

AUDIT AND RISK ASSURANCE COMMITTEE UPDATE REPORT

Date of last meeting: 16 April 2024

Quoracy: Met

Report by: Cllr. Rhodri Evans, Chair and Independent Member

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

Alert¹ (may require discussion)

- There were no items to alert members of the Board on this occasion.

Advise² (to monitor)

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

- Following a review of **Contract and Procurement Processes**, the use of the G-Cloud Framework had been stopped, unless approved by the Financial Control Group, and robust measures were now in place to ensure appropriate procurement processes are followed. G-Cloud was used during an intense period of activity during the pandemic which had led to some concerns on the procurement of some goods and services. Whilst the Committee was assured by the reflection and the learning points provided within the report, as well as the assurance that additional processes and safeguards are now in place, the Board is advised that a further update report outlining the lessons learnt and providing assurances on the future training provision for key officers and relevant staff would be provided to the Committee at a future meeting.
- It is possible that the Health Board will receive a limited assurance rating from the Head of Internal Audit for 2023/24 due to the number of limited assurance rated reports outlined in the **Internal Audit Plan Progress Report**. The Director of Corporate Governance will meet with the Head of Internal Audit to gain a better understanding.

Discharge Management

- The **Internal Audit Review of Discharge Management** provided *limited assurance* that discharge planning and management processes in place are effective and compliant with policies and guidance. Issues included the Discharge Policy being out of date and needing to be aligned to national guidance, as well as inconsistency in discharge processes across the Health Board which were previously highlighted in the 2021 Internal Audit review. The Committee were very concerned regarding this matter and have asked for an update on progress to be presented to the August meeting to gain assurance that challenges and issues identified in the report are being addressed.

¹ 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.

² 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.

The **Internal Audit Follow-up Review of Consultant Job Planning** provided *limited assurance* despite an increasing trend during the year on the level of job plan compliance. The review found issues remain with the quality of job plans, how the job plans are documented, SPA activity and that job plans sessions need to be appropriately reflected in ESR system. The Committee have asked for an update on progress to be presented to the August meeting to gain assurance that the issues identified in the report are being addressed.

Mental Health

- The Mental Health directorate were highlighted as a *service of concern* in the **Audit Tracker** report as this is the second consecutive time they have been identified with a concerning trend of overdue recommendations (particularly over 6 months), and it is fourth time over the past year, the directorate has been highlighted to ARAC with a concerning trend. This has been escalated to the Director of Operations, who through discussions with the service, believes that the issue relates to the directorate being unable to meeting the ambitious timescales they set themselves. Further work is being undertaken to set more realistic timescales and the Committee continue to monitor progress, and if there is no improvement by August, the directorate will be invited ARAC.

Assure³ (to note)

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

- The Committee received assurance from the **Targeted Intervention (TI) – Escalation Status** report, noting that the arrangements that the Health Board is putting in place which includes the nomination of a Senior Responsible Officer (SRO) for Targeted Intervention and the establishment of a TI Coordination Group. While the Health Board is awaiting the final Escalation Framework from Welsh Government, the draft will be shared with the Board at the April Board Seminar, along with the strengthened governance arrangements. The Committee requested that the action plan is presented to the next meeting by the Chief Executive and the SRO as part of the Escalation Status update report.
- **Audit Wales** provided assurance to the Committee on their work plan, and assured the Committee that the report on their review of operational governance arrangements would be presented at the next meeting. The draft annual accounts are due to be submitted to Audit Wales by 3 May 2024 and the audit deadline is 15 July 2024. A draft report will be submitted to ARAC in advance of this deadline. The **Audit Wales Annual Plan for 2023/24** was also presented, with Audit Wales noting Members' interest and queries in relation to the scope of planned All-Wales Digital Review and whether it would be used to inform and share, as the national landscape would impact our direction of travel as a Health Board, and whether it would consider the Health Board's engagement in the national digital programme. The Committee received assurance from the **Review of Primary Care Follow-up revised management response**, noting the timescales within the response.

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

- The Committee received assurance from the **Financial Assurance Report** and approved losses of £27,724 which related to the non-payment for provision of a service.
- The Committee had received the **Counter Fraud Annual Report 2023/24** and approved the **Counter Fraud Work Plan 2024/25**, commending the Counter Fraud Team for the amount of work that the small team undertake.
- The Health Board is compliant with the **NHS Counter Fraud Authority Requirements of the Government Functional Standard GovS 013: Counter Fraud** following a self-assessment which provided an overall rating of green, with one identified area of improvement.
- The Committee approved the **Internal Audit Plan and Charter for 2024/25**, which has been informed by the Health Board's escalation status.
- *Reasonable Assurance* was received from a number of **Internal Audit reviews**: WGH RAAC Major Incident, Transforming Urgent and Emergency Care (TUEC), Elective Waiting List Management - Single Cancer Pathway, Records Digitisation Follow-up, Agency/Rostering, and the Cross Hands Health and Wellbeing Centre Capital Scheme.

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

- In regard to the Contract and Procurement Processes - Lessons Learned paper to be presented to ARAC, this will also be shared with members of the Board for their information and appropriate oversight as well as any other pertinent updates.

Recommendation

The Board is asked to **note** the report.

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/>

AUDIT AND RISK ASSURANCE COMMITTEE UPDATE REPORT

Date of last meeting: 9 May 2024

Quoracy: Met

Report by: Cllr. Rhodri Evans, Chair and Independent Member

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

Alert¹ (may require discussion)

The Audit and Risk Assurance Committee (ARAC) wish to **alert** members of the Board that:

- The **Internal Audit review of the Standards of Cleanliness** provided *limited* assurance on the arrangements for ensuring compliance with the National Standards for Cleaning in NHS Wales, and request the Board to support the proposal that the Quality, Safety and Experience Committee oversee this matter. The review focussed on two acute sites, namely, Withybush Hospital and Glangwili Hospital. A number of issues were identified including no evidence of written assurance or escalation of issues through Health Board governance structure, the Environmental Cleaning Policy was in need of updating to reflect the new cleaning standards, inconsistent training and training record keeping, no service level agreements in place, cleaning schedules not in place for all wards/cleaning areas, variations in schedules and frequency of cleaning audits not compliant with standards or policy. The Committee was very concerned that these issues had not been identified with appropriate action taken, or escalated, prior to the internal audit being undertaken, and took assurance from the intention to have an internal governance review of cleaning standards to understand why this has happened and to ensure does not reoccur. Internal Audit have been asked to undertake a follow up review of the recommendations and undertake a review of cleaning standards a Bronlais and Prince Philip Hospitals during 2024/25.

Advise² (to monitor)

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

Glangwili General Hospital - Fire Precautions Phase 1

- The Internal Audit report on **Glangwili General Hospital - Fire Precautions Phase 1** provided *limited* assurance to progress the delivery of the project against its delivery objectives. The rating was primarily attributed to the financial risk of the unfunded forecasted position of the project with the best

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² 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.

forecasted position being between £4-5m overspend, however since the report has been issued, Welsh Government has confirmed additional funding of £4.5m which will be available immediately with a further £2.7m available, to be held by WG subject to scrutiny by NHS Wales Shared Services Partnership Specialist Estate Services. Therefore, the Committee are satisfied that the issues in the report would be actioned and look forward to receiving the follow-up report in 2024/25.

- The **Draft Head of Internal Audit Opinion and Annual Report for 2023/24** provides a *limited assurance* overall opinion on the adequacy and effectiveness of the Health Board's framework of governance, risk management and control. This was based primarily on the number of limited assurance reports issued in 2023/24, the significance of the risks associated with these, and the insufficient progress to address previously identified weaknesses. There is also variation in the findings from reviews into corporate arrangements to those in operational areas. Whilst the Committee were disappointed, it recognised that the Health Board has requested Internal Audit to go into areas where it knows it has concerns to gain an independent opinion.

Assure³ (to note)

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

- The **Standing Orders (attached)** have been reviewed and updated to reflect the new NHS Wales Joint committee of seven Health Boards, and therefore are satisfied to recommend these **for approval** by the Board on 30 May 2024.
- The Committee received assurance on the **Adequacy of Arrangements for Declaring, Registering and Handling of Interests, Gifts, Hospitality, Honoraria and Sponsorship**.
- The Committee received assurance that there are adequate processes in place to monitor the implementation of **NHS Non-Statutory Instruments Update (Ministerial Directions)** and **Welsh Health Circulars**.
- The draft **ARAC Annual Report 2023/24** was approved and will be submitted to the Extraordinary Board in July 2024 as part of the end of year documentation.
- The **Assurance Report on Board Effectiveness** was received following discussion at Board Seminar where the overall level of maturity in respect of governance and board effectiveness for 2023/24 has reduced from level 4 to level 2. This will be shared with WG colleagues as part of our targeted intervention arrangements.
- The Committee considered the **Audit Enquiries to Those Charged with Governance and Management, draft performance Report** and **draft Accountability Report** prior to submission to Audit Wales (AW) and WG for their review. The Committee also discussed the **draft Annual Accounts for 2023/24** which were submitted to AW and WG on 3 May 2024. These will

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

form part of the Annual Report 2023/24 which will be presented to Board for approval in July 2024.

- Assurance was provided from the **Industrial Action – Salary Overpayments Report** that a thorough investigation had been undertaken of the potential financial issue relating to payment to Consultants and SAS Doctors for covering shifts during recent BMA Junior Doctor industrial action (15-18 January 2024 and 21-24 February 2024), and that all overpayments will be actively followed up to ensure they are repaid. The Committee received assurance that lessons have been learnt and put in place with the most significant being that a digital system was required which enable claims to be validated and prevent inaccuracies (this will be undertaken through the e-rostering system).

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

None Identified.

Recommendation

The Board is asked to **note** the report and **approve** the revised Standing Orders (attached).

Agenda, papers and minutes are available on our website:

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