

<b>Enw'r Pwyllgor: Name of Committee:</b>	Audit and Risk Assurance Committee (ARAC)
<b>Cadeirydd y Pwyllgor: Chair of Committee:</b>	Cllr. Rhodri Evans, Independent Member
<b>Cyfnod Adrodd: Reporting Period:</b>	Meeting held on 17 October 2023
<b>Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor/ 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 17 October 2023, 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 17 October 2023, 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>Escalation Status Update</b> – the Committee received and noted the update from the Targeted Intervention meeting held on 19 September 2023.</li> <li>• <b>All Wales NHS Audit Committee Chairs' Meeting Update</b> – the Committee noted the update from the All Wales NHS Audit Committee Chairs' meeting held on 13 April 2023.</li> <li>• <b>Review of HDdUHB Standing Orders (SOs) and Standing Financial Instructions (SFIs)</b> – the Committee received a report detailing amendments to the SOs and SFIs, in light of Welsh Government revised Model Standing Orders and Model Standing Financial Instructions. The Committee recommended the revised version of HDdUHB's Standing Orders and Standing Financial Instructions for onward approval by the Board on 30 November 2023.</li> <li>• <b>Financial Assurance Report</b> – the Committee received the Financial Assurance report, noting work to examine financial compliance, to ensure that the underlying controls are robustly documented and that compliance is accurately reported to ARAC. Changes to the Scheme of Delegation were highlighted, around an uplift to the Health Board's delegated authorisation limits by type of loss in respect of ex gratia payments for personal property claims. Scrutiny work around breaches of the No PO, No Pay Policy continues, with actions taken to improve performance in this area. The Health Board has begun to repay the monies received in respect of overclaiming benefits for patients in Mental Health &amp; Learning Disabilities (MHL) to the DWP and Pembrokeshire County Council. Single Tender Actions and contracts awarded were discussed at length, and alternative approaches suggested. The potential impact of Reinforced Autoclaved Aerated Concrete (RAAC) at Withybush Hospital (WGH) on the value of WGH was noted, with Members advised that the Health Board is working through this issue with Audit</li> </ul>	

Wales, to ensure that the accounts correctly reflect the position. The Committee approved proposed revisions to Hywel Dda University Health Board's Scheme of Delegation, for onward submission to the Board for approval on 30 November 2023. The Committee also approved the write-off of Losses and Special Payments detailed within the report.

- **Counter Fraud Update** – an update on Counter Fraud activity was received, including work linked to the National Fraud Initiative examining data matches in various areas. The Committee also received the outcome of a Risk Assessment exercise on Theatre Loan Trays and Consumables, noting that, as the process has been suspended, there is no requirement for further Counter Fraud involvement at this stage. Should the Theatre Loan Trays process be reintroduced in the future, however, Counter Fraud would anticipate contributing to developing the necessary controls.
- **Post Payment Verification (PPV) Report and Primary Care PPV Update** – the Committee received updates on PPV activity in General Medical Services (GMS), General Ophthalmic Services (GOS) and General Pharmaceutical Services (GPS). The Committee noted and took assurance from the contents of the reports.
- **Clinical Audit Update** – an update on Clinical Audit activity was presented, with the Committee noting that Welsh Government has not yet issued its 2023/24 Audit Programme. However, the Clinical Audit team has continued to develop plans. The Clinical Director for Clinical Audit has employed a fresh approach to garner improved engagement among staff and is considering how to encourage junior medical staff to participate in local audit programmes. Due to the fact that there is currently insufficient detail available in respect of the audit programme, it was agreed that the Committee was unable to take assurance in this regard. The Committee noted the increase in clinical audit programme activity for 2023/24; noted the continued development of the clinical audit function with the introduction of Audit Management and Tracking (AMAT) software; noted the continuation of the majority of mandatory national audits and the processes followed for the escalation of concerns (without exceptions); noted the involvement of Medical Leadership over engagement concerns with mandatory audits; and took assurance from the continued shared learning through Whole Hospital Audit Meetings.
- **Audit Wales Update Report** – an update was provided by Audit Wales on financial and performance audit. Work on the Structured Assessment for 2023 is underway and this is due to report in December 2023. The Committee heard that Audit Wales intend to defer their planned Digital Review and replace it with a Financial Review, due to the increased pressures and focus in this area.

The following Audit Wales reports were deferred to a future meeting:

- Review of Unscheduled Care
- Follow-up Review of Primary Care
- **Internal Audit Plan Progress Report** – the Committee received an update on the Internal Audit Plan and approved updates to the plan which reflect the pressures being experienced, together with emerging risks.

- **Internal Audit** – the Committee received the following Internal Audit reports:

- Board Oversight (Substantial Assurance)
- Deprivation of Liberty Safeguards (Reasonable Assurance)
- Sealing of Contracts (Advisory Review)
- Quality & Safety Governance Bronglais General Hospital (Limited Assurance)
- Mental Health and Learning Disabilities (MHL) Service – Timely Access (Reasonable Assurance)
- NICE Guidance (Limited Assurance)

The following IA reports were deferred to a future meeting:

- Estates Assurance - Estate Condition
- Emergency Planning

- **Deprivation of Liberty Safeguards (Reasonable Assurance)** – the Committee received a report outlining the findings of this audit, which was intended to review the actions being taken to enhance the current Deprivation of Liberty Safeguards (DoLS) service to reduce the backlog within the Health Board. An overall rating of Reasonable Assurance had been recorded; however, due to concerns around the wording of certain aspects of the recommendations and management response, it was agreed that this report would be re-presented to the next meeting.
- **Sealing of Contracts (Advisory Review)** – a report outlining the findings of a review of the process for applying the Health Board’s common seal was presented. In terms of findings, robust governance and internal controls in line with Standing Orders had been observed, and no issues were identified which required action.
- **Quality & Safety Governance Bronglais Hospital (Limited Assurance)** – the Committee received a report outlining the findings of this audit, which was to review operational quality and safety governance arrangements, to provide assurance that issues fundamental to the quality and safety of services are managed, monitored, and escalated. Several matters of concern had been identified, and a Limited Assurance rating had been returned. The rating was disappointing, given the work undertaken in this area, particularly as the reason for requesting an audit was to seek assurance that operational quality and safety governance measures were being applied consistently across the organisation. Concern was expressed around the findings detailed within the report, particularly the high number of Datix incidents. The level of assurance which could be taken that other Health Board wide processes are being consistently implemented at BGH was also queried. The Committee was advised that actions to address the findings of the audit are being taken forward, including extraordinary scrutiny meetings to review the incident backlog and identify any common themes.

Due to the significant concerns, the Committee felt that a follow-up audit should be conducted sooner rather than later, ideally in time to report to the next meeting in December 2023.

- **Mental Health and Learning Disabilities (MHL) Service – Timely Access (Reasonable Assurance)** – the Committee received a report outlining the findings of this audit. With the Health Board anticipating a significant increase in demand for MHL services, the audit was intended to review the key controls in place to manage and mitigate the risk of failing to achieve Welsh Government targets for Autism Spectrum Disorder (ASD) and Psychological Therapies. An overall rating of Reasonable Assurance had been concluded. The report was commended, with the assurance rating awarded pleasing in view of the pressures being experienced within MHL. Members were reminded that a draft report around Neurodevelopmental services is due from the Welsh Government’s Delivery Unit, which will likely include additional recommendations.
- **NICE Guidance (Limited Assurance)** – a report was presented outlining the findings of this audit, which was intended to review the arrangements in place for ensuring identification, dissemination and compliance with NICE guidelines across the Health Board. It was noted that this specifically relates to the operation of arrangements in place for assessing and ensuring compliance with NICE guidelines, and is not a reflection of the extent to which the Health Board is compliant with these guidelines. The audit had returned an overall rating of Limited Assurance. Members heard that a number of the actions taken in response to the audit findings were already planned; however, the audit had accelerated their implementation. These included introduction of the AMAT system and improvements to governance and reporting arrangements. All of the actions within the management response will have been completed by December 2023.
- **Audit Tracker** – the Audit Tracker, which tracks progress against audits and inspections undertaken within the Health Board, was presented. At the time of reporting, there were 111 reports currently open. 40 of these reports have recommendations that have exceeded their original completion date, an increase from the 33 reports previously reported in August 2023. There is an increase in the number of recommendations where the original implementation date has passed, from 151 to 164. However, the number of recommendations that have gone beyond six months of their original completion date has reduced from 57 to 54, as reported in August 2023. There are currently 409 open recommendations on the Audit Tracker, a decrease from the 438 reported in August 2023. The Committee heard that the Assurance and Risk team is working with services regarding the outstanding and overdue recommendations to progress these and/or agree revised completion dates.
- **Audit Committee Work Programme** – the Committee received for information the ARAC work programme for 2023/24.
- **Any Other Business** – the Committee noted that this was Mrs Judith Hardisty’s final ARAC meeting before she takes up the role of Interim Health Board Chair. Mrs Hardisty was thanked for her significant contribution to the Committee.

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

- The revised **HDdUHB Standing Orders and Standing Financial Instructions** (appended as Item 2.7.1)
- Changes to the **Scheme of Delegation** (appended as Item 2.7.2)

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

- Concerns in relation to the findings of the **Quality & Safety Governance Bronglais Hospital (Limited Assurance) Internal Audit**
  - A follow-up audit would be conducted, ideally in time to report to the next meeting in December 2023
- Findings of the **NICE Guidance (Limited Assurance) Internal Audit**
  - A follow-up audit would be conducted by the end of the year

**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:**

12 December 2023