

## AUDIT AND RISK ASSURANCE COMMITTEE UPDATE REPORT

**Date of last meeting:** 13 August 2024

**Quoracy:** Met

**Report by:** Cllr. Rhodri Evans, Chair

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### KEY DISCUSSION POINTS AND MATTERS TO BE ESCALATED FROM THE DISCUSSION AT THE MEETING:

**Alert<sup>1</sup>** (may require discussion)

The Audit and Risk Assurance Committee had no matters of which to **alert** the Board.

**Advise<sup>2</sup>** (to monitor)

The Audit and Risk Assurance Committee wishes to **advise** members of the Board:

- In regards to the Health Board's **Escalation Status**, due to concerns around the achievement of financial targets via the 100 day cycle, and the need for cash contingency plans; concerns around capacity, capability and governance.

The Committee undertook a detailed and lengthy discussion around the actions being taken in response to Targeted Intervention (TI), including the new internal governance structure, development of clear plans for the 14 identified criteria flagged as 'Alert' and the initiation of six key programmes focused on financial sustainability and service improvement. The seriousness of the current financial and operational challenges was acknowledged, together with concerns around demand, capacity and capability. The need to ensure longer-term embedding of a culture of continuous improvement and cost savings was emphasised. Also, consideration of how directorates and services are supported through the change process. The Committee received information regarding contingencies in terms of the financial deficit and insufficient cash reserves.

- In relation to the **Audit Wales Review of Cost Savings Arrangements Report and HDdUHB Management Response**. The key findings of the report were that the Health Board did not meet its financial targets for 2023-24 and its track record on delivering recurrent savings is poor. Given the Health Board's challenging financial position for 2024-25, it urgently needs to address its cost drivers and strengthen its overall arrangements for identifying, delivering, and monitoring sustainable cost savings opportunities to prevent its financial position from deteriorating further. A number of recommendations (10 in total) have been made, and the Health Board has developed a management response. Audit Wales is also planning a national report.

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<sup>1</sup> There is a lack of confidence that any action in place is sufficient to address the issue satisfactorily and/or within the scope of the operational team or executive to resolve. Engagement, action or intervention required.

<sup>2</sup> There are areas of concern where assurance has been taken on actions in place but requires close monitoring. An early warning of an emerging and potentially serious concern.

- Regarding the **Nurse Staffing Levels (Wales) Act 2016 (Reasonable Assurance)** report, due to the need to be cognisant of the potential financial implications of service and staffing changes.
- In relation to progress on **Transforming Urgent and Emergency Care**, due to the Committee's inability to take assurance from the report as presented, and request for a further update to the next meeting. It was highlighted that Emergency Care in particular is the source of high numbers of concerns and complaints, emphasising the importance of defined timescales and effective monitoring. It was also suggested that the approach of separate audits in Urgent and Emergency Care and Discharge Management was somewhat 'artificial', as they are inherently interconnected.
- With regard to progress on **Discharge Management**, due to a number of recommendations not yet being complete, and recognising that this will be the subject of a follow-up Internal Audit in Quarter 3 2024/25. An update was received, including around the establishment of a Discharge Strategy Group and development of a toolkit. Disappointment was expressed at the continued lack of consistency in arrangements across the three counties. Members heard that, whilst the new operational structure should provide benefits in certain respects, there will always be the dynamic of three different Local Authorities, with three different approaches, needing to be taken into account. There has been slippage in a number of completion dates, which highlighted an important issue – the need to identify realistic timescales for actions.

### **Assure**<sup>3</sup> (to note)

The Audit and Risk Assurance Committee wishes to **assure** members of the Board:

- In respect of the **ARAC Self-Assessment of Committee Effectiveness Progress Update**, that the Committee took assurance from the progress made against the actions being undertaken to improve its effectiveness.
- **Audit Wales** provided assurance to the Committee in relation to their update report and the ongoing progress with their workplan.
- The Committee discussed progress made in respect of the recommendations from the **Structured Assessments 2021 (Phase 1), 2022 and 2023**. Assurance was taken, with the caveat that those with a requested extension to 2025 will be reviewed.
- The **Internal Audit Plan Progress Report** was received, with the Committee assured regarding delivery of the Internal Audit plan for 2024/25 year and the outcomes of the finalised audit reports.
- With regard to progress on **Consultant Job Planning**, recognising that this will be the subject of a follow-up Internal Audit in Quarter 4 2024/25. The Committee noted the progress made in the job planning process and the implementation of the internal audit actions and took assurance from the steady rise in percentage job plan review compliance.

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<sup>3</sup> *There is confidence that actions are robust and will be sufficient to address the issue or generally operating effectively. Routine monitoring.*

- In regards to the **Management Response to the BGH Chemotherapy Day Unit Final Briefing Paper**, with the caveat that learning must be shared across Health Board projects. The Committee took assurance that all management actions from the Bronglais Hospital CDU Review are complete, and that the Bronglais Hospital CDU is on schedule and within budget at this point.
- The **Financial Assurance Report** provided assurance on the actions undertaken by the Finance colleagues in these areas. The Committee discussed ongoing issues around 'No PO No Pay' breaches and overpayments of salary.
- The Committee received an update regarding **Counter Fraud** work, including a Prevent and Deter exercise in relation to Lease Car Invoicing.
- In relation to the **Audit Tracker**, the Committee took assurance on the revised performance management arrangements which includes the delivery of external recommendations by directorates. It was agreed to amend the frequency of reporting of the Audit Tracker to every other meeting as a result of the implementation of the revised performance management arrangements.
- In relation to the **Risk Assurance Report**, the Committee was assured regarding the effectiveness of the Risk Management Framework, and the implementation of the Risk Management Strategy. It was agreed that the frequency of the Risk Assurance reporting should be increased from the current bi-annual timeframe, to every other meeting.

## Review of Risks

The Audit and Risk Assurance Committee will keep the Board updated on any developments regarding items flagged as 'to alert' and 'to advise' members as outlined above.

## Sharing of learning

The need to be cognisant of the potential financial implications of service and staffing changes.

The need to identify realistic timescales for actions.

Learning from capital projects must be shared across the Health Board.

## Recommendation

The Board is asked to **NOTE** the items the Committee is advising them of and **TAKE ASSURANCE** from the items that the Committee is providing assurance on.

Agenda, papers and minutes are available on our website:

<https://hduhb.nhs.wales/about-us/governance-arrangements/board-committees/audit-and-risk-assurance-committee-arac/>