

## Structured Assessment 2023 – Cardiff and Vale University Health Board

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# Summary report

## About this report

- 1 This report sets out the findings from the Auditor General's 2023 structured assessment work at Cardiff and Vale University Health Board (the Health Board). Our structured assessment work is designed to help discharge the Auditor General's statutory requirement under section 61 of the Public Audit (Wales) Act 2004 to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources. Our review of the Health Board's corporate approach to setting new well-being objectives in accordance with the sustainable development principle is being undertaken to help discharge the Auditor General's duties under section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 2 Our 2023 Structured Assessment work took place at a time when NHS bodies were still responding to the legacy of the COVID-19 pandemic as they look to recover and transform services and respond to the additional demand in the system that has built up during the pandemic. Furthermore, health bodies are also dealing with a broader set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate. More than ever, therefore, NHS bodies and their Boards need to have sound corporate governance arrangements that can provide assurance to themselves, the public, and key stakeholders that the necessary action is being taken to deliver high-quality, safe and responsive services, and that public money is being spent wisely.
- 3 The key focus of the work has been on the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically, with a specific focus on;
  - Board transparency, cohesion, and effectiveness
  - Corporate systems of assurance
  - Corporate approach to planning
  - Corporate approach to financial managementWe have not reviewed the Health Board's operational arrangements as part of this work.
- 4 Our work has been informed by our previous structured assessment work, which has been developed and refined over several years. It has also been informed by:
  - Model Standing Orders, Reservation and Delegation of Powers
  - Model Standing Financial Instructions
  - Relevant Welsh Government health circulars and guidance
  - The Good Governance Guide for NHS Wales Boards (Second Edition)
  - Other relevant good practice guides

We undertook our work between June and November 2023. The methods we used to deliver our work are summarised in **Appendix 1**.

- 5 We also provide an update in this report on the Health Board's progress in addressing outstanding recommendations identified in previous structured assessment reports in **Appendix 2**.

## Key findings

- 6 Overall, we found that **the Health Board has maintained effective arrangements to ensure good governance and has adopted a refreshed long-term strategy. Opportunities exist to enhance certain arrangements, to support the delivery of the organisation's refreshed strategic objectives, and address the challenges facing the Health Board.**

### Corporate approach to planning

- 7 We found that **the Health Board has taken positive steps to refresh its long-term vision and strategic/well-being objectives. As with other health boards, it has been unable to produce an approvable Integrated Medium Term Plan (IMTP) and is working to an Integrated Annual Plan instead. Its approach to overseeing the delivery of strategies and plans is maturing, but reports could be strengthened to provide greater assurance to the Board that actions are achieving the intended benefits and outcomes.**
- 8 The Health Board's arrangements for producing, overseeing, and scrutinising the development of corporate strategies and plans are robust. The Health Board has taken positive steps to refresh its long-term strategy and has adopted a new long-term vision and strategic objectives. However, like other health boards in Wales, it has been unable to produce an approvable IMTP for 2023-2026 due to its challenging financial position, and is working to an Annual Plan for 2023-24 instead.
- 9 The Health Board's new strategic objectives are also its well-being objectives as required under the Well-being of Future Generations (Wales) Act 2015. Whilst the well-being objectives are underpinned by clear priorities, they do not encompass all aspects of sustainable development. Furthermore, the Health Board has not aligned its objectives to the national well-being goals or to the well-being objectives of partner organisations.
- 10 Key corporate strategies and plans, such as the long-term strategy and 2023-24 Annual Plan, contain clear strategic objectives and priorities, and SMART milestones, targets and outcomes. The Health Board also has good arrangements in place to enable the Board to oversee and scrutinise the delivery of key corporate strategies and plans. However, opportunities exist to enhance reports to provide greater assurance to the Board on the delivery of intended benefits and outcomes.

## Board transparency, effectiveness, and cohesion

- 11 We found that **the Board and its committees continue to operate effectively, and maintain a good focus on public transparency, good governance, and continuous improvement. Opportunities remain to further enhance public transparency of Board business as well as to review the effectiveness of the new committee structure.**
- 12 The Board continues to have good arrangements in place to conduct its business transparently, but opportunities remain to improve public accessibility of Board meetings and keep governance related documents on its website up to date. Whilst arrangements continue to support the effective conduct of Board business, the substantial backlog of outdated policies poses a potential risk to breaching regulatory and statutory requirements.
- 13 The Health Board's new committee structure appears to be bedding down well, but it is too early to comment on its overall effectiveness. Given the launch of the refreshed strategy, there is an opportunity to review the new committee structure, as part of the 2023-24 Board and committee effectiveness review, to ensure it is operating as intended and supporting the delivery of the refreshed strategic objectives. The Board and its committees continue to receive timely, well written papers, and the Health Board is taking steps to further improve their content and quality. The Health Board continues to have a stable and experienced Board. Whilst there are some Independent Member vacancies, the Health Board has taken steps to ensure committees remain quorate whilst recruitment is underway. As in previous years, the Health Board maintains a strong focus on continuous improvement. It also remains committed to hearing from patients and service users, but opportunities exist to make greater use of patient stories at Quality, Safety and Experience Committee meetings.

## Corporate systems of assurance

- 14 We found that **whilst the Health Board has maintained good corporate systems of assurance, there are opportunities to enhance operational risk management arrangements, performance reporting, and overseeing recommendations tracking.**
- 15 The Board continues to have good arrangements for overseeing strategic and corporate risks and it has updated its Board Assurance Framework to align risks to the Health Board's refreshed strategic objectives, priorities, and workstreams. However, opportunities remain to improve operational risk management arrangements. The Board maintains good oversight of organisational performance, but we found opportunities to strengthen the improved Integrated Performance Report as well as to review the Performance Management Framework to ensure it supports delivery of the refreshed strategic objectives. The Health Board is taking appropriate steps to ensure compliance with the new duties of quality and candour and is improving its overall approach to overseeing the quality and safety of

services. Whilst the Health Board has strong arrangements for tracking audit and review recommendations, opportunities exist to enhance these arrangements further to support learning and improvement.

## Corporate approach to managing financial resources

- 16 We found that **despite clear processes for financial planning, management and monitoring, the Health Board's financial position for 2023-24 is challenging.**
- 17 The Health Board did not achieve its financial duties and objectives for 2022-23, and the financial position for 2023-24 remains challenging. The Health Board has a good approach to financial planning, and has set an ambitious savings target with a clear focus on quality improvements and achieving financial sustainability. Arrangements for overseeing and scrutinising financial management and controls have been strengthened. The Health Board continues to have robust arrangements for overseeing and scrutinising financial performance, with clear financial reports which are open about financial challenges and risks.

## Recommendations

- 18 **Exhibit 1** details the recommendations arising from our work. These include timescales and our assessment of priority. The Health Board's response to our recommendations is summarised in **Appendix 3**.

### Exhibit 1: 2023 recommendations

#### Recommendations

##### Well-being Objectives

- R1 Whilst the Health Board's new well-being objectives are underpinned by clear priorities, they do not encompass all aspects of sustainable development. Furthermore, the Health Board has not aligned its objectives to the national well-being goals or to the well-being objectives of partner organisations. The Health Board, therefore, should:
- a) consider incorporating additional priorities that encompass all aspects of sustainable development, particularly those that relate to the environment; and
  - b) set out how each individual well-being objective aligns to the national well-being objectives and the well-being objectives of its partners.

## Recommendations

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### Accessibility of public Board meetings

R2 In order to enhance public transparency of Board business, the Health Board should improve public access to Board meetings by:

- livestreaming and recording public Board meetings; and
  - making the recordings available on the Health Board's website shortly after each meeting.
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### Public accessibility of governance documents

R3 We found a number of outdated or unavailable governance related documents on the Health Board's website, for example, Standing Orders and Standing Financial Instructions. The Health Board should review its website, ensuring the latest versions of governance documents and papers are available.

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### New committee structure effectiveness review

R4 As part of its 2023-24 Board and committee effectiveness review, the Health Board should review the effectiveness of its new committee structure. The review should pay particular attention to whether:

- the committee structure supports sufficient oversight of the refreshed strategic objectives;
  - committee terms of reference and workplans adequately cover all aspects of Board business;
  - there is merit in instigating a regular meeting for committee chairs;
  - there is an appropriate training and development for new committee chairs and new committee members; and
  - officers and Members have the capacity and resources to support more frequent committee meetings.
- 

### Hearing patient stories

R5 Currently the Quality, Safety and Experience Committee does not receive patient stories. The committee should start every other meeting with a patient story to usefully set the tone for the remaining meeting and to ensure that members hear about patient experiences and related learning.



## Recommendations

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### Improving performance reporting

R6 The Health Board has improved its Integrated Performance Report (IPR). Whilst we recognise it is a new and evolving report, we have found potential to enhance it by:

- strengthening its links with the Annual Plan Delivery Report to ensure the relationship between some of the delivery milestones and key performance indicators is clearer;
  - having a more consistent focus on actions being taken to tackle underperformance in both the IPR and its cover report;
  - being clearer about whether the metrics in section two of the IPR are on target or not;
  - being consistent in providing reasons why data charts are unavailable in section two of the IPR, instead of leaving the section blank; and
  - providing benchmarking data (where available) to show how the Health Board compares to other health bodies.
- 

### Enhancing recommendation tracking

R7 The Health Board has good recommendation tracking arrangements but there are opportunities to enhance them further to support learning and improvement. The Health Board should:

- a) formally refer recommendations and/or audit and review reports to relevant committees for deeper scrutiny, with the committees reporting back to the Audit and Assurance Committee for assurance, and
- b) develop a report for the Audit and Assurance Committee pulling together common themes, issues and learning from the internal, external and regulatory compliance reports.

# Detailed report

## Corporate approach to planning

- 19 We considered whether the Health Board has a sound corporate approach to producing strategies and corporate plans and overseeing their delivery.
- 20 We found that **the Health Board has taken positive steps to refresh its long-term vision and strategic/well-being objectives. As with other health boards, it has been unable to produce an approvable IMTP and is working to an Integrated Annual Plan instead. Its approach to overseeing the delivery of strategies and plans is maturing, but reports could be strengthened to provide greater assurance to the Board that actions are achieving the intended benefits and outcomes.**

## Corporate approach to producing strategies and plans

- 21 We considered whether the Health Board has a sound corporate approach to producing, overseeing, and scrutinising the development of strategies and corporate plans. We were specifically looking for evidence of:
- a clear Board approved vision and long-term strategy in place which are future-focussed, rooted in population health, and informed by a detailed and comprehensive analysis of needs, opportunities, challenges, and risks;
  - an appropriate Board approved long-term clinical strategy;
  - appropriate and effective corporate arrangements in place for developing and producing the Integrated Medium Term Plan (IMTP), and other corporate plans; and
  - the Board appropriately scrutinising the IMTP and other corporate plans prior to their approval.
- 22 We found that **the Health Board's arrangements for producing, overseeing, and scrutinising the development of strategies and corporate plans are robust. However, opportunities exist to broaden the coverage of the Health Board's well-being objectives and align them to the national well-being goals as well as the well-being objectives of its partners.**
- 23 The Health Board has a clear vision which is articulated in its refreshed long-term strategy, Shaping Our Future Well-being (2023-2035). The vision is concise, future-focussed, and places a clear emphasis on delivering high-quality and safe services, collaboration, prevention, and reducing health inequalities to improve outcomes. The vision is underpinned by four new strategic objectives – putting people first; providing outstanding quality; delivering in the right places; and acting for the future. The strategic objectives are also the Health Board's well-being objectives (we discuss this further in **paragraph 27**). The refreshed strategy,

approved by the Board in July 2023, is based on a good understanding of population health needs drawn from a range of sources<sup>1</sup>.

- 24 The Health Board engaged effectively with a wide range of internal and external stakeholders, utilising a range of approaches to support their involvement in shaping all aspects of the strategy. It worked particularly well with community and third sector organisations to engage with 'seldom-heard groups'<sup>2</sup>. An Internal Audit Service review of the Health Board's approach to stakeholder engagement gave a substantial assurance rating.
- 25 The strategy refresh was overseen by a Steering Group established by the Board, and co-ordinated by a cross-departmental group, which ensured appropriate input from Clinical Boards and Corporate Directorates. There were appropriate Board-level arrangements to oversee the development of the strategy and involve Independent Members. The Health Board plans to review and realign its strategic programmes, including the Shaping Our Future Clinical Services Programme, to the refreshed long-term strategy.
- 26 As with other health boards, the Health Board was unable to produce a Welsh Government approved IMTP for 2023-2026 due to its planned financial deficit in 2023-24. Instead, it has produced an Annual Integrated Plan for 2023-24, which sets out how it will deliver its key priorities alongside a cost improvement programme to achieve financial balance over the medium term. The Health Board adopted a bottom-up approach, developing its Annual Integrated Plan through the Clinical Boards and Corporate Departments via the Strategy Development and Delivery Group. The delivery priorities, performance ambitions, and cost improvement programmes were considered by the Senior Leadership Board before they were included in the plan for approval by the Board. The Board and relevant committees were fully involved in the plan development, with Independent Members providing good scrutiny, challenge and input, particularly in relation to the priorities and financial options. The Annual Integrated Plan was approved by the Board on 30 March 2023, and submitted to the Welsh Government on 31 March 2023. Elements of the plan were updated following feedback by the Welsh Government, with the changes approved by the Board on 25 May 2023, prior to re-submission to the Welsh Government on 31 May 2023.
- 27 As noted in **paragraph 23**, the Health Board's new strategic objectives are also its well-being objectives under the Well-being of Future Generations (Wales) Act 2015. The strategic objectives/well-being objectives were shaped in line with the sustainable development principle. They were developed and agreed by the Board following a detailed analysis of population health needs, opportunities, challenges,

<sup>1</sup> The sources include the well-being assessments completed by the Cardiff Public Services Board, and the Vale of Glamorgan Public Services Board, an analysis of opportunities, challenges, risks, and the views of stakeholders.

<sup>2</sup> Under-represented people who use or might use health and social services and who are less likely to be heard by service professionals and decision-makers.

risks, and extensive internal and external stakeholder engagement. The strategic objectives/well-being objectives are cross-cutting, future focussed, and underpinned by the five ways of working. Each strategic objective/well-being objective is accompanied by a clear set of priorities. However, opportunities exist to broaden the priorities under each strategic objective/well-being objective, to encompass all aspects of sustainable development. For example, there are no priorities relating to biodiversity or climate adaptation, despite their clear relevance to the Health Board (**Recommendation 1a**). The long-term strategy appropriately references the seven national well-being goals. However, the Health Board has not clearly shown how its strategic objectives/well-being objectives align to them. Furthermore, it is not clear either how the Health Board's strategic objectives/well-being objectives align to the well-being objectives of its partners (**Recommendation 1b**).

## Corporate approach to overseeing the delivery of strategies and plans

- 28 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising the implementation and delivery of corporate plans. We were specifically looking for evidence of:
- corporate plans, including the IMTP, containing clear strategic priorities/objectives and SMART<sup>3</sup> milestones, targets, and outcomes that aid monitoring and reporting; and
  - the Board appropriately monitoring the implementation and delivery of corporate plans, including the IMTP.
- 29 We found that **the Health Board's key corporate strategies and plans contain clear strategic objectives and priorities, and SMART delivery milestones, targets and outcomes. It has good arrangements in place to enable the Board to oversee and scrutinise the delivery of key corporate strategies and plans. However, reports could be strengthened to provide greater assurance on the delivery of intended benefits and outcomes.**
- 30 The Health Board's strategic objectives are accompanied by clear strategic priorities. The Health Board has set high-level delivery milestones for each priority which are specific, measurable, achievable, relevant, and timebound. However, they lack a baseline to aid monitoring. The Health Board intends to develop a suite of key indicators to enable the Board to measure and monitor the organisation's progress in delivering its strategic objectives and priorities.
- 31 The Annual Integrated Plan 2023-24 also contains clear priorities which are aligned to the Health Board's strategic objectives. The plan clearly sets out the Health Board's aim for each priority area, and each aim is outcome focussed. There are clear areas of focus for each priority, accompanied by a detailed set of actions. The

<sup>3</sup> Specific, measurable, achievable, relevant, and time-bound.

Annual Plan also includes the key areas of focus and actions from the Health Board's Infrastructure Plan; Decarbonisation Action Plan; and People and Culture Plan. There is a detailed section outlining how success will be measured, with key delivery milestones and actions broken down by quarter to aid monitoring and reporting (see **Appendix 2 2021 R2a**). The Health Board could enhance these arrangements further by setting out more clearly which Executive Director is responsible for delivery and which committee is responsible for providing oversight.

- 32 The Health Board's approach to overseeing the delivery of corporate strategies and plans continues to mature. During 2022-23, the quarterly reports presented to Board provided a good overview of the targets that were met during the quarter, the risks and mitigations to delivery, and the targets for the next quarter. The quarter four report also provided a good overview of the key achievements during the year (see **Appendix 2 2021 R2b**).
- 33 The format for the quarterly report has been refreshed for 2023-24. The report presented to the Board in September 2023 provides a good overview of the status of the quarter one delivery milestones as set out in the Annual Integrated Plan 2023-24. For milestones that have not been delivered in line with the plan, a clear reason is provided as well as details of what action(s) will be taken to bring the milestone back on track during the next quarter along with an assessment of the organisation's confidence in being able to achieve this. The report is intended to be read alongside the Integrated Performance Report. However, the relationship between some of the delivery milestones and key performance indicators is not clear in all cases. As a result, it is difficult for the Board to assess whether achieving the milestones is delivering the intended benefits and outcomes (we discuss the Integrated Performance Report further in **paragraph 73**). Delivery of the Annual Integrated Plan 2023-24 has been identified as a specific strategic risk<sup>4</sup> in the Board Assurance Framework.

## Board transparency, effectiveness, and cohesion

- 34 We considered whether the Health Board's Board conducts its business appropriately, effectively, and transparently.
- 35 We found that **the Board and its committees continue to operate effectively, and maintain a good focus on public transparency, good governance, and continuous improvement. Opportunities remain to further enhance public transparency of Board business as well as to review the effectiveness of the new committee structure.**

<sup>4</sup> For this risk, the current risk score, controls, and assurances are clearly set out in the Board Assurance Framework, as are the key actions to address gaps in controls and assurance.

## Public transparency of Board business

- 36 We considered whether the Board promotes and demonstrates a commitment to public transparency of board and committee business. We were specifically looking for evidence of Board and committee:
- meetings that are accessible to the public;
  - papers being made publicly available in advance of meetings;
  - business and decision-making being conducted transparently; and
  - meeting minutes being made publicly available in a timely manner.
- 37 We found that **whilst the Board continues to have good arrangements in place to conduct its business transparently, there are still opportunities for enhancement.**
- 38 Whilst committee meetings continue to be virtual, livestreamed and recorded, Board meetings are still held only in person. As a result, there are fewer options for the public to attend and observe Board meetings. However, the September 2023 public Board Meeting and Annual General Meeting were held virtually and well publicised on social media. The Health Board reported that more people than usual observed both meetings, showing that there is public interest in Board business when meetings are well publicised and accessible. To enhance public transparency further, the Health Board should routinely livestream public Board meetings and make recordings available via its website (**Recommendation 2**). Last year, we recommended that Board and committee meeting reminders and links to papers should be posted on social media closer to meeting dates. This recommendation still stands (see **Appendix 2 2022 R3a**).
- 39 Board and committee papers remain accessible to the public, and continue to be published on the Health Board's website seven days in advance of meetings. Confirmed minutes are uploaded to the Health Board's website separately, so minutes are available to the public before the next Board or committee meeting. However, this practice has been inconsistent since the start of this year (**Recommendation 3**). Last year, we recommended that the Health Board should ensure the papers for all Advisory Group meetings are published on its website in a timely manner. Overall, this has improved. However, Stakeholder Reference Group<sup>5</sup> papers are still not uploaded in a timely manner. Furthermore, although the Health Professionals Forum is currently under review, previous meeting papers are not available either (see **Appendix 2 2022 R3b**).
- 40 The Health Board reserves private Board and committee meetings for the most sensitive matters and continues to detail items to be discussed in private on the agendas of public Board and committee meetings. As recommended last year, the Health Board has enhanced arrangements by briefly explaining on public agendas why matters are being discussed in private (see **Appendix 2 2022 R3f**). However,

<sup>5</sup> The Stakeholder Reference Group papers have not been uploaded to the Health Board's website since May 2023.

as yet, it is not making abridged minutes of private Board and committee meetings available publicly (see **Appendix 2 2022 R3c**).

- 41 Chair's Actions continue to be made in line with Standing Orders and reported at the next public Board meeting. However, a high number of procurement decisions have been made by the Chair<sup>6</sup> rather than the full Board due to unforeseen emergency situations. This was highlighted in a report presented at the April 2023 Audit Committee. By investigating and reporting findings to the Audit Committee, the Health Board has taken a mature approach to review the opportunity to increase transparency of Board decision making.

## Arrangements to support the conduct of Board business

- 42 We considered whether there are proper and transparent arrangements in place to support the effective conduct of Board and committee business. We were specifically looking for evidence of:
- a formal, up-to-date, and publicly available Reservation and Delegation of Powers, and Scheme of Delegation in place, which clearly sets out accountabilities;
  - formal, up-to-date, and publicly available Standing Orders (SOs) and Standing Financial Instructions (SFIs) in place, along with evidence of compliance; and
  - formal, up-to-date, and publicly available policies and procedures in place to promote and ensure probity and propriety.
- 43 We found that **whilst arrangements continue to support the effective conduct of Board business, the substantial backlog of outdated policies poses a potential risk to breaching regulatory and statutory requirements.**
- 44 The Health Board's Standing Orders, Scheme of Reservation and Delegation, and Standing Financial Instructions continue to be reviewed annually, with good evidence of compliance. The Board approved amendments to these documents in May and November 2023, following scrutiny by the Audit and Assurance Committee. Whilst they are available on the Health Board's website, the versions available are dated May 2022, rather than the most recent versions (**Recommendation 3**).
- 45 Declarations of interest remain a standing item on all Board and committee agendas, and we continue to observe compliance. The Health Board uses the electronic staff record to record declarations of interests, gifts, and hospitality<sup>7</sup>. The Audit and Assurance Committee maintains regular oversight of the process and compliance, receiving the Declarations of Interest, Gifts and Hospitality Tracking

<sup>6</sup> In 2023, there had been 34 Chair's Actions and only two Board meeting approvals.

<sup>7</sup> Health Board employees are asked to make a single declaration of interest, only altering it if their circumstances change. For gifts, hospitality and sponsorship, staff are required to make declarations as needed.

Report, and full register of interests at most meetings. The register of interest for all staff is published on the Health Board's website. The Health Board also publishes a separate register for Board members on its website. However, it is out of date and requires updating to reflect changes to Board membership (**Recommendation 3**).

- 46 The Health Board has a substantial backlog of outdated policies. In May 2023, an Internal Audit Service review of the Health Board's management of policy documents gave limited assurance. The Internal Audit Service found that 68% of Health Board policies were either out of date or in need of review, which poses a potential risk to breaching regulatory and statutory requirements. To improve policies management, the Health Board is exploring the use of the Audit Management and Tracking (AMaT) platform<sup>8</sup>. It also has a dedicated policy lead within the Corporate Governance Team to lead this improvement work.

## Effectiveness of Board and committee meetings

- 47 We considered whether Board and committee meetings are conducted appropriately and effectively. We were specifically looking for evidence of:
- an appropriate, integrated, and well-functioning committee structure in place, which is aligned to key strategic priorities and risks, reflects relevant guidance, and helps discharge statutory requirements;
  - Board and committee agendas and work programmes covering all aspects of their respective Terms of Reference as well being shaped on an ongoing basis by the Board Assurance Framework;
  - well-chaired Board and committee meetings that follow agreed processes, with members observing meeting etiquette and providing a good balance of scrutiny, support, and challenge;
  - committees receiving and acting on required assurances and providing timely and appropriate assurances to the Board; and
  - clear and timely Board and committee papers that contain the necessary/appropriate level of information needed for effective decision making, scrutiny, and assurance.
- 48 We found that **the new committee structure appears to be bedding down well, but it is too early to comment on its overall effectiveness. The Board continues to receive timely, well-written papers and the Health Board is taking positive steps to further improve their content and quality.**

<sup>8</sup> The AMaT system would facilitate clear cataloguing of policies and renewal dates, automatically sending reminders to the owner as policy review dates approach. Currently, this is a manual system.



- 49 Last year, we reported that the Health Board was reviewing its committee structure. Following Board approval in March 2023, the new structure came into effect in April 2023, and is a mixture of new committees and changes to existing arrangements<sup>9</sup>. Whilst the new structure appears to be bedding down well, it is too early to comment on its effectiveness. However, the Health Board should review the effectiveness of the new committee structure as part of the 2023-24 Board and committee effectiveness review (**Recommendation 4**). The review should pay particular attention to whether there is sufficient:
- oversight of the refreshed strategic objectives and priorities;
  - coverage of all aspects of Board business;
  - oversight of all strategic risks; and
  - officer and member capacity to support more frequent committee meetings.
- 50 The Board and its committees continue to have up-to-date terms of reference and work programmes, which are reviewed annually<sup>10</sup>. Board and committee Terms of Reference and workplans are available on the Health Board's website and clearly state review and approval dates, as recommended last year (see **Appendix 2 2022 R3d**). Accepting that the new committee structure is still embedding, we observed well-chaired committee meetings, which followed agreed processes, ran to time, and had good support from the Corporate Governance Team. Independent Members continue to provide good challenge, which is delivered in a constructive way. Positively, there appears to be a healthy relationship between Executive and Independent Members.
- 51 Committees continue to appropriately cross-refer matters to other committees and escalate matters to the Board as necessary. Highlight reports by committee chairs remain at the top of Board agendas, thus ensuring any risks highlighted by the chairs are discussed first. Committee chairs do not meet separately; however, all Independent Members meet before each Board meeting and meet informally each month. This provides an opportunity to ask questions, raise awareness of matters, and to cross-refer issues. However, the Health Board might also want to consider establishing a dedicated group for committee chairs to specifically discuss committee business and the best approach for receiving assurance on matters that cut across more than one committee (**Recommendation 4**).

<sup>9</sup> The Health Board stood down the Strategy and Delivery Committee and Finance Committee, establishing a new People and Culture Committee and Finance and Performance Committee. The Health and Safety Committee is now a sub-committee reporting up to the new People and Culture Committee. The frequency of Quality, Safety and Experience Committee, and Digital and Health Intelligence Committee meeting has increased to monthly and quarterly respectively. Strategic discussions are reserved for the first hour and a half of bi-monthly Board Development Sessions.

<sup>10</sup> In March 2023, the Board approved most committee terms of reference and workplans. The Board approved the terms of reference and workplans for the two new committees in July 2023, to allow time for further refinement.

52 The Health Board continues to produce clear, timely, and well-written Board and committee papers, which are accompanied by cover reports that focus on key matters. Since last year, we have seen an increase in the use of data to support narrative reports, which is a positive development. The Health Board is also trying to reduce the volume of papers by making supporting documents available separately. Whilst we see the value of this arrangement, it is not always clear why some documents are considered supporting and others not. For example, the refreshed long-term strategy was a supporting document in the Board papers for the September 2023 meeting, despite it being presented for approval. The Health Board recognises there is room for improvement, and has set up a Task and Finish Group to develop proposals for the Chair to consider. Last year, we highlighted instances of officers speaking to a set of presentation slides which had not been shared in advance. This has improved, with presentations now included within papers or used on the day to present a paper already in the pack, allowing Board members to fully prepare beforehand (see **Appendix 2 2022 R3e**).

## Board commitment to hearing from patients/service users and staff

- 53 We considered whether the Board promotes and demonstrates a commitment to hearing from patients/service users and staff. We were specifically looking for evidence of:
- the Board using a range of suitable approaches to hear from patients/service users and staff.
- 54 We found that **the Health Board remains committed to hearing from patients and service users**.
- 55 The Health Board continues to use a range of methods for engaging with and listening to patients and staff. The Board continues to receive a good range of patient and staff stories at the start of each public Board meeting. Positively, the new People and Culture Committee also receives a staff story at the start of each meeting. However, there is an opportunity to replicate this arrangement for the Quality, Safety and Experience Committee, to allow members to routinely hear patient stories (**Recommendation 5**). Board members have maintained monthly patient safety walkabouts across a range of services. Interviewees were positive about this process, with issues identified during the walkabouts recorded and managed through the Tendable<sup>11</sup> application.
- 56 In October 2022, the Health Board rolled out CIVICA<sup>12</sup>, which enables richer ways to capture and analyse patient views to inform improvement plans. Through its Integrated Performance Report, the Board receives regular updates on the

<sup>11</sup> Tendable is an application used to record, report, and manage health care quality inspections in real time.

<sup>12</sup> CIVICA is a digital system to capture patient experiences.

success of the CIVICA system in terms of increasing patient engagement. The Quality Indicators Report, which is received by the Quality, Safety, and Experience Committee, gives an overview of patient feedback collected through the CIVICA system, which is subsequently reported to the Board through the committee chair's report. The Health Board is also exploring using the system to capture staff views.

## Board cohesiveness and commitment to continuous improvement

57 We considered whether the Board is stable and cohesive and demonstrates a commitment to continuous improvement. We were specifically looking for evidence of:

- a stable and cohesive Board with a cadre of senior leaders who have the appropriate capacity, skills, and experience;
- the Board and its committees regularly reviewing their effectiveness and using the findings to inform and support continuous improvement; and
- a relevant programme of Board development, support, and training in place.

58 We found that **there is a stable, skilled, and experienced Board which remains committed to learning, development, and continuous improvement. Whilst there are a number of Independent Member vacancies, positive steps have been taken to ensure committee meetings remain quorate.**

59 The Executive Team has stabilised following several new executive appointments last year. This year, there have been two changes, both of which have been well managed. In February 2023, the Director of Corporate Governance left, with an interim director in post until the new Director of Corporate Governance commenced in August 2023. The new Executive Director of Public Health started in December 2023, following the previous director's retirement during the same month.

60 However, there has been a turnover of Independent Members this year. The Health Board currently holds three vacancies following the departure of the Independent Member (Legal), the Independent Member (Local Government), and the Independent Member (University) in August, October, and November 2023 respectively. The recruitment process for all positions is underway and interim arrangements are in place to ensure all committee meetings remain quorate. Independent Members continue to feel supported by the Chair, who meets with them on a monthly basis, and conducts annual and six-monthly interim appraisals, to discuss objectives and personal development needs.

61 Board member development continues to be well supported through the Health Board's bi-monthly Board Development Sessions, which are 'dynamic' to allow consideration of live and current issues. Aside from strategic discussions, which occupy the first part of each meeting, Board Development Sessions have covered a range of appropriate topics, including the Health Boards's response to the matters arising from the Leanne Letby case, developing a long-term financial plan and three facilitated sessions on Board effectiveness. However, no specific training

or induction was offered to Independent Members following the creation of the new committee structure (see **paragraph 49**). As part of its effectiveness review, the Health Board should reflect on the support available to new committee chairs or committee members (**Recommendation 4**). This will be particularly important as new Independent Members join the organisation. Positively, Independent Members told us they have appreciated the proactive approach the new Director of Corporate Governance is taking to identifying training and development needs.

- 62 The Board continues to have good arrangements in place for reviewing its effectiveness. During February and March 2023, prior to the new committee structure taking effect, the Board and committees completed their respective annual effectiveness reviews. This led to a discussion on common themes at the April 2023 Board Development Session and identified wider learning. In May 2023, the Board received an Action Plan based on the 2022-23 review, plus an update on progress in implementing last year's action plan. Last year, we reported the Health Board's plans to conduct its 2022-23 effectiveness review via facilitated discussions; however, this did not happen. The Health Board may want to consider this approach in 2023-24 to help better understand any concerns identified via the effectiveness surveys, particularly as it will be the first review since the new committee structure was implemented.

## Corporate systems of assurance

- 63 We considered whether the Health Board has a sound corporate approach to managing risks, performance, and the quality and safety of services.
- 64 We found that **whilst the Health Board has maintained good corporate systems of assurance, there are opportunities to enhance operational risk management arrangements, performance reporting, and overseeing recommendations tracking.**

## Corporate approach to overseeing strategic and corporate risks

- 65 We considered whether the Health Board has a sound corporate approach to identifying, overseeing, and scrutinising strategic risks. We were specifically looking for evidence of:
- an up-to-date and publicly available Board Assurance Framework (BAF) in place, which brings together all of the relevant information on the risks to achieving the organisation's strategic priorities/objectives;
  - the Board actively owning, reviewing, updating, and using the BAF to oversee, scrutinise, and address strategic risks;
  - an appropriate and up-to-date risk management framework in place, which is underpinned by clear policies, procedures, and roles and responsibilities;

- the Board providing effective oversight and scrutiny of the effectiveness of the risk management system; and
- the Board providing effective oversight and scrutiny of corporate risks.

66 We found that **the Board continues to have good arrangements for overseeing strategic and corporate risks. However, there is scope to improve operational risk management arrangements.**

67 The Health Board continues to have clearly documented strategic risks in its Board Assurance Framework (BAF) and has maintained its well-established regime to ensure appropriate scrutiny by the Board, committees, and executive leads. As recommended last year, the Health Board has updated its BAF to ensure the strategic risks align with the refreshed strategic objectives, priorities, and workstreams (see **Appendix 2 2022 R1**). The revised BAF was presented to the Board in November 2023. The Health Board is yet to review its overall risk appetite, and it remains as 'cautious moving towards seek'<sup>13</sup>. However, there is a risk appetite for each of the 15 strategic risks. The BAF is publicly available through Board papers. It is also available on the Health Board's website; however, at the time of our review, this was not the most recent version (**Recommendation 3**).

68 The Board also continues to receive the Corporate Risk Register (CRR) for information at each meeting. The CRR focuses on extreme risks (those scoring over 20), of which there were 55 in November 2023. The cover report which accompanies the CRR continues to provide a good summary and now includes a high-level trend analysis. Most corporate risks align to the strategic risks as set out in the BAF relating to patient safety, capital assets, and workforce. The Board also receives an assurance map, which highlights any gaps in assurance mapped against the three lines of defence<sup>14</sup>. Each committee continues to review and scrutinise corporate and/or strategic risks with arrangements appropriate to their remit.

69 An Internal Audit Service review of the Health Board's risk management systems in May 2023 gave a reasonable assurance rating. The review was complementary about the Health Board's risk strategy and procedures. However, it made recommendations on operational risk management arrangements, specifically in relation to inconsistent/incomplete operational risk registers, completing risk

<sup>13</sup> The Health Board defines a 'cautious' risk appetite as 'preference for safe delivery options that have a low degree of inherent risk and may only have limited potential reward'. It defines a 'seek' risk appetite as 'eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)'.

<sup>14</sup> The Health Board's three lines of defence set out levels of assurance. These are: first line – management level assurance, second line – Health Board's Risk and Regulation Team, Patient Experience Team, Patient Safety Team, Workforce Governance, Information Governance assurance, and third line – Independent level Assurance such as Internal Audit, Audit Wales, Health Inspectorate Wales, and the Counter Fraud Service.

assessment forms for newly identified risks, risk escalation and de-escalation processes, and risk monitoring.

## Corporate approach to overseeing organisational performance

- 70 We considered whether the Health Board has a sound corporate approach to identifying, overseeing, and scrutinising organisational performance. We were specifically looking for evidence of:
- an appropriate, comprehensive, and up-to-date performance management framework in place, underpinned by clear roles and responsibilities; and
  - the Board and committees providing effective oversight and scrutiny of organisational performance.
- 71 We found that **the Board and its committees continue to provide good oversight of organisational performance. However, opportunities remain to further strengthen the improved Integrated Performance Report and ensure the Performance Management Framework supports delivery of the refreshed strategic objectives.**
- 72 Last year, we recommended that the Health Board should review its Performance Management Framework (PMF), which it approved in 2020, alongside its ten-year strategy and committee structure refresh (see **Appendix 2 2022 R1**). At the time of our work, the Health Board was in the early stages of planning this work. The Health Board should expedite this work to ensure its performance management arrangements are fully aligned to its refreshed strategic objectives and support the monitoring and delivery of the refreshed strategy.
- 73 The Board and its committees continue to provide good oversight of the Health Board's performance. The Board receives the Integrated Performance Report (IPR) at each meeting, following in-depth scrutiny by the newly established Finance and Performance Committee. The committee also routinely receives deep dives into areas where performance is below target. During 2023, the committee has undertaken deep dives into the cancer pathway, orthopaedics waiting list, planned care update, and mental health financial position. Each Executive Director provides an update for their area of work at Board meetings, which shows collective leadership and joint responsibility for performance.
- 74 The Health Board has made considerable improvements to its IPR. The Board received the new format IPR in July 2023. The first section focusses on the Health Board's progress against the six Ministerial priorities<sup>15</sup>, whereas the second section is arranged around the quadruple aims set out in [A Healthier Wales](#), focusing on the NHS Performance Framework and the Health Board's Annual Plan

<sup>15</sup> The Minister for Health and Social Care has set six priority areas; these relate to improving: delayed transfers of care, access to primary care services, urgent and emergency care, planned care, cancer, and mental health services.

commitments. Together, the two sections provide a good summary of the Health Board's performance. The IPR is supported by a clear, well-written cover report which provides a summary of key points and issues in relation to public health; operational performance; people and culture; quality, safety, and experience; and finance. Whilst we recognise that the IPR is a new report and is still evolving, the report lacks some important information to aid monitoring and scrutiny:

- there is not always a summary provided on the actions being taken to tackle underperformance (see **Appendix 2 2022 R2**);
- section two of the IPR does not provide clarity about which metrics are on target or not, whereas section one does so by making use of a RAG<sup>16</sup> rating system;
- section two often omits data charts and leaves the section blank without providing an explanation for why data is not available; and
- no benchmarking data is included to demonstrate how the Health Board compares to other health bodies.

The Health Board should address these matters to further enhance the Board's approach to overseeing organisational performance (**Recommendation 6**).

## Corporate approach to overseeing the quality and safety of services

- 75 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising the quality and safety of services. We were specifically looking for evidence of:
- corporate arrangements in place that set out how the organisation will deliver its requirements under the new Health and Social Care (Quality and Engagement) Act (2020);
  - a framework (or similar) in place that supports effective quality governance;
  - clear organisational structures and lines of accountability in place for clinical/quality governance; and
  - the Board and relevant committee providing effective oversight and scrutiny of the quality and safety of services.
- 76 We found that **the Health Board is taking appropriate steps to ensure compliance with the new duties of quality and candour, and to improve its overall approach to overseeing the quality and safety of services.**
- 77 The Health Board has taken appropriate steps to assess its arrangements for complying with the new duties set out in the Health and Social Care (Quality and Engagement) Act (2020). Board members have received briefings on the duties of candour and quality at public Board meetings and Board Development Sessions.

<sup>16</sup> Red, Amber, Green.

Furthermore, Board members and staff have ongoing access to training and support. The IPR also includes a section on the Duty of Candour which enables the Board to maintain oversight of the number of reported incidents and progress made to embed the new responsibilities. The Quality, Safety and Experience (QSE) Committee also receives regular updates through the Assurance Reports provided by the Clinical Boards.

- 78 The QSE Committee continues to oversee the Health Board's 2021-26 Quality, Safety and Patient Experience Framework. It receives periodic updates on the Framework's implementation and its sub-committees which were approved as part of the Framework. The QSE Committee also maintains oversight of the quality and safety of services through its bi-monthly quality indicators report, which is organised around the new health and care quality standards. Since July 2023, the report has been presented in an improved, data rich, format. It provides updates on metrics, such as national reportable incidents and never events; infection prevention and control; medication incidents; mortality rates; falls and pressure damage; clinical effectiveness; COVID-19 investigations; and concerns and patient experience. The committee also receives bi-monthly service specific deep dives and monthly Clinical Board Assurance Reports.

## Corporate approach to tracking recommendations

- 79 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising systems for tracking progress to address audit and review recommendations and findings. We were specifically looking for evidence of:
- appropriate and effective systems in place for tracking responses to audit and other review recommendations and findings in a timely manner.
- 80 We found that **whilst the Health Board has strong arrangements for tracking audit and review recommendations, there are opportunities for enhancement.**
- 81 In September 2023, the Internal Audit Service issued a substantial assurance report on the Health Board's recommendation tracking arrangements. Overall, the review found good monitoring, reporting, and scrutiny of the recommendation trackers, but made recommendations to improve the narrative to support the closure of internal and external audit recommendations, to improve the accuracy of reporting for review bodies, and to enhance the scrutiny of the recommendation trackers.
- 82 We agree that the Health Board has a clear and well-established recommendations tracking process, but there is potential to enhance the impact of this process. Last year, the Health Board introduced a system which allowed deeper consideration of high-risk or longstanding actions, but we have seen little evidence of its implementation. Some audit and inspection reports are referred to the appropriate committees for deeper scrutiny, but this is not a formal process. There is scope for recommendations to be formally assigned to relevant committees for deeper



scrutiny, with arrangements in place to report back to the Audit Committee for assurance (**Recommendation 7a**). The separate internal, external, and regulatory compliance trackers and accompanying reports are clear, actively managed and contain sufficient information for scrutiny at every other Audit Committee. However, the separate reports do not allow recommendation themes to be picked out to enhance learning, and highlight common issues and shared solutions (**Recommendation 7b**). In September 2023, there were 31 open Audit Wales recommendations, 24 partially complete, and five with no action taken.

## Corporate approach to managing financial resources

- 83 We considered whether the Health Board has a sound corporate approach to managing its financial resources.
- 84 We found that **despite clear processes for financial planning, management, and monitoring, the Health Board's financial position for 2023-24 is challenging**.

## Financial objectives

- 85 We considered whether the Health Board has a sound corporate approach to meeting its key financial objectives. We were specifically looking for evidence of:
- the organisation meeting its financial objectives and duties for 2022-23, and the rolling three-year period of 2020-21 to 2022-23; and
  - the organisation being on course to meet its objectives and duties in 2023-24.
- 86 We found that **the Health Board did not achieve its financial duties in 2022-23, and the financial position for 2023-24 remains challenging**.
- 87 The Health Board did not meet its financial duties in 2022-23. It did not operate within its resource limit for the year or within its cumulative resource limit for the three-year rolling period 2020-21 to 2022-23. However, as agreed with the Welsh Government, the Health Board met its planned deficit of £26.9 million for 2022-23. This was made up of £17.1 million identified in its initial financial plan, and an additional £9.8 million agreed with the Welsh Government mid-year to address unforeseen operational pressures. As in previous years, the Health Board operated within its capital resource limit during 2022-23.
- 88 As set out in **paragraph 26**, the Health Board was unable to submit a balanced financial plan to support its Integrated Medium Term Plan for 2023-2026. Instead, it is working to an Annual Plan which sets out a forecast deficit of £88.4 million for 2023-24. However, in October 2023, the Welsh Government informed the Health Board that it will make £63 million of additional monies available to offset cost pressures. This will reduce the Health Board's forecast deficit for 2023-24 to £16.4

million. However, to achieve this revised financial target, the Health Board must deliver its £32 million savings target for the year, plus 10% of its original forecast deficit which equates to £8.8 million. At Month 8 2023-24, the Health Board reported a £6.4 million overspend against its planned deficit position for the month, due to unidentified savings and operational pressures.

## Corporate approach to financial planning

89 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising financial planning. We were specifically looking for evidence of:

- clear and robust corporate financial planning arrangements in place;
- the Board appropriately scrutinising financial plans prior to their approval;
- sustainable, realistic, and accurately costed savings and cost improvement plans in place which are designed to support financial sustainability and service transformation; and
- the Board appropriately scrutinising savings and cost improvement plans prior to their approval.

90 We found that **Health Board has a good approach to financial planning and has set an ambitious savings target with a clear focus on quality improvements and achieving financial sustainability.**

91 The Health Board adopted a robust and integrated approach to developing its 2023-24 financial plan, with appropriate Board and operational level engagement. Clinical Boards and the Strategy Development and Delivery Group were also involved in developing and agreeing the financial and annual plan. The former Finance Committee routinely discussed the financial plan's development from January 2023, with the final version reviewed at the March 2023 private committee meeting. The plan was approved by the Board in March 2023, as part of the 2023-24 Annual Plan approval.

92 In 2022-23, the Health Board marginally failed to meet its savings target by £57,000. As stated in **paragraph 88**, this year's financial plan includes an ambitious 4% savings target of £32 million, with 1% delegated to Clinical Boards and 3% focused on quality improvement themes. Delivery of the 3% quality improvement savings involves implementing new models of care and redesigning existing clinical pathways, particularly focusing on reducing length of stay in acute beds, identifying operational efficiencies and productivity improvements, continuing healthcare, medicines management, procurement, and maximising the workforce. Through these initiatives, the Health Board is hoping to both reduce its cost base as well as improve outcomes. As at Month 8 2023-24, the Health Board had a £2.2 million savings plan shortfall compared to the forecast position. However, as stated above, the Health Board must also save an additional £8.8 million. At month 8 2023-24, the Health Board reported it had identified £5.4 million against this additional savings target. Savings performance is routinely scrutinised at the

monthly Finance and Performance Committee meeting and at the fortnightly Sustainability Programme Board<sup>17</sup>.

- 93 The Health Board has plans to achieve financial sustainability over a five-year period and, as recommended last year, it is modelling long-term financial plans (see **Appendix 2 2022 R1**). These have been discussed with Board members at Board Development Sessions and private Board meetings. The Auditor General will be commenting further on the Health Board's approach to identifying, delivering, and monitoring financial savings in a separate piece of work that we will report in the early part of 2024.

## Corporate approach to financial management

- 94 We considered whether the Health Board has a sound corporate approach to overseeing and scrutinising financial management. We were specifically looking for evidence of:

- effective controls in place that ensure compliance with Standing Financial Instructions and Schemes of Reservation and Delegation;
- the Board maintaining appropriate oversight of arrangements and performance relating to single tender actions, special payments, losses, and counter-fraud;
- effective financial management arrangements in place which enable the Board to understand cost drivers and how they impact on the delivery of strategic objectives; and
- the organisation's financial statements for 2022-23 were submitted on time, contained no material misstatements, and received a clean audit opinion.

- 95 We found that **the Health Board has strengthened its approach to overseeing and scrutinising financial management and controls.**

- 96 The Audit Committee continues to receive regular assurance reports on financial controls, including reports on counter fraud, single tender actions, losses and special payments, and over payments of Health Board salaries. Since last year, the Health Board has tightened its internal financial controls and scrutiny to deal with the financial pressures and to meet the planned deficit position. Actions taken by the Health Board include trying to eliminate spending on agency and overtime, reviewing vacancies (initially for administrative staff only), and not recruiting or investing at risk. The Health Board is continuing with its 'no PO (Purchase Order), no pay' initiative and restricting spending on non-essential items such as furniture, stationery, and IT equipment. Whilst internal controls have been tightened, there is an exception process in place.

<sup>17</sup> The Board was established in April 2023 and is chaired by the Chief Executive.

97 The Health Board submitted its draft Financial Statements for external audit within the required timescales, following consideration by the Audit and Assurance Committee and the Board in July 2023. For 2022-23, we issued an unqualified true and fair audit opinion, but issued a qualified regularity opinion, because the Health Board did not meet its revenue resource allocation over the three-year period.

## Board oversight of financial performance

98 We considered whether the Board appropriately oversees and scrutinises financial performance. We were specifically looking for evidence of:

- the Board receiving accurate, transparent, and timely reports on financial performance, as well as the key financial challenges, risks, and mitigating actions; and
- the Board appropriately scrutinising the ongoing assessments of the organisation's financial position.

99 We found that **the Health Board continues to have robust arrangements for overseeing and scrutinising financial performance, with clear financial reports which are open about financial challenges and risks.**

100 The monthly finance report, which is received by the newly established Finance and Performance Committee, continues to provide a clear and open narrative on the Health Board's financial performance, risks, and challenges. The Board takes assurance from the Committee Chair's Report, committee minutes, and the finance section of the Integrated Performance Report presented by the Executive Director of Finance.

101 The new Finance and Performance Committee provides an opportunity to triangulate financial and performance challenges. The committee has started to conduct financial deep dives on struggling Clinical Boards, whilst also considering related performance risks and mitigation. For example, in August 2023 the Committee received a deep dive on the Mental Health Clinical Board. The report highlighted financial and service issues, and included benchmarking information, detailed mitigating actions, and an overview of long-term planning.

# Appendix 1

## Audit methods

Exhibit 2 below sets out the methods we used to deliver this work. Our evidence is limited to the information drawn from the methods below

Element of audit approach	Description
Observations	We observed Board meetings as well as meetings of the following committees: <ul style="list-style-type: none"><li data-bbox="636 786 882 810">• Audit Committee</li><li data-bbox="636 826 1122 850">• Digital Health Intelligence Committee</li><li data-bbox="636 866 1126 890">• Finance and Performance Committee</li><li data-bbox="636 906 1413 930">• Mental Health Legislation and Mental Capacity Act Committee</li><li data-bbox="636 946 1184 970">• Quality, Safety and Experience Committee</li><li data-bbox="636 986 1048 1010">• People and Culture Committee</li></ul>

Element of audit approach	Description
Documents	<p>We reviewed a range of documents, including:</p> <ul style="list-style-type: none"> <li>• Board and Committee Terms of Reference, work programmes, agendas, papers, and minutes</li> <li>• Key governance documents, including Schemes of Delegation, Standing Orders, Standing Financial Instructions, Registers of Interest, and Registers of Gifts and Hospitality</li> <li>• Key organisational strategies and plans, including the IMTP</li> <li>• Key risk management documents, including the Board Assurance Framework and Corporate Risk Register</li> <li>• Key reports relating to organisational performance and finances</li> <li>• Annual Report, including the Annual Governance Statement</li> <li>• Relevant policies and procedures</li> <li>• Reports prepared by the Internal Audit Service, Health Inspectorate Wales, Local Counter-Fraud Service, and other relevant external bodies</li> </ul>

Element of audit approach	Description
Interviews	<p>We interviewed the following Senior Officers and Independent Members:</p> <ul style="list-style-type: none"> <li>• Chair of Board</li> <li>• Chief Executive</li> <li>• Executive Director of Finance</li> <li>• Executive Director of Strategic Planning</li> <li>• Executive Director of Public Health</li> <li>• Interim Director of Corporate Governance</li> <li>• Vice Chair of Board</li> <li>• Chair of People and Culture Committee</li> <li>• Chair of Audit and Assurance Committee</li> <li>• Chair of Digital and Health Intelligence Committee</li> <li>• Deputy Director of Strategic Planning</li> <li>• Consultant in Public Health</li> </ul>

# Appendix 2

## Progress made on previous-year recommendations

Exhibit 3 below sets out the progress made by the Health Board in implementing recommendations from previous structured assessment reports

Recommendation	Description of progress
<p>R1 The Health Board plans to refresh its ten-year strategy by 2023. It should seek to use this opportunity to review and reshape its wider processes, structures, resources, and arrangements, to ensure they are fully aligned to the organisation’s refreshed strategic objectives and associated risks, with a particular focus on its <b>(2022 Structured Assessment)</b>:</p> <ul style="list-style-type: none"><li>• Board Assurance Framework</li><li>• Performance Management Framework</li><li>• Committee structures, terms of reference, and workplans</li><li>• Long-term financial plan</li></ul>	<p>In progress – see paragraphs:</p> <ul style="list-style-type: none"><li>• Board Assurance Framework – see <b>paragraph 67</b>.</li><li>• Performance Management Framework – see <b>paragraph 72</b>.</li><li>• Committee structures, terms of reference, and workplans – see <b>paragraphs 49, 50 and 2023 R4</b>.</li><li>• Long-term financial plan – see <b>paragraph 93</b>.</li></ul>



Recommendation	Description of progress
<p>R2 The Integrated Performance Report provides a good overview of the Health Board's performance. However, details of the actions being taken to sustain or improve performance that falls below target appear in some sections of the report but not others. The Health Board, therefore, should ensure this information is provided consistently throughout the report to strengthen the assurances provided to the Board that appropriate action is being taken to sustain or improve performance (<b>2022 Structured Assessment</b>).</p>	<p>In progress – see <b>paragraph 72</b></p>
<p>R3 Whilst the Health Board has good arrangements in place for conducting Board and committee business effectively and transparently, opportunities exist to enhance these arrangements further. The Health Board, therefore, should (<b>2022 Structured Assessment</b>):</p> <ul style="list-style-type: none"> <li>a) post more frequent reminders about Board and committee meetings on social media and provide links to papers;</li> <li>b) ensure the papers for all Advisory Group meetings are published on the Health Board's website in a timely manner;</li> </ul>	<ul style="list-style-type: none"> <li>a) <b>Not complete</b> – see <b>paragraph 38</b></li> <li>b) <b>In progress</b> – see <b>paragraph 39</b></li> <li>c) <b>Not complete</b> – see <b>paragraph 40</b></li> <li>d) <b>Complete</b> – see <b>paragraph 50</b></li> <li>e) <b>Complete</b> – see <b>paragraph 52</b></li> <li>f) <b>Complete</b> – see <b>paragraph 40</b></li> </ul>

Recommendation	Description of progress
<ul style="list-style-type: none"> <li>c) make abridged minutes of private Board and committee meetings available publicly as soon as possible after each meeting;</li> <li>d) ensure the dates Terms of Reference were last reviewed and approved are clearly displayed on the documents;</li> <li>e) circulate presentations in advance of meetings or, where this is not possible, make copies available to members and the public (via the website) as soon as possible afterwards; and</li> <li>f) ensure public papers include an explanation as to why some matters are being discussed in private rather than in public.</li> </ul>	
<p>R2 The Health Board’s approach to planning remains robust. However, the Health Board’s arrangements for monitoring and reporting on plan delivery are less robust. The Health Board, therefore, should strengthen its arrangements for monitoring and reporting on the overall delivery of its Annual Plan and future Integrated Medium Term Plans by <b>(2021 Structured Assessment)</b>:</p> <ul style="list-style-type: none"> <li>a) ensuring these plans contain clear summaries of key actions/deliverables, timescales, and measures, to support effective monitoring and reporting; and</li> </ul>	<ul style="list-style-type: none"> <li>a) <b>Complete</b> – see <b>paragraph 31</b></li> <li>b) <b>Complete</b> – see <b>paragraph 32</b></li> </ul>

Recommendation	Description of progress
b) providing more information to the Board and Strategy and Delivery Committee on progress against delivery of these plans to enable full scrutiny and assurance.	

# Appendix 3

## Organisational response to audit recommendations

Exhibit 4: Health Board's response to our audit recommendations

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<b>Well-being Objectives</b> Whilst the Health Board's new well-being objectives are underpinned by clear priorities, they do not encompass all aspects of sustainable development. Furthermore, the Health Board has not aligned its objectives to the national well-being goals or to the well-being objectives of partner	The Future Generations and Wellbeing Steering Group commenced this work in parallel to the strategy refresh and it will be discussed at Board as it progresses.	Probable Board Discussion April 2024 and overarching response/update to Audit Committee 2 July.	Executive Director of Strategic Planning

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
	<p>organisations. The Health Board, therefore, should:</p> <ul style="list-style-type: none"> <li>a) consider incorporating additional priorities that encompass all aspects of sustainable development, particularly those that relate to the environment; and</li> <li>b) set out how each individual well-being objective aligns to the national well-being objectives and the well-being objectives of its partners.</li> </ul>			
R2	<p><b>Accessibility of public Board meetings</b></p> <p>In order to enhance public transparency of Board business, the</p>	<p>An initial test of livestreaming was conducted in September 2023, and the January 2024 Board will also be livestreamed. Assuming success, the</p>	<p>The January 2024 Board meeting will be livestreamed. An update to Audit</p>	<p>Director of Corporate Governance</p>

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
	<p>Health Board should improve public access to Board meetings by:</p> <ul style="list-style-type: none"> <li>• livestreaming and recording public Board meetings; and</li> <li>• making the recordings available on the Health Board's website shortly after each meeting.</li> </ul>	<p>intention is that all subsequent public Board meetings will be livestreamed.</p>	<p>Committee will be provided on 2 July.</p>	
R3	<p><b>Public accessibility of governance documents</b></p> <p>We found a number of outdated or unavailable governance related documents on the Health Board's website, for example, Standing Orders and Standing Financial Instructions. The Health Board should review its website, ensuring the latest versions</p>	<p>A new Corporate Governance SharePoint online site has been launched which will host a lot of documentation for internal audiences and link to the externally facing website for other elements. As part of this ongoing work this will include an audit of documents.</p>	<p>This will form part of the 2024 work plan with an update to Audit Committee on 2 July.</p>	<p>Director of Corporate Governance</p>

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
	of governance documents and papers are available.			
R4	<p><b>New committee structure effectiveness review</b></p> <p>As part of its 2023-24 Board and committee effectiveness review, the Health Board should review the effectiveness of its new committee structure. The review should pay particular attention to whether:</p> <ul style="list-style-type: none"> <li>the committee structure supports sufficient oversight of the refreshed strategic objectives;</li> <li>committee terms of reference and workplans adequately cover all aspects of Board business;</li> </ul>	<p>In accordance with 10.2 of Standing Orders Board and Committee effectiveness reviews are now embedded as a constant feature both of the meetings themselves and as a standing item in the Chair/DCG weekly 1-1 meetings. The expectation is that rather than conduct an annual, wide-ranging review that it will exist as a standing design principle. Annual reports from committees will form part of this process.</p> <p>The embedding of a standing agenda item in Board Development sessions to discuss the strategy means that committee structure can be</p>	Ongoing.	Director of Corporate Governance

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
	<ul style="list-style-type: none"> <li>• there is merit in instigating a regular meeting for committee chairs;</li> <li>• there is appropriate training and development for new committee chairs and new committee members; and</li> <li>• officers and Members have the capacity and resources to support more frequent committee meetings.</li> </ul>	<p>considered in parallel with the strategy and other connecting factors such as annual planning, the BAF and so on. Wider elements such as Chairs' meetings, training, induction etc are all contained within the above 1-1, IM Management Group, Chairs' Governance Group and so on.</p>		
R5	<p><b>Hearing patient stories</b> Currently the Quality, Safety and Experience Committee does not receive patient stories. The committee should start every other meeting with a</p>	<p>Patient stories are heard at Board every two months. The QSE Committee has been reviewed and amended in the last year in terms of content, frequency and</p>	<p>This will form part of the 2024 work plan with an update to Audit Committee on 2 July.</p>	<p>Executive Director of Nursing and</p>



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	patient story to usefully set the tone for the remaining meeting and to ensure that members hear about patient experiences and related learning.	administration and so there is a pattern of review in place. It is anticipated that incorporating patient stories back into those agendas as recommended will commence before the July 2024 Audit meeting.		Director of Corporate Governance
R6	<p><b>Improving performance reporting</b></p> <p>The Health Board has improved its Integrated Performance Report (IPR). Whilst we recognise it is a new and evolving report, we have found potential to enhance it by:</p> <ul style="list-style-type: none"> <li>strengthening its links with the Annual Plan Delivery Report to ensure the relationship between some of the delivery milestones</li> </ul>	<p>The IPR is under constant review and has a standing slot on both public Board and Board Development sessions of a minimum hour that allows Board Members to interrogate and scrutinise the information that also leads to ‘deep dives’ being brought back to Board or the appropriate Committee.</p> <p>The comments and recommendations in the SA will be factored into the ongoing review of the IPR as it</p>	Review of SA recommendations and actions/changes will be reported to Audit Committee 2 <sup>nd</sup> July.	Chief Operating Officer

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	<p>and key performance indicators is clearer;</p> <ul style="list-style-type: none"> <li>• having a more consistent focus on actions being taken to tackle underperformance in both the IPR and its cover report;</li> <li>• being clearer about whether the metrics in section two of the IPR are on target or not;</li> <li>• being consistent in providing reasons why data charts are unavailable in section two of the IPR, instead of leaving the section blank; and</li> <li>• providing benchmarking data (where available) to show how the Health Board compares to other health bodies.</li> </ul>	<p>evolves in presentation and use. In relation to the specific recommendations:</p> <ul style="list-style-type: none"> <li>• links with the annual plan, milestones and performance indicators will be reviewed and consideration given to how changes to format could improve clarity.</li> <li>• a review of how actions are monitored will be undertaken with particular thought to the correlation/integration with the Board Assurance Framework (BAF). The BAF includes risks and associated actions for many of the performance domains.</li> <li>• work will continue to ensure all relevant sections of the IPR have</li> </ul>		

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		<p>data tables and that performance against standards is clear.</p> <ul style="list-style-type: none"> <li>the organisational approach to reporting benchmarked performance will be considered. Consideration will be given to integrating it within the IPR or developing a complementary approach.</li> </ul>		
R7	<p><b>Enhancing recommendation tracking</b></p> <p>The Health Board has good recommendation tracking arrangements but there are opportunities to enhance them further</p>	<p>A review of these processes will also be factored into the Corporate Governance work plan.</p> <p>Work has been done to understand how the AMAT software might be better used for policy tracking, recommendation tracking, and risk management, with policy tracking being the primary focus initially,</p>	An update will be brought to Audit Committee on 2 July.	Director of Corporate Governance

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	<p>to support learning and improvement. The Health Board should:</p> <ul style="list-style-type: none"> <li>a) formally refer recommendations and/or audit and review reports to relevant committees for deeper scrutiny, with the committees reporting back to the Audit and Assurance Committee for assurance, and</li> <li>b) develop a report for the Audit and Assurance Committee pulling together common themes, issues and learning from the internal, external, and regulatory compliance reports.</li> </ul>	<p>following an internal audit recommendation. Work has commenced with AMAT to develop a risk module, with CAV as the lead NHS organisation on this matter.</p>		





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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.