the validation exercise is two months behind the schedule originally proposed. The Committee noted that a contract had been placed with an external provider because the internal capacity to undertake this work had not existed. Based on the figures/costs provided, there were concerns regarding whether the work could be undertaken with the requisite skill and care and how much time is allocated to

each patient record. Validation can take minutes or longer, depending on the size and complexity of the patient record. Clinical Directors/Leads are expected to evaluate validation output and discuss any queries with the external provider. Validation is crucial to ensure that the UHB has a 'clean' waiting list, to avoid wasting clinical resource and time. Whilst there had been a slow start to the current exercise due to team members not being in place, it is anticipated that the yield and impact would increase during the next couple of months. Members were reminded that the UHB has moved to a risk-stratified waiting list, which represents a change in approach. There is also triangulation with the Waiting List Support work, to ensure that patients are safe during their time on the waiting list.

- **Mental Health Legislation Committee Report around the Discharge of their Terms of Reference** – the Committee received a report detailing Mental Health Legislation Committee (MHLC) activities during 2020/21 and was assured that the MHLC is operating in accordance with its Terms of Reference and discharging its duties effectively on behalf of the Board.
- **Audit Tracker** – the UHB Central Tracker, which tracks progress against audits and inspections undertaken within the UHB, was presented. At the time of reporting, there were 93 reports currently open. 49 of these reports have recommendations that have exceeded their original completion date, which has increased from the 39 reports previously reported in December 2021. There is an increase in recommendations where the original implementation date has passed from 101 to 126. The number of recommendations that have gone beyond six months of their original completion date remains at 41 as reported in December 2021.
- **Planning Objectives Update** – the Committee considered the three Planning Objectives assigned to ARAC, noting that 3B was not included in the Planning Objectives for 2022/23 submitted to Board in January 2022, as it is part of routine 'business as usual' work; 3F has been completed; 3H has been deferred to 2022/23.
- **Audit Committee Work Programme** – the Committee received for information the ARAC work programme for 2021/22.

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

None.

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

- Concerns regarding the continued upward trend in **overpayment of salaries**;
  - It was agreed that an update would be provided to the next meeting.
- The Audit Wales report into **Care Home Commissioning for Older People**;
  - It was agreed that discussions around this issue would be highlighted to the Board.
- Ongoing concerns regarding the findings of the **Deployment of WPAS into MHLD Follow-up** Internal Audit report;
 

It was agreed that:

  - The management response to Recommendation 1.1 would be expanded to comprise a list of all intended actions, as opposed to examples;
  - A further follow-up review would be conducted during 2022/23.
- Concerns regarding the findings of the **Records Management Briefing Paper**;
 

It was agreed that:

- A management response detailing progress and an explanation of plans, including key milestones/timescales, would be prepared for the next meeting;
- A further formal update would then be scheduled.
- References to **training needs** in the three Internal Audit reports were noted, together with the fact that the organisation's ability to deliver training is currently compromised;
  - It was agreed that a discussion with the Director of Workforce & OD would take place.
- Discussions and concerns in relation to the **External Validation** exercise;
  - As noted in the report's recommendation, an update would be provided on the outcome of the validation exercise, when this is complete.

**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:**

19<sup>th</sup> April 2022