

Betsi Cadwaladr University Health Board (BCUHB)
Confirmed Minutes of the Audit Committee
held in Public on 4 March 2025
in the Boardroom, Carlton Court, St Asaph and via Teams

Committee Members Present	
Name	Title
Karen Balmer	Independent Member (Chair of Audit Committee)
Urtha Felda	Independent Member
Rhian Watcyn Jones	Independent Member (<i>via Teams</i>)
In Attendance	
Russell Caldicott	Executive Director of Finance
Pam Wenger	Director of Corporate Governance
Dyfed Edwards	Health Board Chair (<i>Observer</i>)
Sreeman Andole	Interim Executive Medical Director (<i>via Teams</i>)
Dave Harries	Head of Internal Audit
Nicola Jones	Deputy Head of Internal Audit
Fflur Jones	Performance Audit Lead, Audit Wales
Michelle Phoenix	Financial Audit Manager, Audit Wales
Danielle Timmins	Head of Counter Fraud (part meeting)
Glesni Driver	Head of Covid-19 Inquiry and Thirlwall Inquiry
Nesta Collingridge	Head of Risk Management
Carol Johnson	Head of Information Governance (<i>via Teams</i>)
Denise Roberts	Head of Capital, Compliance & BI (<i>via Teams</i>)
Committee Support	
Philippa Peake Jones	Head of Corporate Affairs
Laura Jones	Project Support Manager (Corporate Governance)

PRELIMINARY MATTERS

AC25/28 Welcome and Apologies

The Chair of the Committee welcomed everyone to the meeting and apologies were received for Dyfed Jones.

AC25/29 Declarations of Interest

No declarations of interest were raised at the meeting.

AC25/30 Unconfirmed Minutes of Meetings held 16.01.25

It was resolved that the Committee:

- **AGREED** that the minutes of the meeting held on 16.01.25 were a true and accurate record.

A query was raised in relation to whether the recommendations from 2022 are still pending. It was confirmed that progress is being made, the Team are currently working through the ongoing

outstanding audit recommendations and any recommendations that require further assurance will come back to the Committee in April 2025.

AC25/31 Matters Arising and Action Log

Update on Open Audit Recommendations – Final Audit Report on Llandudno Hospital Orthopaedic Surgical Hub

- There was discussion around action AC25/06.3 in relation to the arrangements for a bank account. It was confirmed that a bank account has not yet been established and the Executive Director of Finance and Director of Environment & Estates are following this up with the contractor to ascertain why this has not yet been completed. It was noted that this is a potential regulatory issue as there is a need to start transacting through the account to ensure payments are secure, this issue is being taken forward.

WRP Penalties – Learning from Events Report (Lfer)

- In relation to action AC25/09.1 to share an example of an LFER, it was confirmed that this had been completed and therefore this action was deemed closed. It was noted that a session on LFERs will form part of the Board Development Programme which is currently being developed by the Director of Corporate Governance and the Health Board Chair.

Centre for Mental Health and Society (CfMHaS)

- There was discussion around action AC24/151.1 and it was confirmed that a review is currently being commissioned externally which needs to go through a procurement process and a report will come back to a future meeting.

Internal Audit Progress Report

- In relation to action AC24.60.1.8 regarding the quality, safety and commissioned services review it was confirmed that this resulted in a limited assurance report and a follow up review is currently being commissioned. The Executive Lead has now been agreed as the Director of Performance & Commissioning, a final brief has been issued and the outcome will be shared with the Audit Committee before being referred to the QSE Committee.

The Committee reviewed the action log and agreed to close the following actions, after consideration of the papers presented to the Committee where required: AC24/152.1, AC24/152.2, AC24/154.2, AC25/15.1, AC24/147.2, AC25/14.1, AC25/05.1, AC25/06.1, AC25/06.4, AC25/09.2, AC25/11.1, AC25/13.1, AC25/14.2, AC25/14.3, AC25/15.2, AC25/17.1, AC24/127.2 & AC24.62.1.4

GOVERNANCE

AC25/32 Information Governance and Records Management Position Update

Members received the report and the Head of Information Governance highlighted:

- An external review of the Health Board's Information Governance and Records Management systems and processes was undertaken during June and July 2023.
- The findings included 8 recommendations with a total of 48 actions and the current position stands with 12 outstanding actions which will continue to be progressed.
- Work has been taking place over the last 18 months with Workforce, IT, Cyber Security and the DDaT Team to close these actions.

- 6 of the actions relate to the asset register, a vast amount of work is being progressed in this area and once complete, the remaining actions will reduce.
- 2 actions remain red and incomplete which relate to the Corporate Records Management function and a records classification scheme.
- In relation to the Corporate Records Management function additional resource is required and the Chief Digital & Information Officer is taking this forward to request funding for the next financial year.
- In relation to the records classification scheme, discussions are taking place with the Assistant Director of Data, Intelligence & Insight to discuss whether this can form part of the information relating to data quality and governance that is already being reported and validated.
- An update was provided on the Local Access Control Policy to confirm this has now been finalised and has gone out for consultation.

In discussing the report, the Committee:

- Queried the competing priorities in relation to the budget and the proposed bid for additional funding and also the implications of not completing the actions highlighted in red. It was confirmed that the information provided by the Chief Digital & Information Officer was not clear in terms of the category of risk.
- Suggested the need for the Executive Committee to take some time to consider the wider context and how we protect information that should not be shared publicly. It was confirmed that when this was presented to the Executive Committee, there was a proposal not to accept the risk as further work, discussion and assurance is required in this area. It was agreed that this needs to go back to the Executive Committee and an update to be presented to the Audit Committee at a future meeting.
- Highlighted that a number of actions should be business as usual such as the Access Control Policy.
- Stated it would be useful for the report to include an appendix showing the actions that have been completed.
- Agreed the need to ensure corporate records are managed and maintained and suggested the Access Control Policy and Record Management Code of Practice are shared outside of the meeting.

Actions:

- **AC25/32.1** The Executive Committee to take some time to consider the matter, identify best practice, clarify that the risk is logged and bring the item back to the Committee.
- **AC25/32.2** Access Control Policy and Record Management Code of Practice to be uploaded to the Audit Committee IMs area on the Teams Channel.

It was resolved that the Committee:

- **NOTED** the assurance provided on compliance with the identified recommendations and the next steps required to address the areas of shortfall.

AC25/33 Risk Report & Corporate Risk Register

Members received the report and noted the progress made to date; the Head of Risk Management highlighted:

- The report provides an update position on the Corporate Risk Register and the Risk Governance arrangements.
- In relation to the Corporate Risk Register there are a number of target date extensions and also a number of new open risks.
- The risks relating to Challenged Services have been to the QSE Committee who were happy to receive the risks noting that further work is required.
- A number of Corporate risks have seen a reduction in score since September 2024 and a number of actions are being closed.
- The teams are now challenging the scores and since the last Internal Audit there has been a focus on metrics and dashboards where progress is now being made. Teams are also being asked to provide more realistic timescales.
- Assurance was provided to the PPHP Committee that Emergency Preparedness Resilience Response (EPRR) Lead has been reviewing the Corporate Risk Register, work is required to develop the operational risks and this will be a priority area.

In discussing the report, the Committee:

- Highlighted that 11 of the risks relate to capacity and quality and the Interim Executive Medical Director is working with Head of Risk Management to demonstrate the trends in the risks.
- Suggested the need to include realistic target dates and also revise dates included in the report where dates are extended.
- Queried progress in relation to Civil Contingencies, it was suggested that contact can be made with the EPRR Lead to gain a further update in relation to the development of the risks.
- Referred to a number of risks which have maintained the same score over a 12-month period and queried why the mitigations are not having an effect. It was confirmed that discussions are taking place and scores are being reviewed to ensure the actions in place are correct, this is being done on a regular basis by the Risk Management Group who are also facilitating deep dives into specific areas.
- Stated the need to move forward to ensure risks are within the risk appetite and start to see downward trends to provide greater assurance.
- Suggested the detail around specific risks is reviewed in more detail for example an update relating to the failure to embed learning to be discussed at the QSE Committee.
- Noted the HSE Prosecution and Learning from Events Reports (LFERs) querying how this is managed in line with the Health & Safety risk to try and avoid future prosecutions. It was confirmed that this is an area that being discussed in terms of mortality reviews, embedding learning and future risks. It was suggested that information relating to the legal services plan and learning from legal cases is discussed further at a future Committee Development Session.
- Referred to the Internal Audit on Falls Management and the potential for a follow up to highlight any improvements and learning via the QSE Committee. It was noted that a follow up review of Falls Management will be included in the revised Internal Audit Plan.

Actions:

- **AC25/33.1** Revise the dates included in the report where dates are extended.
- **AC25/33.2** Share an update on Civil Contingencies with the Audit Committee.
- **AC25/33.3** Share information relating to the legal services plan and learning from legal cases at a future Committee Development Session.

It was resolved that the Committee:

- **NOTED** the Corporate Risk Register as reported to Risk Scrutiny Group in Jan 25*
- **NOTED** the Risk Governance arrangements paper and updates.

Denise Roberts joined the meeting

AC25/34 Standing Orders Reservation and Delegation of Powers

Members received the report and the Director of Corporate Governance highlighted:

- A review of the Standing Orders has taken place and the amendments are highlighted.
- The Board approved the establishment of the Executive Committee to provide more clarity in terms of transparency and further amendments are being made to specific wording.

In discussing the update, the Committee:

- Noted the wording to confirm papers will be made available to the public at least 5 clear days before each meeting of the Board includes weekends.
- Queried the delegated authority for the Chief Executive in relation to the Audit Committee providing assurance to the Board for its arrangements of delegation and reservations and why concerns would not be raised with the Director of Corporate Governance. It was confirmed that there is a schedule of matters reserved for the Board and other matters delegated to the Chief Executive to delegate to other officers in line with the scheme of delegation. Work is taking place to review what should be delegated to who to ensure a clear schedule is produced. It was agreed that the draft would be shared with the Committee.

Action:

- **AC25/34.1** Share the draft Reservation and Delegation of Powers along with the updated current version.

It was resolved that the Committee:

- **APPROVED** the changes to the Standing Orders
- **NOTED** that the Reservation and Delegation of Powers are being re-drafted to make them clearer.

AC25/35 Audit Committee Terms of Reference

Members received the report and the Director of Corporate Governance highlighted:

- The Terms of Reference are due for review and have been amended to provide a more consistent approach with NHS Wales Board level documentation.
- The revised Terms of Reference will go to the Board for approval, subject to any comments.
- Going forward, it would be useful to invite other Executive Directors to join the Committee on a rolling basis to provide further assurance.

In discussing the update, the Committee:

- Queried whether the core membership is consistent with other Health Boards in Wales, it was confirmed that it is and the revised Terms of Reference have been based on a standard model.
- Discussed whether it should be mandated in the Terms of Reference that the Chair requires a financial background, it was confirmed that an accountancy background is optimum but not essential as long as someone on the Committee had a level of financial competence to understand the annual accounts
- Stated that the approval of the Terms of Reference would be noted in the Committee AAA Report.

It was resolved that the Committee:

- **NOTED** and **APPROVED** the Terms of Reference.

AC25/36 Audit Committee End of Year Review

Members received a verbal update and the Director of Corporate Governance highlighted:

- It was confirmed at the Audit Committee Development Session on 20.02.25 that the Committee would complete a self-effectiveness review which would be based on the Audit Committee Handbook.
- The review will help to inform the Annual Governance Statement and also allow the Chair to identify any areas of improvement.
- The review will be shared with members for their response and the results will be presented to the next meeting.

It was resolved that the Committee:

- **NOTED** the update.

Carol Shillabeer and Danielle Timmins joined the meeting

FINANCIAL FOCUS

AC25/38 Conformance Report

In presenting the report the Executive Director of Finance highlighted:

- Reference to purchase orders that are non-compliant stating that invoices are kept to a minimum, there is a 'No PO No Pay' policy in place and the Team have been providing procurement training sessions to ensure staff are aware of the importance of raising purchase orders.
- There has been a reduction in trend from Q2 to Q3, however the East continue to have a higher element and the Team are working to address this.
- 11 single source waivers have been approved in Q3 which is a reduction on previous quarters.
- Further work is required in terms of receivables, the current figure stands at approximately £13m, of those receivables, £7.5m are within 30 days so should be cleared within the next month leaving a net of circa £4-5m worth of debt that will have gone beyond the 30-day timeframe and this is being reviewed.
- Reference to salary overpayment stating this is generally caused by late notification and the need to ensure more timely termination forms are processed to avoid the need to recover payments.

- The Public Sector Payment Policy which is based around how cash is transacted within the local economy, the Health Board transact approximately 95% of goods and services locally and this remains within target.
- Learning from Events Reports (LFERs) have been included as an addition within the Conformance Report due to the level of financial risk we could ascertain as a consequence. This is a current area of focus due to the amount of fines that could be received and also in terms of embedding learning to ensure events are not repeated. This is an area that could be referred to the QSE Committee going forward with financial risk due to non-compliance remaining with the Audit Committee.
- There were no Chairs actions to be reported in relation to financial compliance during the period.
- Significant progress has been made in relation to the Contract Procurement Review with 11 procedures being endorsed and 6 of the outstanding policies / procedures are expected to be concluded by the end of March 2025. There is one outstanding procedure related to a Health Board wide contracts database, work is progressing and this should conclude in the next financial year.

In discussing the update, the Committee:

- Queried the extensions to the two contracts for staffing within the Radiology department without appropriate authorisation. It was confirmed that this is not a breach as the cost relates to an extension of the 12-month contract, this has been discussed and agreed with procurement and authorisation can be sought from Welsh Government if required. A file note has been completed by procurement and the Health Board to provide clarity on this issue and it was agreed to expand on this in the notes in future.
- Referred to a long-standing salary overpayment and queried why this has not been concluded. It was confirmed that this is being followed up and further work is required in relation to completing debt write offs in a timely manner.
- Noted that the report did not include page numbers and requested a movement arrow is included in relation to LFERs to show where numbers have changed.
- Acknowledged an increase in LFERs and it was confirmed that further work is required with IHCs and Directors to determine the cause of the delay in responding. This will also be discussed as part of the Integrated Performance Executive Group to provide focus in this area and determine how this can be managed more effectively and it was noted that additional support is being provided in the Central area. It was agreed to share a briefing on LFERs with Independent Members.
- Noted the use of the term redress and it was confirmed this relates to the settlement of low level, largely financial issues and best practice is to ensure an LFER is completed in line with these issues. It was also noted that changes to the redress regulations will be confirmed shortly.
- Highlighted the loss of cash included in the report and the potential reputational issues of cash being stolen. It was confirmed that information on this would be shared outside of the meeting.

Actions:

- **AC25/38.1** Add page numbers to the Conformance Report and a movement arrow in relation to LFERs to show where numbers have changed.
- **AC25/38.2** Share a briefing on LFERs with Independent Members.

- **AC25/38.3** Share a briefing on the 5 payments for loss/damage of patient's property, 1 payment for ex-gratia payments and 6 ombudsman payments for delayed and unsatisfactory treatment.
- **AC25/38.4** RATS to be amended to Remuneration Committee on the losses and special payments section.

It was resolved that the Committee:

- **NOTED** and **DISCUSSED** the elements of performance
- **APPROVED** the Losses and Special Payments (October to December 2024)

INTERNAL AUDIT

AC25/39 Internal Audit Progress Report

Members received the report and noted the progress in relation to Internal Audit. In presenting the report, the Head of Internal Audit highlighted:

- The Health Board is on a positive trend in terms of reasonable assurance.
- There will be two challenging reviews taking place as requested by the Chief Executive relating to Consultant Contracts and the Job Evaluation Process which have been shared with the Committee for consideration
- All outstanding reviews have now been finalised and the main themes highlighted were in relation to information, data accuracy, data quality, governance policies and procedures, financial management control and performance management.
- The Network and Disaster Recovery review received reasonable assurance and some of the key issues were around software versions and testing.
- The Establishment Control review received reasonable assurance, issues were highlighted in relation to procedures not being updated, quarterly audits not being undertaken and budget managers not having the required e-learning.
- The Job Evaluation review was requested by the Chief Executive and the Health Board were unable to provide the required information to fulfil the review. The Senior Associate Director People Services did seek to progress this review however the Trade Unions did not agree to provide the required information. A concern was raised in relation to the timelines assigned to the review as the procedures are non-compliant with the Health Board Scheme of Reservation and Delegation.
- The Transformation & Improvement review was highlighted and it was noted that the aim of the Transformation Team was to bring different Teams together, reduce overheads and prioritise resource. The review highlighted that the outcome from the Team and the impact of major change across the Health Board is not clear.

In discussing the update, the Committee:

- Acknowledged that the Chief Executive has raised a request via the Local Partnership Forum to meet with the Trade Union representatives to discuss job evaluation. It was highlighted that the focus of the review was to provide clarity on systems and processes. The timeframe for the review will be agreed once the meeting has taken place.
- Referred to the limited assurance review relating to Electronic Staff Records and the high amount of whole-time equivalent (WTE) vacancies in place that do not have the required funding. It was confirmed that ESR is reporting more vacancies than the funded establishment and there is a need for essential work to take place in this area. It was

agreed that reconciliation work would take place outside of the meeting and reported back to the Committee.

- Noted that investment in the Transformation Team costs circa £5m for approximately 100 officers, this includes areas such as Continuing Health Care. It was noted that there is an issue around the impact of this function, work is taking place to review the approach and target change expertise into major priority areas. Discussions are taking place in relation to realigning resources into the value and sustainability space to align with the organisation's wider objectives.
- Highlighted the need to align the Transformation Team to progress and deliver in key areas and address how we measure the outcomes and benefits realisation as this will be required as evidence for Welsh Government in terms of accountability for the use of funding received in this area.
- Noted that the management response time had improved from the previously reported amber to green.

Action:

- **AC25/39.1** Review ESR and the funded establishment as soon as possible to understand why they are not aligning and bring an update back to the May meeting and alert the People and Culture Committee of this anomaly.

It was resolved that the Committee:

- **NOTED** the content of the report.

AC25/40 Revised Internal Audit Plan

Members received the report and the Head of Internal Audit highlighted:

- Thanks to the Health Board and Committee Chairs for their help in reviewing and shaping the Plan.
- The high volume of reviews to be completed was noted as challenging however the Committee confirmed the need for assurance to be provided in high-risk areas.

In discussing the plan, the Committee:

- Noted specific reviews where the scope has been revised to include additional areas.
- Agreed to include a follow up on Falls Management as an addition to the Plan.

Action:

- **AC25/40.1** Include a follow up review of Falls Management in the Internal Audit Plan.

EXTERNAL AUDIT

AC25/41 External Audit Progress Report – Item Withdrawn

AC25/42 Final Accounts Memorandum, Annual Audit Letter and Audit Plan 2025/26

Members received the report and the Performance Audit Lead and Financial Audit Manager highlighted:

- The Final Accounts Memorandum includes a summary of the issues and recommendations identified during the 2023-24 confirming that the actions and target dates have been agreed.

- The Annual Audit Report 2024 summarises the work completed over the year and a summary of the financial opinion.
- There are several performance audits that are still underway and these include the Review of Planned Care Services Recovery, Urgent and Emergency Care and Strategic Financial Allocation.
- The Audit Plan 2025 sets out information in relation to the financial audit work and includes areas such as significant risks, fraud and financial targets.
- The failure of financial duty was highlighted as an area of potential breach.
- The governance arrangement of senior officer appointments was referred to as there have been issues with this in the past.
- There is a need to review the information received from the Finance Team with an aim to commencing the audit in April 2025.
- An additional fee of £22k was charged for the 2024 financial statements audit due to additional unplanned work completed in relation to the remuneration report. Due to its complexity, it was agreed that work needed to commence sooner on this report.

In discussing the report, the Committee:

- Reported that Audit Wales will be joining the Board meeting in March to report on the Structured Assessment, Annual Audit Opinion and the focus of the Health Board over the past year.
- Highlighted the unqualified audit opinion for 2023-24 and an unqualified audit opinion in relation to Charitable Funds.
- Thanked Audit Wales for their continued engagement with the Health Board.
- Referred to the note regarding the Health Board's strategic objectives being too high level and not smart. It was confirmed that this has been picked up as part of the discussion with the PPHP Committee and the Board Development Session that the objectives need to be more outcomes focussed and this is being addressed.
- Confirmed that the information required in relation to the remuneration report is being collated as a new process is now in place to ensure this information is captured.

It was resolved that the Committee:

- **NOTED** the content of the report.

COUNTER FRAUD

AC25/43 Local Counter Fraud Service Q3 Report 2024/25

Members received the report and the Head of Counter Fraud highlighted:

- The report refers to the request from the Audit Committee for the Community Pharmacy Data Matching Pilot to be reviewed by the Counter Fraud Team. It was noted that the pilot did not identify any systematic fraud or errors which merited any investigative action.
- The Director of Corporate Governance has been appointed as the Counter Fraud Champion by the Executive Director of Finance and this will be endorsed by the Board.

It was resolved that the Committee:

- **CONSIDERED** and **NOTED** the content of the report.

AC25/44 Local Counter Fraud Service Workplan 2025/26

Members received the workplan and the Head of Counter Fraud highlighted:

- The workplan been approved by Executive Committee and following the amendments highlighted, the workplan went out for comment and no further amendment were requested.

It was resolved that the Committee:

- **APPROVED** the Counter Fraud Annual Workplan for 2025/2026.

AC25/45 Local Counter Fraud, Bribery and Corruption Policy

Members received the policy and the Head of Counter Fraud highlighted:

- The roles and responsibilities included in the policy which require specific responsibility for the Audit Committee.
- The Audit Committee is responsible for seeking assurance that the organisation has adequate arrangements in place for countering fraud and bribery and compliance with NHS CFA Standards.
- Compliance against this will be monitored via the annual workplan and quarterly reporting to the Audit Committee

It was resolved that the Committee:

- **APPROVED** the revised F03 Counter Fraud, Bribery and Corruption Policy.

FOR INFORMATION

AC25/46 Summary of Business to be Reported from Private

It was resolved that the Committee **NOTED** the report.

AC25/47 Committee Forward Workplan

It was resolved that the Committee **NOTED** the forward workplan for information.

CLOSING BUSINESS

AC25/48 Agree Items for Referral to Board / Other Committees

It was resolved that the following would be referred:

- The Executive to take some time to consider the matter of Information Governance and Records Management and identify best practice ensure that risks are logged and in due course bring the item back to the Committee.
- Reasonable assurances on the recent internal audits were received.
- That there a misalignment of Electronic Staff Record with the approved financial establishment, this is being reviewed urgently.

AC25/49 Review of Meeting Effectiveness

In discussing the item, the Committee:

- Noted the high quality of papers.
- Referred to the challenges raised and the open and honest responses provided.

- Acknowledged the time spent on significant issues and the balance between regular items and more in-depth discussions.
- Highlighted the contributions made and members being able to raise questions.

AC25/50 Date of Next Meeting

Wednesday 30 April 2025, 9.30-1.30pm

Resolution to Exclude the Press and Public

'Those representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest in accordance with Section 1(2) Public Bodies (Admission to Meetings) Act 1960'