

Structured Assessment 2022 – Cwm Taf Morgannwg University Health Board

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Summary report

About this report

- 1 This report sets out the findings from the Auditor General's 2022 structured assessment work at Cwm Taf Morgannwg University Health Board (the Health Board). Our structured assessment work is designed to help discharge the Auditor General's statutory requirement to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources under section 61 of the Public Audit (Wales) Act 2004.
- 2 Our 2022 Structured Assessment work took place at a time when NHS bodies continued to respond to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. Health bodies were not only tackling the immediate challenges presented by the public health emergency but were also seeking to recover and transform services to respond to the significant numbers of people who are waiting for treatment and improve population health. NHS bodies and their Boards need to have sound corporate governance arrangements that can provide assurance to 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 the organisation's governance arrangements; strategic planning arrangements; financial management arrangements; and arrangements for managing the workforce, digital assets, the estate, and other physical assets. We have also provided updates on progress against recommendations identified in previous structured assessment reports.
- 4 The approach we adopted to deliver our work is detailed in **Appendix 1**.
- 5 We have not reviewed the Health Board's quality governance arrangements as part of this work. Instead, we will be undertaking a separate review during 2023 of the Health Board's progress in addressing the recommendations of our 2019 [Joint Review of Quality Governance Arrangements](#), with Healthcare Inspectorate Wales.

Key messages

- 6 Overall, we found **that while the Health Board's corporate governance arrangements continue to develop and improve, it needs to strengthen its performance and financial management arrangements to fully address the challenges facing the organisation.**
- 7 The Health Board's arrangements support the effective conduct of Board and committee business. The Board remains committed to openness, but opportunities exist to improve the Health Board's administrative arrangements for ensuring public transparency of Board business. The Health Board is led by a relatively stable Executive Team, and positive changes have been made to the role of the

Director of Corporate Governance to allow them to focus exclusively on the Health Board's governance arrangements. Extensive work has been undertaken to develop and agree a new operating model for the organisation. However, it will take time for the new structures to embed and deliver the intended benefits and improvements. Overall, the Health Board's systems of assurance are improving. The Health Board has made positive progress in developing a new Board Assurance Framework, which it must now use to shape Board and committee business. Although the Health Board has effective arrangements for reporting performance to the Board, its performance remains the worst in Wales in a number of areas. The Health Board, therefore, needs to ensure its performance management and reporting arrangements are appropriately focused on the key challenges it faces, especially where performance in those areas is comparatively worse than other Health Boards in Wales.

- 8 The Health Board has made good progress in developing a long-term strategy for the organisation, which provides a clear framework for preparing its clinical strategy. Preparing a financially balanced and approvable Integrated Medium Term Plan for 2023-26 is also a priority for the Health Board, as it failed to prepare a balanced and approvable three-year plan this year. The Board maintains effective oversight of the Health Board's approach to strategic planning, and there is good evidence of stakeholder engagement and involvement in the development of corporate plans and strategies. However, corporate plans and strategies generally lack measurable outcomes and clear summaries of key actions/deliverables, timescales, and measures, which limits effective monitoring and reporting.
- 9 The Health Board has clear arrangements for financial planning and achieved its financial duties for 2021-22. However, the Health Board is unlikely to achieve its financial duties in 2022-23 due to growing cost pressures and challenges around delivering recurrent savings and containing expenditure. The Health Board, therefore, needs to review its financial management arrangements to fully address the risks to achieving financial sustainability in the short and medium term. The Health Board also needs to strengthen certain financial control procedures. Financial reports prepared for the Board are clear, comprehensive, and support effective monitoring and scrutiny. However, opportunities exist to enhance these reports further.
- 10 Supporting staff wellbeing is a clear priority for the Health Board. Whilst the Health Board's staff wellbeing offer is comprehensive, the organisation needs to provide greater assurances to the Board that the support provided is having a positive impact. The Health Board has a clear Digital Strategy in place, which it intends to refresh in the context of the new long-term strategy. In doing so, it must seek to address the staffing and funding challenges in this area to maximise the benefits of digital technologies and solutions. The Health Board does not currently have an Estates Strategy. Furthermore, Board-level arrangements for overseeing the condition of the estate and scrutinising capital programmes and projects require strengthening.

Recommendations

- 11 Recommendations arising from this audit are detailed in **Exhibit 1**. The Health Board's organisational response to these recommendations is summarised in **Appendix 2**.

Exhibit 1: 2022 recommendations

Improving administrative governance arrangements

- R1 We found opportunities for the Health Board to improve its administrative governance arrangements to enhance public transparency and support Board and committee effectiveness. The Health Board, therefore, should:
- publish the agendas of private Board and committee meetings;
 - publish the papers for all public Board, committee, and advisory meetings on its website in a timely manner;
 - update report cover sheets to enable authors to better link their reports to the requirements of the Well-being of Future Generations (Wales) Act 2015; and
 - update presentation cover sheets to enable authors to summarise the information sufficiently and capture the relevant risks and issues.

Using the Board Assurance Framework (BAF) to shape Board business

- R2 Although the Health Board has made positive progress in developing a BAF, it is not yet currently being used to shape Board and committee business. The Health Board, therefore, should actively use the BAF on an ongoing basis to shape and inform Board and committee work programmes.

Strengthening performance management arrangements

- R3 The Health Board has a number of longstanding performance challenges across many areas in both planned care and urgent and emergency care, resulting in it being escalated to enhanced monitoring from routine arrangements under the Welsh Government's Escalation and Intervention Arrangements. The Health Board, therefore, should ensure its performance management and reporting arrangements are appropriately focused on the key challenges it faces in both planned care and urgent and emergency care, especially where performance in those areas is comparatively worse than other Health Boards in Wales.

Establishing measurable outcomes for strategic priorities

R4 The Health Board has made positive progress in developing a long-term vision, strategic goals, and strategic priorities for the organisation. However, the new strategy (CTM 2030) currently lacks clear and measurable outcomes. The Health Board, therefore, should seek to accelerate the work of the CTM 2030 Steering Group and Strategy Groups in developing outcomes for each strategic priority, setting out what success would look like, and identifying how to measure and report progress. In doing so, it should consider the relationship between the goals of the Population Health Strategy and the wider strategic goals and public health 'life course' approach set out in CTM 2030.

Enhancing arrangements for monitoring delivery of corporate plans and strategies and reporting progress to the Board

R5 We found opportunities for the Health Board to enhance its arrangements for monitoring the delivery of corporate plans and strategies, and reporting progress to the Board. The Health Board, therefore, should enhance its arrangements by ensuring:

- plans and strategies contain clear summaries of key actions/deliverables, timescales, and measures to support effective monitoring and reporting;
- plans and strategies provide greater detail on which Executive Directors are responsible for the delivery of key actions/deliverables to enable appropriate accountability; and
- reports are aligned to performance reports to enable the Board to assess the extent to which the implementation of key actions/deliverables is having a positive impact on Health Board performance.

Strengthening financial management arrangements

R6 We identified the need for the Health Board to improve its arrangements for containing expenditure and delivering savings. The Health Board, therefore, should review its arrangements to ensure there is sufficient grip and challenge at all levels of organisation on expenditure and savings delivery.

Strengthening financial controls

R7 Whilst the Health Board's financial control procedures are generally effective, we identified opportunities to strengthen some controls and update the information available on the Health Board's website. The Health Board should:

- review the delegated upper financial limit for the Chief Executive;
- ensure there is a clear process in place for the Board to review and approve capital programmes and projects; and
- ensure out-of-date financial control procedures are removed from its website and replaced with the current versions.

Enhancing financial reports to the Board

R8 Whilst the Health Board has effective arrangements for reporting financial performance to the Board, we identified opportunities to enhance these reports further. The Health Board should:

- provide greater assurances that mitigating actions are in place to address key financial risks highlighted in the reports; and
- report the financial performance of the new Care Groups at the earliest possibility.

Maximising the benefits of digital technologies and solutions

R9 There is limited capacity within the Health Board to fully deliver its digital transformation agenda. The Health Board, therefore, should seek to set out in its refreshed Digital Strategy how it intends to overcome staffing and funding challenges to fully exploit the benefits offered by digital technologies and solutions.

Strengthening Board-level oversight of estates issues and risks

R10 There is currently insufficient Board-level oversight of the condition of the estate and other significant related risks. The Health Board, therefore, should:

- ensure there is regular reporting on estates-related performance indicators and risks to the Planning, Performance, and Finance Committee;
- update the committee's Terms of Reference to reflect these responsibilities; and
- establish a clear process for ensuring appropriate cross-referral of issues with the Quality and Safety Committee, which oversees health and safety matters.

Detailed report

Governance arrangements

- 12 In this section of the report, we provide our views on the Health Board's governance arrangements, with a particular focus on:
- Board and committee effectiveness;
 - the extent to which organisational design supports good governance; and
 - key systems of assurance.
- 13 Details of progress made on previous year recommendations relating to the Health Board's governance arrangements are provided in **Exhibit 2**.
- 14 We found that **the Health Board's governance and leadership arrangements are improving, and organisational structures are being refreshed to support further improvements. However, the Health Board needs to further strengthen its systems of assurance to fully address the performance challenges facing the organisation.**

Board and committee effectiveness

- 15 We considered the extent to which the Board and its committees conduct their business effectively and support good governance. In examining this, we have looked at whether:
- the Board and its committees demonstrate appropriate levels of public transparency;
 - meetings are conducted appropriately supported by clear Schemes of Delegation, Standing Orders, Standing Financial Instructions, and Registers of Interest;
 - there is an appropriate and well-functioning committee structure below the Board;
 - the Board and its committees receive the right information, including views from staff and service users; and
 - there is evidence of sufficient self-review by the Board and its committees.
- 16 We found that **the Board and its committee are generally effective, with evidence of good scrutiny, challenge, and self-reflection. However, opportunities exist to improve the Health Board's administrative arrangements for ensuring public transparency of Board business.**
- 17 The Board is committed to conducting its business in an open manner; however, opportunities exist to improve the Health Board's administrative arrangements for ensuring public transparency of Board business. All public Board meetings are livestreamed to allow the public to observe virtually, with recordings made available on the Health Board's website. The Health Board, however, does not livestream or record its committee meetings. Private Board and committee sessions are kept to a minimum, and reserved for confidential and sensitive matters only. However, the

agendas for private Board and committee meetings are not published with the public papers for meetings (**Recommendation 1a**). The Health Board circulates Board and committee papers to attendees in advance of meetings. However, our review of the website found that the Health Board:

- has not published the papers for some meetings. For example, there are no papers available for the Stakeholder Reference Group since December 2019, and the papers of the Audit and Risk Committee meeting held on 14 June 2022 are missing.
- has published incomplete sets papers for some meetings. For example, there are several papers missing for the Audit and Risk Committee meetings held in 2022, such as the routine updates provided by internal and external audit.

The Health Board should take action to address this to enable full transparency (**Recommendation 1b**).

- 18 The Health Board's governance arrangements support the effective conduct of Board and committee business. The Health Board appropriately reviews its Standing Orders, Schemes of Reservation and Delegation, Standards of Behaviour Policy, and Standing Financial Instructions on a frequent basis. However, opportunities exist to strengthen certain controls further (we discuss this further in **paragraph 68**). The Health Board has also prepared an assurance framework to help clarify its role and responsibilities in relation to the organisations it hosts¹. The Audit and Risk Committee regularly receives the Declarations of Interest, Gifts, Hospitality, and Sponsorship Register, which it last reviewed in December 2022. The Board Member Declarations of Interest Register is available on the Health Board's website.
- 19 The Health Board has a stable, skilled, and experienced cadre of Independent Members. We found that Independent and Executive Board members have a healthy relationship, which in turn facilitates informal and formal flows of information. We have also observed Independent Members offering a good balance of challenge and support in Board and committee meetings. At the time of our review, the Health Board was seeking to appoint a substantive Chair to replace the interim Chair in March 2023.
- 20 The Health Board has a stable committee structure, which is well embedded. Each committee has clear terms of reference, which appropriately reflect the majority of Health Board business. However, there is a gap in the Planning, Performance, and Finance Committee's terms of reference in relation to overseeing matters relating to the Health Board's estate (we discuss this further in **paragraph 88**). Committee chairs are actively involved in agenda setting and clear work programmes are set out. But opportunities exist to make greater use of the new Board Assurance

¹ The Health Board hosts the Welsh Health Specialised Services Committee (WHSSC), the Emergency Ambulance Services Committee (EASC), and the National Imaging Academy Wales (NIAW).

Framework to shape committee business (we discuss this further in **paragraph 31**). Meetings are well chaired and run to time. Committee chairs meet regularly, and there is good cross-referral of issues between committees and escalation up to Board.

- 21 The Health Board prepares good quality papers for Board and committee meetings, which provide sufficient detail to enable scrutiny and decision making. Whilst report cover sheets are generally good, they could be more explicit on the links to the requirements of the Well-being of Future Generations (Wales) Act 2015 (**Recommendation 1c**). Also, whilst the Health Board has prepared a cover sheet to accompany presentations, it does not currently enable presenters to summarise information sufficiently or capture the relevant risks and issues (**Recommendation 1d**).
- 22 The Board demonstrates a good commitment to hearing from staff and patients. The Board and the Quality and Safety Committee receive a patient story at each meeting, which also includes feedback from staff. Walkarounds have also restarted, which provide good opportunities for Independent Members to engage directly with staff across primary, community, and acute services. The Health Board has also undertaken bespoke staff engagement work in specific areas, such as maternity services, with the results actively being used to shape the organisation's culture and leadership work programmes. The Board has also ensured that staff have been actively engaged in the development of the Health Board's new long-term strategy.
- 23 The Health Board has effective arrangements for Board and committee self-review and improvement. The Board and its committees assess their effectiveness on an annual basis and prepare action plans to address training needs and matters requiring improvement. The Health Board has made effective use of development sessions to support Board learning and development. These sessions have also been used during 2021-22 to support the development of the Board Assurance Framework and shape the long-term vision, strategic goals, and priorities for the organisation. The interim Chair has conducted Personal Development Reviews with all Independent Members and there is a buddying system in place to enable Independent Members to learn from each other.

Organisational leadership and design

- 24 We considered the extent to which the Health Board's organisational structure supports effective governance. In examining this, we have looked at whether:
 - the responsibilities of Executive Directors are clear, and that they have balanced and equitable portfolios of work;
 - there is clarity on the role of the Director of Corporate Governance (Board Secretary), and there are adequate resources in place to support the work of the Board and its committees; and

- the organisational structure supports effective governance and facilitates whole system working.

25 We found that **the Health Board is led by a relatively stable Executive Team, and positive changes have to the role of the Director of Corporate Governance to allow them to focus exclusively on the Health Board's governance arrangements. Whilst a new operating model has been agreed, it will take time for the new structures to embed and deliver the intended benefits and improvements.**

26 The Health Board has taken positive steps to strengthen and stabilise its Executive Team as well as to ensure that Executive Directors have clear responsibilities and balanced and equitable portfolios of work. A substantive Medical Director was appointed in July 2022, and a full time Director of Therapies and Health Sciences was appointed in April 2022 following the end of the fixed term joint appointment with Cardiff and Vale University Health Board. Appropriate interim arrangements have been put in place following the departures of the Director of Public Health and Director of Corporate Governance in November 2022. Recruitment to these posts was underway at the time of our review.

27 The Corporate Governance Team provides good support to the Board and its committees, despite not having a full complement of staff. The Health Board has revised the Director of Corporate Governance role following the departure of the previous postholder. As a result, operational responsibility for clinical audit and 'Putting Things Right' (the management of concerns, redress, claims, and litigation) has been transferred to the Executive Director of Nursing. Positively, this will allow the new Director of Corporate Governance to focus exclusively on the Health Board's governance arrangements.

28 The Board approved the creation of a new operating model in March 2022 with the aim of:

- supporting post-pandemic recovery;
- improving service quality;
- streamlining management arrangements; and
- facilitating joint-working across the Health Board.

Under the new model, the Integrated Locality Groups have been replaced by new Health Board wide Care Groups². The new model retains locality working, but management and oversight will be undertaken at a Health Board level. The Health Board also plans to reorganise and realign its corporate functions to support the new operating model. The Board has maintained good oversight of the development and implementation of the new operating model. However, it will take

² There are six Care Groups in total: Planned Care Group; Unscheduled Care Group; Children and Families Care Group; Diagnostics, Therapies and Specialities Care Group; Mental Health and Learning Disabilities Care Group; and Primary and Community Care Group.

time for the new structures to embed and deliver the intended benefits and improvements.

Systems of assurance

- 29 We considered the extent to which the Board and its committees oversee, scrutinise, and challenge organisational risks, performance, and quality of services. In examining this, we have looked at whether:
- there is an effective Board Assurance Framework (BAF) in place, which is actively reviewed and owned by the Board;
 - the BAF is underpinned by appropriate systems for managing risks and performance, and handling information in a secure manner; and
 - effective action is taken to address audit and review findings and recommendations.
- 30 We found that **whilst the Health Board's systems of assurance are generally effective, it needs to strengthen its performance management arrangements to address current operational challenges.**
- 31 The Health Board has made positive progress in developing a Board Assurance Framework (BAF). The Board was actively involved in developing the BAF, before formally approving it in March 2022 (see **Exhibit 2, 2021 (Phase 2) R4**). The BAF appropriately reflects the Health Board's strategic goals and provides good information on gaps in controls and assurance, as well as mitigating actions. The Board receives and reviews the BAF at each public meeting. Whilst this is a positive development, the Health Board now needs to use the BAF to actively shape and inform Board and committee business (**Recommendation 2**).
- 32 The Health Board's risk management arrangements continue to evolve. The Board approved an updated Risk Management Strategy in March 2022, which is supported by comprehensive and up-to-date policies and procedures. The Health Board has continued to strengthen its organisational (corporate) risk register, and there is good evidence of risks being actively managed. However, there is scope to strengthen the risk mitigating actions. The Health Board has also taken positive steps to strengthen operational risk registers by including all risks on DATIX³, rather than risks scoring eight and above as was previously the case. The Executive Team has also realigned organisational risks to the new operating model, and work is underway to amalgamate and improve the content of operational risk registers. The Health Board has provided risk management training to over 360 members of staff, and will continue to offer this training throughout 2023 and beyond. The training commenced prior to the roll-out of the new operating model. Although it supports those staff changing roles and attending the

³ Datix is a web-based incident reporting and risk management system used by healthcare organisations.

training in their new structure, the training will continue beyond implementation of the model. It is also open to corporate/central teams.

- 33 Although the Health Board has effective arrangements for reporting performance to the Board, its performance remains the worst in Wales in a number of areas. The Board receives comprehensive reports on the Health Board's performance against the Welsh Government Performance Framework and other priority areas for the organisation. The reports are detailed and provide a good overview of the Health Board's position against a range of finance, quality, performance, and workforce indicators. Reports also highlight risks and areas of concern, and outline the actions being taken to improve operational performance. There is also good evidence of appropriate scrutiny and challenge by the Board. Operationally, the Health Board has also established new arrangements for holding teams to account for performance in line with the new operating model. However, the Health Board's plans for improvement have not yet been realised, and its performance in a number of areas remains the worst in Wales. As a result, the Health Board has been escalated from routine arrangements to enhanced monitoring for performance under the Welsh Government's Escalation and Intervention Arrangements ⁴ (**Recommendation 3**).
- 34 The Health Board has appropriate arrangements for overseeing information governance at a committee level, but some operational arrangements require improvement. The Digital and Data Committee receives regular reports on the Health Board's activities and improvement plans in relation to data protection and information security, and provides good scrutiny and challenge. Operationally, the Health Board's cyber resilience arrangements require strengthening. In December 2022, the NHS Wales Cyber Resilience Unit assessed the Health Board's arrangements and found that compliance was less than 50% in 5 of the 28 domains reviewed. As a result, the Unit gave the Health Board 134 recommendations to address in total. However, a lack of resources in this area is likely to impede the Health Board's ability to address these recommendations in full.
- 35 The Health Board has taken a number of positive steps to improve its arrangements for tracking internal and external recommendations, but further enhancements are required. The Health Board has reviewed progress against all longstanding recommendations, and a number of recommendations were either closed or assigned revised implementation dates following this exercise. As of December 2022, there were 75 Internal Audit recommendations still outstanding where the implementation date had passed, and 8 for Audit Wales. Whilst progress reports to the Audit and Risk Committee are generally good, there is scope to improve the summary report to provide a more formal update to the committee on the closure of recommendations and their subsequent removal from the tracker.

⁴ There are four escalation levels: routine arrangements, enhanced monitoring, targeted intervention, and special measures.

The Health Board is yet to establish arrangements for tracking recommendations made by external inspection and regulatory bodies in line with the recommendation we made in our 2018 structured assessment report (see **Exhibit 1, 2018 R6**). The Health Board should address this recommendation without further delay to enable the Quality and Safety Committee to monitor, scrutinise, and challenge progress effectively.

Exhibit 2: progress made on previous-year recommendations

Recommendation	Description of progress
<p>Audit Recommendations</p> <p>2018 R6: The audit recommendation tracker should be expanded to include the recommendations of other external agencies eg Healthcare Inspectorate Wales and the Delivery Unit.</p>	<p>No Progress</p> <p>Arrangements are yet to established.</p>
<p>Direct and Indirect Harm from COVID-19</p> <p>2021 (Phase 2) R5: The Health Board has undertaken specific work in mortality and harm in relation to COVID-19. However, as with other Health Boards, it has yet to finalise a standard framework to support the assessment of direct and indirect harm associated with COVID-19. The Health Board should produce a framework for assessing both direct and indirect harm from COVID-19 and ensure that the framework and an accompanying report outlining key issues are monitored by appropriate operational, strategic groups and reported the Board or one of its committees.</p>	<p>In Progress</p> <p>A Nosocomial COVID-19 Incident Management Team has been established. Internal governance mechanisms are also in place, including an oversight group that reports to the Quality and Safety Committee.</p> <p>Investigatory work has commenced in line with the agreed national framework.</p> <p>Since April 2022, there has been monthly progress reporting to the Delivery Unit. There are over 3,200 reviews to undertake that occurred prior to end of April 2022. As of end of July 2022, a further 408 cases have also been reported.</p> <p>In August 2022, the Delivery Unit reviewed the Health Board’s self-assessment of programme progress.</p>

Recommendation	Description of progress
	All programme workstreams received a 'reasonable assurance' rating or above.
<p>Clarity on the status of deferred Board business</p> <p>2021 (Phase 2) R1: Our review found that not all committees provide clarity on the status of deferred items of Board business. The Health Board should ensure that all committees are clear about the current status of deferred items of business, and an indicative timescale for when they will be brought back into active management.</p>	<p>Complete</p> <p>All committees are clear on the current status of deferred business.</p>
<p>Integrated Locality Group Review</p> <p>2021 (Phase 2) R2: Significant transformation and improvement activity is delegated to the Health Board's Integrated Locality Groups. As part of its review of its operating model the Health Board should evaluate the capacity and capability of each Integrated Locality Group to deliver the scale of change required.</p>	<p>Complete</p> <p>In 2021, the Health Board established a new directorate – Improvement CTM (ICTM) – led by a new Director of Improvement and Innovation.</p> <p>There is a clearer focus on what this team will do and how it will support operational staff, with items for delivery detailed in its 2022-25 Business Plan.</p>
<p>Strategic Risks</p> <p>2021 (Phase 2) R4: The Board has approved six risks to achieving strategic priorities which are aligned to the four strategic wellbeing and future generation objectives set out in the Health Board's Annual Plan 2021-22. Currently, with only six strategic risks, they may be too high level to allow meaningful scrutiny. The Board needs to ensure that its strategic risks also reflect the risks to achieving priorities</p>	<p>Complete</p> <p>The Health Board has developed and implemented a revised Board Assurance Framework (BAF) that captures nine strategic/principal risks aligned to the Health Board's strategy. In March 2022, the Health Board agreed a revised BAF, and the Board formally received it for the first time at its May 2022 meeting.</p>

Recommendation	Description of progress
set out in its Annual Plan, the Planned Care Recovery Plan, actions to address its special measures and targeted intervention status and the direction of travel to be set out in the emerging long-term strategy.	

Strategic planning arrangements

- 36 In this section of the report, we provide our views on the Health Board's strategic planning arrangements, with a particular focus on the organisation's:
- vision and strategic objectives;
 - Integrated Medium Term Plan;
 - planning arrangements; and
 - arrangements for implementing and monitoring the delivery of corporate strategies and plans.
- 37 Details of progress made on previous-year recommendations relating to the Health Board's strategic planning arrangements are provided in **Exhibit 3**.
- 38 We found that **the Health Board's strategic planning arrangements continue to improve, and positive progress has been made in developing a clear long-term vision and strategy for the organisation. Preparing a Clinical Strategy and an approvable IMTP, and enhancing reporting arrangements, must remain key priorities for the Health Board.**

Vision and strategic objectives

- 39 We considered the extent to which there is a clear vision and long-term strategy in place for the organisation. In examining this, we have looked at whether:
- the vision and strategic objectives are future focussed, and rooted in a detailed and comprehensive analysis of needs, opportunities, challenges, and risks;
 - the vision and strategic objectives have been developed and adopted by the Board; and
 - the long-term strategy is underpinned by an appropriate long-term clinical strategy.
- 40 We found that **the Health Board has clear strategic long-term goals and priorities that provide a framework for developing its clinical strategy.**

- 41 The Health Board has made good progress in developing its long-term strategy for the organisation, 'CTM 2030 – Our Health, Our Future'. In July 2021, the Board approved a clear vision for the Health Board, underpinned by four strategic goals – Creating Health, Improving Care, Sustaining Our Future, and Inspiring People. The strategic goals each have four clear priorities for action and will be met through implementing a public health 'life course' across five strategic areas – Starting Well, Growing Well, Living Well, Ageing Well, and Dying Well.
- 42 The Board formally adopted the vision, strategic goals, and priorities in March 2022. This was done following extensive engagement with staff, residents, partners, and other stakeholders on population needs as well as the challenges and opportunities facing healthcare services in the region over the next ten years. The Health Board is currently developing a Clinical Strategy for the organisation in the context of CTM 2030. The Health Board aims to have its agreed Clinical Strategy, 'CTM 2030 – Future Clinical Services', in place by July 2023.

Integrated Medium Term Plan

- 43 We considered the extent to which the Health Board has been able to produce an approvable Integrated Medium Term Plan (IMTP) for 2022-2025. In examining this, we have looked at whether:
- the IMTP was submitted within the required timeframes in line with Welsh Government guidance;
 - the draft and final versions of the IMTP were discussed, challenged, and agreed by the Board prior to submission; and
 - the IMTP received approval from the Minister for Health and Social Services.
- 44 We found that **the Health Board has been unable to produce a financially balanced, Welsh Government approved IMTP for 2022-2025.**
- 45 The Health Board has been unable to produce a financially balanced and Welsh Government approved Integrated Medium Term Plan for 2022-2025 due to its challenging financial position. Instead, the Health Board prepared a high level three-year plan, with a particular focus on the actions it felt it could achieve in 2022-23. The Board discussed, approved, and submitted the high-level plan to the Welsh Government in March 2022.
- 46 Following discussions with the Welsh Government, the Health Board updated the plan to become an Annual Plan for 2022-23, which includes greater detail on plans for unscheduled care and planned care recovery. The 2022-23 Annual Plan was submitted to the Welsh Government in April 2022, and retrospectively approved by the Board in May 2022.
- 47 The Health Board's inability to produce an approvable IMTP has resulted in it being escalated from routine arrangements to enhanced monitoring for planning and finance under the Welsh Government's Escalation and Intervention Arrangements.

Wider planning arrangements

48 We considered the extent to which the Board maintains effective oversight of the process for developing corporate strategies and plans. In examining this, we have looked at whether:

- prudent and value-based healthcare principles are considered and reflected in corporate strategies and plans; and
- corporate strategies and plans have been developed in liaison with relevant internal and external stakeholders; and

49 We found that **the Health Board's approach to strategic planning is improving, with evidence of good stakeholder engagement and Board-level oversight.**

50 The Board has maintained effective oversight of the organisation's arrangements for developing corporate strategies and plans, particularly CTM 2030. The Board has actively been involved in shaping the long-term vision, strategic goals, and priorities for CTM 2030 through workshops, development sessions, and regular discussions in public Board meetings. Reports presented to the Board provide a good overview of strategy development and clearly indicate where formal Board input is required. The Planning, Performance, and Finance Committee also provides effective oversight of the arrangements for developing CTM 2030 and preparing the 2023-2026 IMTP. The Health Board has created additional capacity to prepare the 2023-2026 IMTP and develop enabling strategies and plans relating to the workforce, estate, and digital services within the context of CTM 2030.

51 Value-Based Healthcare (VBH) principles are clearly reflected in CTM 2030 and the Health Board's 2022-23 Annual Plan. The Health Board's VBH Strategic Delivery Plan forms part of the Improvement and Innovation Directorate's Business Plan and contains clear plans for progressing VBH across the organisation, with a particular focus on heart failure, palliative care, diabetes, and wider programmes areas including lymphoedema, cellulitis, and alcohol liaison services. The Health Board has a clear funding delivery plan in place which is aligned to national VBH priorities and guidelines. The Health Board intends to establish consistent programme management and reporting arrangements to support project progression and oversight.

52 The Health Board has a positive approach to stakeholder engagement. It has demonstrated strong engagement with a diverse range of the stakeholders in developing CTM 2030, using a range of approaches to engage residents, staff, and external partners. The Health Board has also involved the Stakeholder Reference Group in strategy development. However, as mentioned in **paragraph 17**, the Health Board has not published papers for Stakeholder Reference Group meetings on its website since December 2019. The Health Board actively engages with other Health Boards to explore, identify, and implement regional solutions to shared issues and challenge, such as increasing pathology capacity. The Health Board also engages effectively with the Community Health Council, particularly around service changes.

Implementation and monitoring arrangements

- 53 We considered the extent to which the Board oversees, scrutinises, and challenges the implementation and delivery of corporate strategies and plans. In examining this, we have looked at whether:
- corporate strategies and plans contain clear milestones, targets, and outcomes that aid monitoring and reporting; and
 - the Board receives regular reports on progress to deliver corporate strategies and plans.
- 54 We found that **corporate strategies and plans generally lack clear outcomes, milestones, and targets, which inhibits effective progress monitoring and reporting.**
- 55 Whilst CTM 2030 sets a clear direction of travel for the Health Board, it currently lacks clear and measurable outcomes. The CTM 2030 Steering Group and Strategy Groups are currently developing outcomes for each strategic priority, setting out what success would look like, and identifying how to measure and report progress. However, there is scope to accelerate the pace of this work. Furthermore, although the 2022-23 Annual Plan references the goals of the Health Board's Population Health Strategy, it is unclear how they relate to the wider strategic goals and public health 'life course' approach set out in CTM 2030 (**Recommendation 4**).
- 56 The 2022-23 Annual Plan includes a range of different actions/deliverables, timescales, and measures, some of which relate to the strategic goals and priorities set out in CTM 2030. However, peer review feedback on the 2022-23 Annual Plan noted a lack of clarity on what is an ambition and what is a deliverable. Our review of the 2022-23 Annual Plan also found that actions/deliverables, timescales, and measures are not summarised or presented in a way that allows progress to be monitored and reported effectively on a quarterly basis (**Recommendation 5a**). Furthermore, the 2022-23 Annual Plan lacks detail on which Executive Directors are responsible for ensuring the delivery of key actions/deliverables, thus limiting opportunities for ensuring appropriate accountability (**Recommendation 5b**).
- 57 The Health Board provides routine updates on the delivery of corporate strategies and plans to the Planning, Performance, and Finance Committee. The Board also receives a quarterly update on delivery of the 2022-23 Annual Plan (see **Exhibit 3 2001 (Phase 2) R2**). However, the reports are very high-level in nature and do not provide sufficient information to enable full scrutiny, challenge, and assurance. Furthermore, reports are not aligned to the performance reports presented to the Board. As a result, the Board is unable to assess the extent to which progress is on track, and the extent to which the implementation of key actions/deliverables is having a positive impact on Health Board performance (**Recommendation 5c**).

Exhibit 3: progress made on previous-year recommendations

Recommendation	Description of progress
<p>Targets and Milestones</p> <p>2021 (Phase 1) R1: During our 2021 Structured Assessment work we found that the Quarter 3-4 Plan did not set specific measurable targets and milestones. The Health Board should ensure annual plans identify clear targets and milestones and ensure effective reporting on progress, impact, and outcomes.</p>	<p>Superseded</p> <p>This recommendation is superseded by a new recommendation (see Exhibit 1 – R6a)</p>
<p>Independent Member scrutiny of delivery of operational plans</p> <p>2021 (Phase 1) R2: During our 2021 Structured Assessment work we found no scrutiny of the delivery of the quarterly plans by the Board or its committees. The Health Board should clarify responsibility for oversight at a strategic level for monitoring delivery of the 2021-22 Annual Plan.</p>	<p>Complete</p> <p>The Health Board produces and presents quarterly progress updates on delivery of the Annual Plan to Board and the Planning, Performance, and Finance Committee.</p>
<p>Planned Care Recovery Programme</p> <p>2021 (Phase 2) R3: The Health Board’s Planned Care Recovery Plan sets out how the Health Board intends to increase activity, reduce waiting times, and improve access to services. We found that although summary information is provided to the Planning, Performance and Finance Committee, it was not sufficiently explicit. The Health Board needs to provide more detail on the current progress against delivery of the Planned Care Recovery Plan against the set targets and expected activity.</p>	<p>Complete</p> <p>Updates on the Planned Care Recovery Programme are provided to the Quality and Safety Committee, and the Planning, Performance, and Finance Committee. Updates are well written and well presented, and provide performance against trajectory.</p>

Managing financial resources

58 In this section of the report, we provide our views on the Health Board's arrangements for managing its financial resources, with a particular focus on the organisation's:

- arrangements for meeting key financial objectives.
- financial controls; and
- arrangements for reporting and monitoring financial performance.

59 We found that **the Health Board has clear arrangements for financial planning, and its finances are well scrutinised. Whilst the Health Board met its financial duties for 2021-22, it faces several risks to achieving financial balance and sustainability in the short and medium term.**

Financial objectives

60 We considered the extent to which the Health Board has effective arrangements in place to meet its key financial objectives. In examining this, we have looked at whether the Health Board:

- met its financial objectives for 2021-22, and is on course to meet its financial duties in 2022-23; and
- has a clear and robust financial plan in place, which includes realistic and sustainable savings and cost improvement plans.

61 We found that **the Health Board achieved its financial duties for 2021-22. However, growing cost pressures, as well as the underlying deficit, create risks for financial balance and sustainability in the short and medium term.**

62 At the end of 2021-22, the Health Board met both its financial duty to operate within its annual revenue resource limit and within its cumulative resource limit for the three-year rolling period 2019-20 to 2021-22, achieving surpluses of £172,000 and £1.143 million respectively. The Health Board also met its 2021-22 financial duty to break even against its annual and three-year rolling capital resource limit, achieving surpluses of £42,000 and £113,000 respectively. However, as it failed to meet its 2021-22 savings target by £11.1 million, it started the 2022-23 financial year with an accumulated underlying deficit of £44.5 million.

63 The Health Board's financial plan is clearly set out in the 2022-23 Annual Plan. The plan is based on a clear series of assumptions regarding the Health Board's expected income, Welsh Government funding to support COVID-19 recovery, exceptional cost pressures, and the cost saving potential of services. However, the plan lacks detail on financial risks and mitigating actions. The Health Board is seeking to manage its financial challenges by improving forecasts, identifying remedial actions, and delivering cost savings. However, these arrangements do not appear to be sufficiently robust. In Month 9 2022-23, the Health Board was reporting a shortfall of £7.2 million in recurrent savings, and overspends of £5.8

million and £11 million in Primary Care Prescribing and Planned Care Groups/Directorates respectively (**Recommendation 6**).

- 64 The Health Board is not on course to meet all of its financial duties in 2022-23. As the Health Board has not been able to produce a financially balanced IMTP for 2022-2025, it has failed its statutory duty to prepare an approvable three-year plan. At month 9 2022-23, the Health Board reported a £21.3 million year-to-date deficit against its core revenue plan, which was £1.4 million worse than plan. However, the Health Board was forecasting that the deficit would remain at £26.5 million as per the core plan submitted to the Welsh Government⁵. The Health Board is on course to remain within its capital resource limit for 2022-23, spending £50.1 million of its capital budget at Month 9 2022-23.

Financial controls

- 65 We considered the extent to which the Health Board has appropriate and effective arrangements in place for allocating, authorising, recording, and managing the use of its financial resources. In examining this, we have looked at whether:

- there are effective controls in place to ensure compliance with Standing Financial Instructions and Schemes of Delegation;
- the Audit Committee maintains appropriate oversight of arrangements and performance relating to single tender actions, special payments, losses, and counter-fraud;
- there are effective financial management arrangements in place; and
- financial statements were submitted on time, contained no material misstatements, and received a clean audit opinion.

- 66 We found that **while some financial controls appear robust, others require strengthening**.

- 67 The Health Board has adequate arrangements to ensure compliance with its with Standing Financial Instructions and Scheme of Reservation and Delegation. In June 2022, Internal Audit issued a reasonable assurance rating on the adequacy of the Health Board's financial systems for budgetary control and the requisition of goods and services. We did not identify any significant control weaknesses from our review of the Health Board's 2021-22 financial statements. However, we made 14 recommendations for improvement, which included a need for the Health Board to seek timely approval for any senior officer appointment that would exceed the relevant pay band authorised by the Welsh Government.

- 68 The Audit and Risk Committee maintains effective oversight of the Health Board's arrangements and performance relating to single tender actions, special payments, losses, and counter-fraud. The reports prepared by the Health Board are clear and support effective oversight, scrutiny, and challenge. The Audit and Risk Committee

⁵ The forecast excludes COVID-19 response costs and other exceptional cost pressures.

also reviews any changes made to financial control procedures. Whilst the Health Board's Financial Control Procedures are generally effective, we identified opportunities to strengthen controls further by reviewing the delegated upper financial limit for the Chief Executive (**Recommendation 7a**), and ensuring there is a clear process in place for the Board to review and approve capital programmes and projects (**Recommendation 7b**). We also found that some of the financial control procedures published on the Health Board's website were out of date, such as the procedures for private patients, and patients' property (**Recommendation 7c**).

69 The Health Board submitted draft financial statements for audit by the Welsh Government imposed deadline of 29 April 2022. The Audit and Risk Committee considered these on 14 June 2022. Our audit identified no material misstatements, and we issued an unqualified audit opinion, except for the regularity opinion, for which we issued a qualified opinion⁶.

Monitoring and reporting arrangements

70 We considered the extent to which the Board oversees, scrutinises, and challenges the organisation's financial performance. In examining this, we have looked at whether:

- reports to the Board provide a clear picture of the organisation's financial position, as well as the key financial challenges, risks, and mitigating actions taken; and
- Board members sufficiently challenge ongoing assessments of the financial position.

71 We found that **the Health Board's financial reports are generally clear and comprehensive and support effective monitoring and scrutiny.**

72 The Health Board has effective arrangements for reporting financial performance to the Board and the Planning, Performance, and Finance Committee. Reports provide timely and good quality information, and contain a good mixture of text and exhibits to convey key messages. The reports clearly set out the Health Board's revenue, capital, and savings position. Whilst reports also clearly highlight key financial risks, opportunities, and assumptions, they do not provide sufficient assurances that mitigating actions are in place to address them (**Recommendation 8a**). Furthermore, the Health Board stopped reporting the financial performance of the Integrated Locality Groups from Month 5 2022-23 following the approval of the new operating model. The Health Board, therefore, should report the financial performance of the new Care Groups to the Board at the earliest possibility (**Recommendation 8b**). We have observed good scrutiny and

⁶ We issued a qualified regularity opinion to all Health Boards due to clinicians' pension tax liabilities.

challenge around the organisation's financial position at both Board and Planning, Performance, and Finance Committee meetings.

Managing the workforce, digital resources, the estate, and other physical assets

- 73 In this section of the report, we provide our high-level views on the Health Board's arrangements for managing its wider resources, with a particular focus on the organisation's:
- arrangements for supporting staff wellbeing (please note we will be undertaking a separate review of the organisation's wider workforce planning arrangements);
 - arrangements for managing its digital resources; and
 - arrangements for managing its estate and other physical assets.
- 74 We found **that staff wellbeing remains a clear priority for the Health Board. However, capacity and funding challenges need to be addressed to enable the Health Board to maximise the benefits of digital, and Board-level oversight of matters relating to the estate require strengthening.**

Supporting staff wellbeing

- 75 We considered the extent to which the Health Board has appropriate and effective arrangements in place for supporting staff wellbeing. In examining this, we have looked at whether:
- mechanisms to seek staff views about their wellbeing needs are effective, and appropriate action is taken to respond to findings; and
 - actions to support and improve staff wellbeing are actively monitored by the Board, including actions taken in response to our report on how NHS bodies supported staff wellbeing during the COVID-19 pandemic⁷.
- 76 We found that **the Health Board has effective arrangements for seeking staff views about their wellbeing needs, but its arrangements for providing assurances to Board on the effectiveness of its wellbeing offer require strengthening.**
- 77 The Health Board has effective arrangements for seeking staff views about their wellbeing needs, such as the annual wellbeing survey. There is good evidence of the Health Board using staff feedback to shape its wellbeing offer. For example, the Health Board increased the financial element of its wellbeing provision following staff feedback.

⁷ Audit Wales, [Taking care of the carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic](#), October 2021

- 78 The Health Board routinely provides updates on its wellbeing activities and performance against workforce metrics to the People and Culture Committee. Whilst reports provide a good overview of activity, they do not provide sufficient assurance that wellbeing interventions are having a positive impact on staff wellbeing.
- 79 The Audit and Risk Committee received the management response to our Taking Care of the Carers report recommendations in December 2021. In December 2022, the Health Board reported to the Audit and Risk Committee that all six recommendations had been completed.

Managing digital resources

- 80 We considered the extent to which the Health Board has appropriate and effective arrangements in place for managing its digital resources. In examining this, we have looked at whether:
- there is a Board approved digital strategy in place which seeks to harness and exploit digital technology to improve the quality, safety, and efficiency of services, as well as to support new models of care and new ways of working; and
 - benefits arising from investments in digital technology are actively monitored by the Board.
- 81 We found that **whilst the Health Board has a clear Digital Strategy in place, it must seek to address staffing and funding challenges to maximise the benefits of digital technologies and solutions.**
- 82 The Health Board's strategic digital intentions are clearly set out in its Digital Strategy, which has been in place since 2017. In April 2022, Internal Audit reviewed the Digital Strategy and issued a reasonable assurance rating. It found that the Digital Strategy's eight themes remained valid, and supported the organisation's overall strategy. The Health Board intends to review the Digital Strategy as part of its arrangements for developing the organisation's Clinical Strategy.
- 83 The Digital and Data Committee routinely monitors the Health Board's progress in delivering the 28 major digital schemes set out in the 2022-23 Annual Plan. However, there is limited capacity within the Health Board to fully deliver the digital transformation agenda. The limited availability of capital funding is also a barrier to delivery. Whilst these risks are appropriately reflected in the BAF, the Health Board should seek to set out in its refreshed Digital Strategy how it intends to overcome staffing and funding challenges to fully exploit the benefits offered by digital technologies and solutions (**Recommendation 9**).

Managing the estate and other physical assets

- 84 We considered the extent to which the Health Board has appropriate and effective arrangements in place for managing its estate and other physical assets. In examining this, we have looked at whether:
- there are Board-approved strategies and plans in place for managing the organisation's estates and its wider physical assets;
 - there are appropriate arrangements in place for the Board to review, scrutinise, challenge, and approve significant capital projects and programmes; and
 - there are appropriate arrangements in place for the Board to maintain appropriate oversight of the condition of the estate and other physical assets.
- 85 We found that **the Health Board currently has no estates strategy, and Board-level arrangements for overseeing the condition of the estate and scrutinising capital programmes and projects require strengthening.**
- 86 The Health Board does not currently have an Estates Strategy, but is aiming to develop one during 2023. In the absence of an estate strategy, the 2022-23 Annual Plan sets out the Health Board's capital schemes for 2022-23. The risks associated with the limited availability of capital funding are appropriately reflected in the plan.
- 87 The Board appears to have a limited role in reviewing, scrutinising, challenging, and approving significant capital projects and programmes. At an operational level, capital bids are scrutinised by the Executive Capital Management Group (ECMG). In May 2022, the ECMG approved the Health Board's statutory and backlog maintenance programme of works. The backlog maintenance allocation for 2022-23 is £1.8 million against a risk adjusted backlog totalling £62.9 million. In June 2022, the Health Board provided an update on the capital programme to the Planning, Performance, and Finance Committee. The report outlined the scale of the challenge, provided backlog maintenance figures, and set out the prioritisation criteria for discretionary capital.
- 88 The Health Board's arrangements for ensuring appropriate Board-level oversight of the condition of the estate and other physical assets require strengthening. Although the Board Assurance Framework references the intent to introduce regular reporting on estates-related key performance indicators to the Planning, Performance, and Finance Committee from June 2022, we have not seen evidence of this yet. Furthermore, whilst the Health Board's Capital and Estates Governance Board maintains operational oversight, it does not provide assurance reports to the Planning, Performance, and Finance Committee. The Health Board, therefore, should ensure there is regular reporting on estates-related performance indicators and risks to the Planning, Performance, and Finance Committee (**Recommendation 10a**). It should also update the committee's Terms of Reference to reflect these responsibilities (**Recommendation 10b**), and establish a clear process for ensuring appropriate cross-referral of issues with the Quality

and Safety Committee, which oversees health and safety matters
(Recommendation 10c).

Appendix 1

Audit approach

Exhibit 4 sets out the approach we adopted for delivering our structured assessment work at the Health Board.

Exhibit 4: audit approach

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="636 799 999 826">• Audit and Risk Committee;<li data-bbox="636 836 1016 863">• Digital and Data Committee;<li data-bbox="636 873 1055 900">• People and Culture Committee;<li data-bbox="636 909 1256 936">• Planning, Performance, and Finance Committee;<li data-bbox="636 946 1294 973">• Population Health and Partnerships Committee; and<li data-bbox="636 983 1043 1010">• Quality and Safety Committee.

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

Element of audit approach	Description
Interviews	<p>We interviewed the following Senior Officers and Independent Members:</p> <ul style="list-style-type: none"> • Chair of the Board; • Chair, Audit and Risk Committee; • Chair, Digital and Data Committee; • Chair, People and Culture Committee; • Chair, Quality and Safety Committee; • Chief Executive; • Chief Operating Officer; • Director of Corporate Governance; • Director of Digital; • Director of Finance; • Director of Strategy and Transformation; • Medical Director; and • Assistant Director of Governance and Risk.

Appendix 2

Organisational response to audit recommendations

Exhibit 5: organisational response

Recommendation	Organisational response	Completion date	Responsible officer
<p>R1 Improving administrative governance arrangements.</p> <p>We found opportunities for the Health Board to improve its administrative governance arrangements to enhance public transparency and support Board and committee effectiveness. The Health Board, therefore, should:</p> <ul style="list-style-type: none">a) publish the agendas of private Board and committee meetings;b) publish the papers for all public Board, committee, and advisory meetings on its website in a timely manner;	<ul style="list-style-type: none">a) In the exceptional circumstances where the Health Board is required to hold a Private Board meeting or Board Committee it will endeavour to highlight the agenda items covered on the Public Agenda for transparency.b) Due to capacity constraints within the Corporate Governance Function it is accepted that the timely publishing of papers may be impacted. Discussions are underway with the Web Development Team to consider if they can provide interim support over the next 3-6 months.	<ul style="list-style-type: none">a) 30 April 2023b) 31 August 2023	Assistant Director of Governance & Risk

Recommendation	Organisational response	Completion date	Responsible officer
<p>c) update report cover sheets to enable authors to better link their reports to the requirements of the Well-being of Future Generations (Wales) Act 2015; and</p> <p>d) update presentation cover sheets to enable authors to summarise the information sufficiently and capture the relevant risks and issues.</p>	<p>c) Cover reports will be reviewed to incorporate requirements of the WBFG Wales Act.</p> <p>d) Presentation cover sheets to be reviewed to ensure authors sufficiently reflect key risks and issues.</p>	<p>c) 30 June 2023</p> <p>d) 30 June 2023</p>	
<p>R2 Using the Board Assurance Framework (BAF) to shape Board business.</p> <p>Although the Health Board has made positive progress in developing a BAF, it is not yet currently being used to shape Board and committee business. The Health Board, therefore, should actively use the BAF on an ongoing basis to shape and inform Board and committee work programmes.</p>	<p>The Health Board will continue to include the BAF Report in its agenda setting meetings and align the Board and Committee Cycles of Business to ensure that the business of the meetings are shaped by the principal risks facing the organisation.</p> <p>The BAF will also help shape Board and Committee Cycles of Business at the beginning of each financial year.</p> <p>Each Committee will receive the principal risk assigned to it as the 'assuring Committee' within the cover paper of the Organisational Risk Register, which is received at all regular Committee meetings as appropriate.</p>	<p>31 August 2023</p>	<p>Assistant Director of Governance & Risk</p>

Recommendation	Organisational response	Completion date	Responsible officer
<p>R3 Strengthening performance management arrangements.</p> <p>The Health Board has a number of longstanding performance challenges across many areas in both planned care and urgent and emergency care, resulting in it being escalated to enhanced monitoring from routine arrangements under the Welsh Government’s Escalation and Intervention Arrangements. The Health Board, therefore, should ensure its performance management and reporting arrangements are appropriately focused on the key challenges it faces in both planned care and urgent and emergency care, especially where performance in those areas is comparatively worse than other Health Boards in Wales.</p>	<p>The Health Board continues to work to improve the Integrated Performance Reporting to the Board. The lay out, content and specifically the narrative throughout the report to Board is constantly being refined and updated to ensure the Board has the right information at the right time. In addition steps have been taken to ensure that the Board Committees receive the performance information relevant to their remit.</p> <p>However the Health Board recognises that given the nature of its business and its complexities that this remains a very large report and it can be challenging to identify the most significant issues.</p> <p>The Health Board is holding a workshop with Board Members in Spring 2023 to develop an approach that enables a greater visibility of the most important indicators whilst still presenting all other metrics in a timely fashion for openness and accountability.</p> <p>Whilst creating opportunities for members to select the ‘most important indicators’ will enable the Board to align measures to strategic priorities etc, the Executive Leads will also draw the Board’s attention to areas of concern and/or where performance is comparatively worse than other Health Boards in Wales.</p>	<p>30 September 2023</p> <p>The workshop with Board Members is scheduled for Quarter 1 – 2023-24.</p>	<p>Executive Director of Strategy & Transformation (Performance Framework)</p> <p>Chief Operating Officer (Operational Performance)</p> <p>Director of Digital (Performance Information)</p>

Recommendation	Organisational response	Completion date	Responsible officer
<p>R4 Establishing measurable outcomes for strategic priorities.</p> <p>Whilst the Health Board has made positive progress in developing a long-term vision, strategic goals, and strategic priorities for the organisation, the new strategy (CTM 2030) lacks clear and measurable outcomes. The Health Board, therefore, should seek to articulate outcomes for each strategic priority, what success would look like, and how it will measure and report progress. In doing so, it should consider the relationship between the goals of the Population Health Strategy and the wider strategic goals and public health 'life course' approach set out in CTM 2030.</p>	<p>We agree that this work needs to progress. The ongoing work of the Strategy Groups and the CTM 2030 steering group is to set out clearly the measurable improvements to be delivered. Most of these relate to pre-existing measures set out in the Quadruple Aims. Each lead for a 'strategy chapter' are responsible for identifying the measurable outcomes for their 'chapter'.</p> <p>In addition, work has already commenced to align the strategy group work to the goals and measures set out within the Population Health Management plan. We will continue to work to ensure that the thread between these aspects is more visible.</p>	30 June 2023	Executive Director of Strategy & Transformation
<p>R5 Enhancing arrangements for monitoring delivery of corporate plans and strategies and reporting progress to the Board.</p> <p>We found opportunities for the Health Board to enhance its arrangements for monitoring the delivery of corporate plans and</p>		30 June 2023	Executive Director of Strategy & Transformation

Recommendation	Organisational response	Completion date	Responsible officer
<p>strategies, and reporting progress to the Board. The Health Board, therefore, should enhance its arrangements by ensuring:</p> <ul style="list-style-type: none"> a) plans and strategies contain clear summaries of key actions/deliverables, timescales, and measures to support effective monitoring and reporting; b) plans and strategies provide greater detail on which Executive Directors are responsible for the delivery of key actions/deliverables to enable appropriate accountability; and c) reports are aligned to performance reports to enable the Board to assess the extent to which the implementation of key actions/deliverables is having a positive impact on Health Board performance. 	<ul style="list-style-type: none"> a) All plans and strategies will contain an executive summary setting out this information. As set out above, work is ongoing around outcome measures. b) Executive Directors are clear on their responsibilities for delivery so we will ensure this is more visible. c) Reports will be reviewed to ensure they provide the Board with sufficient information to assess the impact of implementation of key actions and deliverables on the Health Board's Performance. 		
<p>R6 Strengthening financial management arrangements.</p>	<p>Finance review meetings are held with all of the Care Groups on a monthly basis and with other functions on a bi-monthly basis. These meetings cover savings delivery, expenditure variances plus action plans to improve the</p>	<p>30 September 2023</p>	<p>Executive Director of Finance</p>

Recommendation	Organisational response	Completion date	Responsible officer
<p>We identified the need for the Health Board to improve its arrangements for containing expenditure and delivering savings. The Health Board, therefore, should review its arrangements to ensure there is sufficient grip and challenge at all levels of organisation on expenditure and savings delivery.</p>	<p>overall control environment. These processes will be reviewed to ensure that they are sufficiently robust in terms of containing Health Board expenditure and delivering planned savings.</p> <p>Within the draft Internal Audit Plan for 2023-24 it is proposed that Internal Audit will undertake a review of budgetary control at a localised level.</p>		
<p>R7 Strengthening financial controls</p> <p>Whilst the Health Board's financial control procedures are generally effective, we identified opportunities to strengthen some controls and update the information available on the Health Board's website. The Health Board should:</p> <ul style="list-style-type: none"> a) review the delegated upper financial limit for the Chief Executive; b) ensure there is a clear process in place for the Board to review and approve capital programmes and projects; and c) ensure out-of-date financial control procedures are removed from its 	<ul style="list-style-type: none"> a) The Health Board will undertake a review of the Chief Executives upper financial limit. This will form part of the review of the Health Board's Standing Financial Instructions being led by the Head of Corporate Finance. b) Capital approvals are managed through the Executive Capital Management Group (ECMG) which meets monthly and approves all new schemes and adjustments to approved capital schemes. ECMG is Chaired by the Director of Finance and the Director of Strategy and Transformation and Chief Operating Officer are also members. Since the removal of the Capital Programme Board the reporting for the capital programme and all business cases are reported through Planning, Performance and Finance Board Committee prior to being 	<ul style="list-style-type: none"> a) Completed b) Completed 	<p>Executive Director of Finance</p>

Recommendation	Organisational response	Completion date	Responsible officer
<p>website and replaced with the current versions.</p>	<p>reported at the Board. It is proposed that quarterly capital reporting is reinstated through Planning, Performance & Finance (PPF) Committee and to the Board to cover updates on the capital programme and major projects. Business case over £1 million will be brought through the PPF and Board Agenda prior to approval to Welsh Government dependent on project progression and Board Agendas.</p> <p>c) A review of all the outdated Financial Control Procedures is underway.</p>	<p>c) 31 December 2023 (Qtr 3)</p>	
<p>R8 Enhancing financial reports to the Board</p> <p>Whilst the Health Board has effective arrangements for reporting financial performance to the Board, we identified opportunities to enhance these reports further. The Health Board should:</p> <p>a) provide greater assurances that mitigating actions are in place to</p>	<p>The monthly finance reports to the Board and the Planning, Performance and Finance (PPF) Committee summarise the key risk and opportunities facing the Health Board. These reports will be reviewed to ensure they provide assurance to the Board that mitigating actions and plans are in place and that the PPF Committee has confidence the risks are being appropriately managed.</p> <p>These reports will capture financial performance of the new Care Group Model.</p>	<p>31 July 2023</p>	<p>Executive Director of Finance</p>

Recommendation	Organisational response	Completion date	Responsible officer
<p>address key financial risks highlighted in the reports; and</p> <p>b) report the financial performance of the new Care Groups at the earliest possibility.</p>			
<p>R9 Maximising the benefits of digital technologies and solutions</p> <p>There is limited capacity within the Health Board to fully deliver its digital transformation agenda. The Health Board, therefore, should seek to set out in its refreshed Digital Strategy how it intends to overcome staffing and funding challenges to fully exploit the benefits offered by digital technologies and solutions.</p>	<p>The themes identified in the existing Digital Strategy continue to be aligned to the NHS Wales Digital Strategy and are embedded and will continue to evolve with the CTM2030 strategy in relation to digital activity.</p> <p>The Health Board has performed an analysis and identified a <u>minimum</u> set of resources (staff and capital/revenue) required over the next three years.</p> <p>Aligned to this work, during 2022 the Health Board completed a functional map of services required from a Digital and Data perspective. The next stage in the process is to align staffing resources to the functions, which will be achieved by following organisational change process.</p> <p>For significant Digital and Data changes (ie projects/programmes) the Health Board has developed a process of creating business cases to support service transformation. These business cases indicate the</p>	<p>31 December 2023 (Qtr 3)</p> <p>Qtr 1 – Business Case for Patient Centred Contact.</p>	<p>Director of Digital</p>

Recommendation	Organisational response	Completion date	Responsible officer
	<p>resources (staffing and Infrastructure) required to implement service change and ensure ongoing provision of support services to sustain change.</p> <p>The Health Board is committed to adopting all National Digital developments, where appropriate, and has invested heavily in the deployment of these products across the Health Board. The current strategy is to continue to operate in this manner and ensure it maximises resources efficiently and effectively.</p>	<p>Qtr 2 – Business Case for e-prescribing.</p> <p>Ongoing as National Digital Developments are released.</p>	
<p>R10 Strengthening Board-level oversight of estates issues and risks</p> <p>There is currently insufficient Board-level oversight of the condition of the estate and other significant related risks. The Health Board, therefore, should:</p> <p>a) ensure there is regular reporting on estates-related performance indicators and risks to the Planning, Performance, and Finance Committee;</p>	<p>On publication of the Welsh Government’s annual Estates, Facilities Performance Management System data, the findings are reported to the Planning, Performance and Finance (PPF) Committee. The report includes the Health Board’s performance measured against the national estates key performance indicators which are Physical Condition, Statutory and Safety compliance, fire safety, functional suitability and space utilisation. In addition the report includes the estates operational planned and reactive performance data for statutory and mandatory jobs and also captures helpdesk request data, the reported data is compared against previous years so that trends</p>	<p>In accordance with the Committee Cycle of Business for the PPF Committee and Health, Safety and Fire Sub Committee – Circa April/May 2023.</p>	<p>Executive Director of Finance</p>

Recommendation	Organisational response	Completion date	Responsible officer
<p>b) update the committee's Terms of Reference to reflect these responsibilities; and</p> <p>c) establish a clear process for ensuring appropriate cross-referral of issues with the Quality and Safety Committee, which oversees health and safety matters.</p>	<p>can be analysed. The report also includes the organisation's energy performance and Carbon Dioxide (CO₂) emissions which are measured and reported against the Welsh Government performance targets.</p> <p>At all of the Health Board's Health, Safety and Fire Sub Committees there is a standard agenda item for an Estates Safety and Compliance report and a fire safety report. These reports cover the critical infrastructure systems such as high and low voltage electricity, medical gases, ventilation and water.</p> <p>The Estates and Capital Directorate has its own risk register which is reported quarterly to the Estates/Capital Governance Board, the risks identified with a score above 15 are subsequently reported to Corporate Governance for inclusion on the Health Board's Organisational Risk register.</p> <p>The Health Board is also considering its approach to developing an Estates Strategy within the Health Board and how this will align with other key strategic documents and plans.</p> <p>The Planning, Performance & Finance Committee Terms of Reference will be reviewed to reflect the responsibility to receive Board level oversight of estates issues.</p> <p>The Health Board has a defined Committee Referral process which will be used if there are matters considered</p>		

Recommendation	Organisational response	Completion date	Responsible officer
	<p>at either the PPF Committee or HS&F Sub Committee that require consideration at the Quality & Safety Committee. The HS&F Committee will also ensure any estates issues will be notified to the Q&S Committee through the Committee Highlight Report.</p>		



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We welcome correspondence and telephone calls in Welsh and English.
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