

<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, Interim Vice-Chair, HDdUHB
<b>Cyfnod Adrodd/ Reporting Period:</b>	Meeting held on 12 December 2023
<b>Y Penderfyniadau a'r Materion a Ystyriodd y Prif Bwyllgor / Key Decisions and Matters Considered by the Main 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 12 December 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 12 December 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 Joint Executive Team (JET) meeting held on 22 November 2023.</li> <li>• <b>ARAC Self-Assessment Timelines 2023/24</b> – the Committee noted the timelines for the Self-Assessment process for 2023/24.</li> <li>• <b>Financial Assurance Report</b> – the Committee received the Financial Assurance report, noting information around compliance with the 'No PO, No Pay' policy and achievement of the target for Public Sector Payment Policy (PSPP) compliance. There had been no Single Tender Actions or consultant contracts awarded during the month of October 2023. Issues in relation to Project Bank Accounts (PBAs), which had been mandated by Welsh Government but were not working as intended, were outlined. This is not unique to HDdUHB and work to resolve the matter is underway. There were no write-offs, losses or special payments to be approved.</li> <li>• <b>Counter Fraud Update</b> – an update on Counter Fraud activity was received and noted.</li> <li>• <b>Ophthalmology Deep Dive Update</b> – an update on progress and proposed next steps to address the recommendations from external reviews was provided. The Committee heard that there has been further recruitment of staff, which has historically been challenging. There has also been investment in current staff, to facilitate increased service delivery. Primary Care pathways are</li> </ul>	

being utilised more, with increased use of virtual tools. The referral process has been improved; the backlog is being managed and work has taken place to improve the emergency pathway, with patients triaged appropriately. The general approach is to continue to increase capacity to meet demand, by working on each sub-specialty individually.

The Committee heard that work in relation to demand and capacity modelling was being undertaken. Meetings are planned with Swansea Bay UHB to explore how they produce their data, in order to 'mirror' their approach as much as possible, to support regional working. Noting that a number of the recommendations date from 2016, it was suggested that this reflects the depth and strategic nature of the challenge involved. The Healthcare Inspectorate Wales (HIW) recommendations pose a challenge to the Health Board; whilst the position has been improved, they have not yet been fulfilled. It will only be possible to close these recommendations when patient access to the Glaucoma pathway is occurring on a consistent basis, without delays. This has strategic ramifications as well as operational, and will be difficult to resolve. In terms of the 'Getting It Right First Time' (GIRFT) recommendations, there is a working group which meets weekly. Several recommendations have already been closed, and work is underway to close others. Monthly meetings take place on a national basis, where there is information exchange and feedback on projects, with input from the GIRFT team.

It was suggested that consideration be given to how this matter is taken forward, recognising that this is one of the services featuring as part of the Clinical Services Plan. Ophthalmology is being reviewed in a number of fora, and it was felt that one should be identified as the most appropriate for scrutiny. It was also suggested that the various review recommendations might be brought together into a single action plan. Members were reminded that there is a further national review due on this specialty. One area where the service would wish to see significant progress is on Intra-Vitreous injection Treatment (IVT) delays, where there is potential for harm and risk to patients. The Committee took assurance from the continued progress achieved to address the recommendations highlighted by the external reviews referenced in the report; and noted the continued regional and national discussions, which are expected to inform longer-term, regionally focussed plans for the delivery of eye care pathways across Wales

- **Audit Wales Update Report** – an update was provided on financial and performance audit work. Audit Wales is currently conducting the Charitable Funds audit, which is on schedule for completion by the end of January 2024. Two reports were presented: the Structured Assessment 2023 and Primary Care Follow-up Review. Management responses for both reports will be presented to the February 2024 ARAC meeting.

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

- Review of Unscheduled Care

- Audit Wales Structured Assessment 2023** – the Committee received the Structured Assessment 2023 report, which focuses on corporate arrangements. There is a separate review planned on operational arrangements. The report is generally positive, with a number of encouraging messages around effective corporate arrangements; Board transparency, effectiveness, and cohesion; systems of assurance related to risk and recommendation tracking; focus on long-term vision, and development and delivery of the Annual Plan. Potential areas for improvement were also identified: whilst the Board is cohesive, a period of significant change will need to be well managed to ensure this is maintained; there is scope to strengthen assurance on the effectiveness of performance management systems; opportunities remain to strengthen the oversight of other corporate plans; the Health Board's financial position is extremely challenging for 2023/24. The report makes five recommendations.

The Committee welcomed the positive report. Following discussion around scrutiny of the management response, it was suggested that the Structured Assessment 2023 report could be presented to Public Board in its current form, with it proposed to Board that management, scrutiny and implementation of the management response be delegated to ARAC. This suggestion would be taken forward via Chair's Action.

- Audit Wales Follow-up Review of Primary Care** – the Committee received the Review of Primary Care, noting that this was a follow-up to the review conducted in 2018, with some additional considerations around Board visibility for Primary Care and capacity and capability. Key findings were that overall, the Health Board is making good progress in addressing the previous recommendations. It is improving the management of primary care services, providing additional capacity, and strengthening oversight of primary care challenges at Board. However, capacity remains stretched in some areas, and more work is needed to develop a financial baseline. Consideration of primary care, including oversight of performance, in routine committee business requires improvement. The report makes two recommendations. The management response is being prepared for presentation at the February 2024 ARAC meeting.
- Internal Audit Plan Progress Report** – the Committee received an update on the Internal Audit Plan.
- Internal Audit** – the Committee received the following Internal Audit reports:
  - Interim Update - Quality and Safety Governance BGH
  - Estates Condition (Limited Assurance)
  - Deprivation of Liberty Safeguards (Reasonable Assurance) – revised version
  - Strategic Programme Governance Follow-up (Reasonable Assurance)
  - Technical Resilience (Reasonable Assurance) – discussed during the In-Committee session, due to potentially sensitive information.

The following IA reports were deferred to a future meeting:

- WGH RAAC Internal Major Incident
- Decarbonisation
- Cross Hands Health and Wellbeing Centre
- Emergency Planning
- **Interim Update - Quality and Safety Governance BGH** – following presentation to the previous meeting of the original Internal Audit report, which had returned a Limited Assurance rating, and due to the Committee’s concerns, a two-part follow-up process was agreed, with an interim update provided. The second part of the follow-up process will be more focused, to ensure actions are embedded. A management response has been provided and actions agreed, which are starting to be implemented. Positive steps have been seen, with a number of actions already completed and others requiring evidence to support completion. The need to ensure that the actions taken are sustained and embedded was emphasised, as was the need to escalate issues via the Operational Quality, Safety and Experience Sub-Committee (OQSESC), which remains of particular significance. Findings of the more focused follow-up audit will be presented at the February 2024 ARAC meeting.
- **Estates Condition (Limited Assurance)** – a report was presented outlining the findings of this audit, which was intended to evaluate the arrangements put in place by the Health Board to identify and manage key risks associated with the existing estate and the implementation of resulting strategies to manage/mitigate the risk. The main findings of concern centred upon risk management, survey information and data quality. NWSSP has held several discussions with Welsh Government, who are aware that they will be receiving a number of Limited Assurance reports in this regard. There are plans to compile an All Wales report. A letter has been issued by Welsh Government recognising the pressures around backlog maintenance and suggesting potential opportunities to access funding. Amongst the findings, it was noted that HDdUHB is an outlier compared with other Health Boards, in that it is currently reporting no high risk backlog.

With regard to inconsistencies between Health Boards in how items are classified and rated, particularly high risk backlog maintenance costs, it was highlighted that HDdUHB utilise a risk-based methodology of scoring, which NWSSP has indicated is the correct approach. Other Health Boards are declaring more high risk costs, perhaps in an attempt to secure funding. The need to implement a consistent approach across Wales, to ensure that funding is allocated appropriately was agreed; consideration of this matter will form part of the All Wales report mentioned earlier. Work has commenced around strengthening definitions and addressing variations in interpretation. It was emphasised by the Committee that, in order to ensure a representative picture and equity between Health Boards across Wales, this process needs to be made more robust and consistent. It was noted, however, that funds are not allocated on a risk-based scoring methodology, but via business cases. HDdUHB has been proactive in

submitting the latter. However, there is a fundamental shortage of money at the centre; Welsh Government has set a £5m threshold and requires business cases to be presented to the Infrastructure Investment Board. It was agreed that the Board needs to be made aware of this £5m limit and that this will only serve to increase estates risks further. The Committee observed that, in discussions with Welsh Government, the Health Board is being asked to consider how it could continue to deliver services if the new hospital is not approved; yet it is proving increasingly difficult to secure funding to maintain its current estate and equipment in a manner which is safe for patient care.

- **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 124 reports currently open. 45 of these reports have recommendations that have exceeded their original completion date, an increase from the 40 reports previously reported in October 2023. There is a slight increase in the number of recommendations where the original implementation date has passed, from 164 to 166. However, the number of recommendations that have gone beyond six months of their original completion date has reduced from 54 to 47, as reported in October 2023. There are currently 503 open recommendations on the Audit Tracker, an increase from the 409 reported in October 2023. There are no services of concern.

In response to a query around the sharp increase in open recommendations, the Committee heard that there is generally a balance between those opened and closed. However, there has been a recent influx of new reports; the Ophthalmology GIRFT report contains 60 recommendations alone.

- **Audit Committee Work Programme** – the Committee received for information the ARAC work programme for 2023/24.

**Materion Allweddol a Ystyriwyd gan y Pwyllgor Mewnol:  
Key Matters Considered by the In-Committee:**

- **Technical Resilience Internal Audit (Reasonable Assurance)** – a report was presented outlining the findings of this audit.
- **Counter Fraud Investigations** – the Committee received a report detailing cases currently under investigation by Counter Fraud, together with closed cases.

**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:**

- During discussions in regard to **Escalation Status**, concern around a lack of clarity with regard to the requirements/criteria for de-escalation
  - This has, and would continue to be, raised with Welsh Government
- Concerns in relation to the potential negative impact of issues in relation to **Project Bank Accounts (PBAs)** operationally

- Discussions are taking place with Welsh Government
- An update on HDdUHB's intended approach going forward would be included in the next Financial Assurance Report
- Risks and concerns associated with outstanding recommendations from various reviews in **Ophthalmology**, some of which date back to 2016. Whilst there has been some progress and plans are in place, risks continue to increase
  - Consideration to be given to scrutiny by a single forum and development of a single action plan
- Concerns in relation to the findings of the **Estates Condition (Limited Assurance) Internal Audit** and discussions relating to this, particularly around availability of funding and potential impact on patient care
  - It was agreed that this would be highlighted to the Board

**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:**

20 February 2024