

**Betsi Cadwaladr University Health Board (BCUHB)**  
**Confirmed Minutes of the Extra Ordinary Audit Committee held in PUBLIC**  
**on 9 July 2024 via Teams**

<b>Committee Members Present</b>	
<b>Name</b>	<b>Title</b>
Karen Balmer	Independent Member (Chair)
Dyfed Jones	Independent Member
Rhian Watcyn Jones	Independent Member
Urtha Felda	Independent Member
<b>In Attendance</b>	
Russell Caldicott	Interim Executive Director of Finance
Dyfed Edwards	Health Board Chairman
Carol Shillabeer	Chief Executive
Pam Wenger	Director of Corporate Governance
Andrea Hughes	Interim Finance Director, Operational Finance
Phil Meakin	Associate Director of Governance
Matt Edwards	Director – Financial Audit Lead, Audit Wales
Michelle Phoenix	Audit Lead, Audit Wales
Dave Harries	Head of Internal Audit
Nicola Jones	Deputy Head of Internal Audit
Simon Weaver	Head of Financial Control
Sjef Molmans	Local Counter Fraud Specialist
<b>Committee Support</b>	
Jody Evans	Corporate Governance Officer
Philippa Peake Jones	Head of Corporate Affairs

<b>Agenda Item</b>	<b>Action</b>
<b>OPENING BUSINESS</b>	
<b>AC24.78 Welcome and apologies for absence</b>	
<b>AC24.78.1</b> There were no Apologies received.	
<b>AC24.79 Declarations of interest on current agenda</b>	
<b>AC24.79.1</b> There were no declarations of interest received.	
<b>AC24.80 - Financial Annual Accounts 2023/24</b>	
<b>AC24.80.1</b> The Interim Executive Director of Finance presented the Financial Annual Accounts for 2023/2024, highlighting the Health Board's statutory requirements for preparing and producing financial statements. It was noted that the draft accounts had been submitted to the previous Audit Committee and shared with Welsh Government and Audit Wales.	



**AC24.80.2** The Interim Executive Director highlighted the deficit of 24 million in the 2023/2024 financial year. The Audit Committee noted the findings and unqualified audit opinion, and acknowledged the Health Board's first unqualified opinion since 2020/21. The Interim Executive Director informed the Committee of the fantastic result and expressed his sincere thanks to the Team (both internally and externally) for the work undertaken and production of the reports.

**AC24.80.3** The Interim Executive Director also addressed the regulatory opinion and non-delivery of key financial duties within the 3-year plan to break even, whilst highlighting similar issues consistent across other Health Boards. The Director also referred to an appointment issue, which followed to the 2023/2024 period.

**AC24.80.4** The approval process was explained to the Committee confirming that the accounts would be presented at the Extraordinary Health Board Session on the 19th July for approval, and presented to Welsh Government on the 15th July 2024.

**AC24.80.5** The Interim Executive Director and Chair of the Audit Committee congratulated the Teams on their impressive achievement, and expressed gratitude to Audit Wales for their contributions.

**AC24.80.6** The Chair of the committee opened up questions to the Committee Members.

**AC24.80.6** An Independent Member (RWJ) expressed concern with regards to potential journalistic scrutiny, in relation to service provision. The Chief Executive then spoke about financial governance and controls, whilst acknowledging the disappointing carryover issue. Progress was also raised regarding rapid patient access within the short-term plan, highlighting both internal and external provisions.

**AC24.80.7** The Chair requested clarification around the publication of the Accounts. The Director of Corporate Governance clarified that the *draft* accounts had been published in the public domain (as part of the draft process), and the support and preparation of the Communications Team was in place. The Committee discussed and predicted media interest. A discussion ensued and it was confirmed that the Director of Corporate Governance intended to provide support to the Communications Team in order to share the thoughts of the Committee.

**AC24.80.8** The Interim Executive Director highlighted the massive rate of positivity from the financial perspective, along with the credibility of the finance teams. The difficult period over the last two years was raised, and it was noted that the progress was to be built into external communications.

**AC24.80.9** The Chair closed the item and thanked the Finance Team for the presentation.

PW

<p><b>AC24.80.10 RESOLVED</b> The Audit Committee recommend the Board approval of the 2023-24 Annual Accounts to the Health Board, following consideration of Audit Wales findings on their review of the Financial Statements.</p>	
<p><b>AC24.82 - Response to Audit Enquiries Letter</b></p> <p><b>AC24.82.1</b> The Interim Executive Director of Finance presented the Audit Enquiries Letter to the Committee, and provided a brief overview in relation to the focus and responses of the Health Board and Audit Committee Chair.</p> <p><b>AC24.82.2</b> An Independent Member (UF) requested clarification concerning Welsh Risk Pool ongoing cases. The Interim Executive Director of Finance provided an overview of the Welsh Risk Pool (WRP) and the relationship with the Health Board, whilst clarifying that that WRP was underwritten, and further explained the threshold and cost consequences of the charge back proportions.</p> <p><b>AC24.82.3</b> An Audit Wales Lead (MP) conveyed that the expectations had been in line with the review and feedback was adequately received.</p> <p><b>RESOLVED</b> The Audit Committee noted the response to the Audit Enquires Letter and recommended the response detail to the Health Board.</p>	
<p><b>AC24.83 - ISA 260 Audit of Financial Statements - Audit Wales</b></p> <p><b>AC24.83.1</b> The ISA 260 Audit of Financial Statement was presented to the Committee. The Audit Wales Lead (MP) clarified the timeline and approval of the accounts, along with key improvements and standards of the collaborative work undertaken. Key elements and amendments were highlighted, in particular to thresholds and materiality, in relation to standard practices to specific areas of interest. Ethical standards were also highlighted, whilst drawing attention to the independence and objectivity regarding the mitigated risks and controls in place.</p> <p><b>AC24.83.2</b> The Audit Wales Lead also commented on the considerations of the audit statement by the committee and forthcoming approval of the Board. It was noted of the Auditor General intention in issuing an unqualified statement. The HM Treasuries compliance and accordance was also highlighted, concerning the work undertaken.</p> <p><b>AC24.83.3</b> The Financial duty to break even in relation to a 3 year plan was raised, along with a breach in standing financial instructions. It was clarified that the matters were included therein the report for the attention of the Auditor General and Senedd in further detail.</p> <p><b>AC24.83.4</b> Attention was drawn to the amendments to appendices 4 and 5; whilst acknowledgement to the positivity of the report, and in particular the significant improvements to the quality of the draft statements. The Audit Lead</p>	

also made a comparison to the previous year, in terms of challenges and concerns relating to quality. The Audit Lead commended the Committee.

**AC24.83.5** The Audit Lead also commented upon the progress and mapping of the financial statements and paid individual thanks to the Head of Financial Control for the support provided.

**AC24.83.6** Significant improvement was acknowledged with regards to the quality of the remuneration report. The Committee noted the context in significant changes within the Health Board to date, whilst highlighting the updates made in appendix 5 of the report, along with some sensitivity issues. The recognition was made of the necessity to establish stronger governance arrangements regarding remuneration reporting.

**AC24.83.7** An Audit Wales Lead (MP) also raised attention to appendix 4 and 5 amendments and in particular pay disclosures and benefits in relation to remuneration, pensions and salaries. It was raised that the updates and amendments had been brought in line with the requirements for the management of the accounts.

**AC24.83.8** The Chair of the Committee requested clarification on the quality process of the report and the Chief Executive referred to the Director of Corporate Governance to update.

**AC24.83.9** The Chief Executive also commented upon the challenges and ongoing work, in relation to remuneration, along with the open dialogue and discussions with Audit Wales and forthcoming improvements in relation to the complex and challenging environment. The Chief Executive also relayed her thanks for the work of Colleagues.

**AC24.83.10** The Director of Corporate Governance echoed the detail expressed by the Chief Executive and provided an overview of the ongoing work with Audit Wales.

**AC24.83.11** The Audit Wales Lead (MP) clarified the detail in relation to post project learning and sharing of reflections along with the commitment to the Health Board to address the issues identified going forwards.

**AC24.83.12** The Chair of the Committee queried an inherited matter, in relation to clarification to an interim post in the previous financial year under the previous Board. The Audit Wales Lead (MP) clarified the payment dates and informed the Committee of the quantum payments. A discussion ensued. An IM (RWJ) also referred to an extension approval for the post. IM (UF) referred to preparation and planning going forwards, concerning support and conversations in relation to the remuneration committee. The Interim Executive Director of Finance referred to the irregularities, and that they occurred because of decisions taken, prior to the Health Boards move to Special Measures. It was noted that the issue had been highlight to the external Communications Team.

**RESOLVED**

The Audit Committee noted the report and recommended the report to the Health Board.

**AC24.84 - Local Counter Fraud 2023/2024 Annual Report**

**AC24.84.1** The Interim Executive Lead introduced the report and informed the Committee of activities undertaken along with regular performance and proactive updates being received.

**AC24.84.2** The Interim Director of Finance informed the Committee of the Team being within budget for the year, along with headlines of proactive and reactive work undertaken by the Counter Fraud Team, The Committee noted that the Counter Fraud Policy was also under review. The Committee also received an update on the positivity of the counter fraud standards return. The retirement of the Head of Counter Fraud was also noted, which was in the process of being recruited to.

**AC24.84.3** It was confirmed that the Deputy Head of Local Counter Fraud had successfully completed the Data Analytics Course and had won an award, (which also included a member within the Finance Team). The Committee acknowledged the new skill set, which were to be utilised within a number of forthcoming projects.

**AC24.84.4** The Committee acknowledged the significant engagement with staff, with regards to regular presentations, and sharing of fraud awareness articles. Shared working links were also reported upon, along with links to the Post Payment Verification Team. Details in relation to the Risk Management Teams involvement and ongoing/new referral cases were also shared in the report.

**AC24.84.5** A refresh and update of the report template had also been confirmed, in relation to future Committee Reporting via public and private sessions. The Chair thanked and congratulated the Counter Fraud Team for the report. Questions were then invited.

**AC24.84.6** An IM (RWJ) commented upon the huge amount of work undertaken and queried as to how the Health Board quantify financial savings. Whilst unable to clarify; it was reported that the Deputy Head of Local Counter Fraud Service had been in discussions with the Central Intelligence Team and referred to a new module being under development for future reporting. A discussion took place, in relation to financial savings and ongoing cost benefits. The Interim Executive Director of Finance also commented upon direct interventions along with recovery and reporting through to Committee Level. It was noted that continued fraud awareness was intended, along with ongoing consistent approaches and progress.

**AC24.84.7** The Deputy Head of Local Counter Fraud Service also emphasised that the Health Board were the 1<sup>st</sup> in Wales to roll out a Mandatory Fraud Awareness eLearning Module and reported the positive steps to date. The

Committee acknowledged and gave thanks to progress and update of the training module.

**RESOLVED:**

The Audit Committee considered and noted the Local Counter Fraud Annual Report for 2023/24.

**AC24.85 - Head of Internal Audit Opinion and Annual Report 2023/2024**

**AC24.85.1** The Chief Executive and Accountable Officer opened the item and provided thanks to the Internal Audit Team, along with the flexibility and support provided throughout the year whilst noting the system of internal control and levels of considerable challenge therein the organisation. The Chief Executive also expressed and gave thanks to the recently appointed Director of Corporate Governance, whilst noting the systems, and process challenges that the Health Board had been faced with.

**AC24.85.2** The Head of Internal Audit presented the report to the Committee, whilst commenting on areas and points of focus and confirmed a limited assurance opinion for the year 2023/2024.

**AC24.85.3** The Committee were guided to the synopsis to the reviews and the assurances applied throughout the year. The deteriorating picture of compliance was presented. The similarities to other NHS organisations had been recognised, as the picture was not unique to BCUHB.

**AC24.85.4** The Head of Internal Audit also drew attention to governance, risk, and regulatory compliance; in being the top risks areas along with quality and safety being under concern in relation to limited assurances. Noncompliance with regards to operational policies and procedures was also commented upon, along with controls and management of risks relating to achieving corporate objectives.

**AC24.85.5** The Committee were assured that Internal Audit had complied with the public sector standards and clarification was received confirming of there being no impairment to independence in relation to any member of the Team. The Head of Internal Audit also confirmed access levels within the Health Board in the event of raising concerns (via the Accountable Officer, Chair of Audit Committee and Health Board Chair).

**AC24.85.6** The Head of Internal Audit also commented upon Key Performance Indicators and a slight decline in relation to management report turnaround responses.

**AC24.85.7** On behalf of the Internal Audit Team, the Head of Internal gave thanks to the Corporate Governance Directorate, Chair of the Audit Committee, Committee Members, Health Board Chair and all Executives for the ongoing support provided throughout 2023/2024.

<p><b>AC24.85.8</b> The Chair thanked the Head of Internal Audit whilst acknowledging the detail and overview provided, in relation to the progress to date, and improvements concerning risk and regulatory compliance envisaged going forwards.</p> <p><b>AC24.85.9</b> The Director of Corporate Governance expressed her gratitude to the support of the Internal Audit Team, along with the complexities to the management of audit processes. It was confirmed that traction and delivery of improvements were being made, in relation to the update of internal and external recommendations identified via the Structured Assessment. It was noted that historic recommendations were also being reviewed to ensure all actions were adequately closed.</p> <p><b>AC24.85.10</b> The Interim Executive Director of Finance commented on the limited assurances, along with the reductions in compliance and referred to the processes in place, for tracking audit recommendations going forwards. Delivery and accountability was also raised.</p> <p><b>AC24.85.11</b> An IM (RWJ) requested that Internal Audit Reports be collated for IMs to view for ease in 1 location. It was confirmed by the Director of Corporate Governance that a system had recently been set up. The IM then referred to the Operating Model and tracking of recommendations, in relation to previous concerns raised with regards to tracking of updates.</p> <p><b>AC24.85.12</b> IM (UF) expressed the usefulness of the report, in relation to collating thoughts and discussions relating to audit tracking and assurances. The IM thanked the Head of Internal audit. The Chair then summarised the ongoing work of the Audit Committee and also in relation to management responses</p> <p><b>RESOLVED:</b> The Audit Committee received the Head of Internal Audit opinion and annual report for 2023/24. The level of 'limited assurance' was reported, as anticipated. It was clarified that improvements to internal controls are a key priority for the Executive team.</p>	
<p><b>AC24.86 - Annual Report 2023/2024</b></p> <p><b>AC24.86.1</b> The Director of Corporate Governance presented the Annual Report 2023/2024, and explained that the 3 sections of the documentation which in combination, would provide the finalised report for submission to Audit Wales and Welsh Government.</p> <p><b>AC24.86.2</b> The Committee were informed of the iterative process and thanks was given to the Associate Director of Governance (PM) and the wider team, in relation to the check and challenge compliance.</p> <p><b>AC24.86.3</b> The Director of Corporate Governance referred to 3 minor updates to the report, which would be made prior to presentation to the Health Board. It was proposed to work with Audit Wales, to finalise the points, to address the specific issues raised.</p>	<p><b>PW</b></p>

**AC24.86.4** The Director of Corporate Governance expressed that the report was a true and fair position of the activities of the Health Board throughout the year, along with been compliant with the manual for accounts, as set by Welsh Government. The significant period of changes was noted by the Committee and was also noted as being reflected within the report.

**AC24.86.5** Progress in relation to Special Measures was also highlighted along with ongoing work in relation to governance, risk and assurance.

**AC24.86.6** The Limited Internal Audit Opinion was also noted therein the annual governance statement. Attention was also drawn to the Operating Model, along with specific areas of concern.

**AC24.86.7** Audit Wales Reporting was also noted in relation to levels of assurances, within the period of challenge. The ongoing work to strengthen the corporate governance and assurances processes was highlighted. Breaches of statutory planning duties was also raised.

**AC24.86.8** The Director of Corporate Governance then invited questions.

**AC24.86.9** An IM (RWJ) commented upon the Chief Executives tone as being very appropriate within the report. A discussion took place and the IM also commented on the proof reading progress of the report. The Director of Corporate Governance confirmed that substantive proof reading had been undertaken.

**AC24.86.10** The Chief Executive commented on the suggested improvements, in relation to report specifics and terminology, which would be included in future iterations.

**AC24.86.11** An IM (UF) queried as to how the Committee linked to the Quality Safety Experience Committee in dealing with clinical audits. It was confirmed that the issues were to be dealt with via the Integrated Chairs Meeting. It was noted that the Director of Corporate Governance and IM would discuss outside of the meeting.

**AC24.86.12** Statute requirements and obligations in reporting were also raised and the Director of Corporate Governance and Interim Executive Director provided the overview in terms of compliance with guidance and prescribed time frames. It was also noted that the Health Board Annual General Meeting (AGM) would receive a summary version of the report in September, along with the Communications Team providing an overview summary. Following a discussion, with regards to the AGM, it was also confirmed that the public were able to engage. The Chief Executive also expressed the importance of engagement and also referred to a recent stakeholders brief in relation to special measures which was very well received.

<p><b>AC24.86.13</b> Subject to minor updates, the committee formally recorded that the committee;</p> <ul style="list-style-type: none"> <li>• Received and consider the Annual Report 2023-24, Part 1 and 2 and Annual Governance Statement.</li> <li>• Recommend to Board at its meeting on 10 July 2024 the approval and signature of the Annual Report and Financial Accounts for year ended 31st March 2024.</li> </ul> <p><b>RESOLVED</b> Subject to minor updates, the committee; formally recorded, received and considered the Annual Report 2023-24, The Committee recommend to the Board the approval of the Report for onward submission to Welsh Government, following the incorporation of the accounts, subject to the Board approval.</p>	
<p><b>AC24.86 - Review of Meeting Effectiveness</b></p> <p><b>AC24.86.1</b> The Members agreed that the meeting was informative and positive discussions arose.</p>	
<p><b>AC24.87 Date of next meeting</b></p> <p><b>AC24.87.1</b> The Chair reiterated her thanks and commended the Finance Team and all involved in producing the reports taken at the Audit Committee Meeting. It was confirmed that the date of the next meeting would be Thursday 18<sup>th</sup> July 2024, 9.30-13.30pm.</p>	