

# Structured Assessment 2023 – Swansea Bay 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 Swansea Bay 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.
- 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; and corporate approach to financial management. We 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); and
  - Other relevant good practice guidesWe undertook our work between July 2023 and September 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 generally effective arrangements to ensure good governance. However, opportunities exist to improve these arrangements further with a particular focus needed on strengthening quality monitoring, articulating a long-term vision and strategy, increasing the focus on primary care, stabilising the Executive Team, and enhancing the monitoring of delivery of savings.**

### Board transparency, effectiveness, and cohesion

- 7 We found that **the Board and its committees generally operate well, with a continued commitment to public transparency and continuous improvement. However, opportunities remain to further enhance certain arrangements, such as the process for Board walkarounds and the quality of papers reported. The Board remains cohesive, and recent departures from key senior leadership roles have been managed well, although the Health Board will need to stabilise its Executive Team at the earliest opportunity.**
- 8 The Board remains committed to public transparency, with meetings continuing to be livestreamed and summaries of discussions held in private now included in Board papers. However, opportunities remain to further enhance transparency of Board business by, for example, ensuring key information is available on the Health Board's website, more proactively promoting Board meetings and formally reporting activities of the Chair. The Health Board's arrangements for updating and monitoring compliance with core control frameworks are generally good, although opportunities remain to increase public accessibility of Health Board policies.
- 9 The Board and committees are generally working well. Changes have been made to the committee structure during the year to improve scrutiny and assurance, but these will take time to embed. Papers are generally of a good standard, with support and training available for presenters to help them present key risks and issues succinctly. However, more work is still needed to increase the quality focus in the Health Board's performance report.
- 10 The Health Board has continued to demonstrate a positive commitment to hearing from staff and patients but needs to increase the number of Board walkarounds, ensure they cover a broader range of services and report formally on these activities through an agreed framework. The Board is cohesive and continues to demonstrate a positive commitment to continuous improvement. Appropriate action has been taken to address recent gaps in several key senior leadership roles, but these interim arrangements risk uncertainty in the medium-term if not resolved as planned.

## Corporate systems of assurance

- 11 We found that **the Health Board has continued to develop its Board Assurance Framework, and risk and performance management arrangements are generally good. However, more focus is needed on the quality and safety of services and primary care performance. There is also scope to make better use of corporate risks to drive Board and committee business.**
- 12 The Health Board has continued to develop its Board Assurance Framework, adding in detail on the robustness of controls and assurances. But more work is needed to articulate impact, score risks, and strengthen sources of assurance. Whilst there are good risk management arrangements in place, with risk policies up-to-date, risks could be used more effectively to drive Board and committee business.
- 13 Performance management arrangements have been strengthened, with the recent introduction of a balanced scorecard approach. However, operational performance challenges remain, particularly in the Morriston Service Group. Performance reporting to the Board and its committees also requires strengthening, with a need for a greater focus on primary care within the performance report. Although the Health Board has taken positive steps to improve its quality governance arrangements, including the approval of a five-year Quality Strategy and the recent approval of the Quality Framework, it still has work left to do. This includes improving scrutiny of the quality and safety of services and embedding the Quality Framework. Arrangements for tracking internal and external audit recommendations are strong, but opportunities remain to improve processes for tracking the recommendations of other regulators.

## Corporate approach to planning

- 14 We found that **while the Health Board's corporate planning arrangements are generally good, it still lacks a long-term strategy and has been unable to produce an approvable IMTP. Monitoring the delivery of strategies and plans also needs to improve.**
- 15 The Health Board's corporate planning arrangements are generally good, with good stakeholder engagement in the development of the IMTP 2023-26 / Annual Plan 2023-24 and two new 10-year strategies for population health and estates. However, the lack of a long-term strategy has affected the Health Board's ability to align key plans and strategies effectively. In common with other health boards, the Health Board has also been unable to produce a Welsh Government approved IMTP and is subsequently working to an Annual Plan. Work is now underway to review the Health Board's overarching vision and strategic objectives.
- 16 The Health Board has good arrangements for monitoring delivery of the IMTP / Annual Plan. However, arrangements to oversee the delivery of other plans and strategies needs strengthening given the absence of mechanisms to monitor delivery of the two new 10-year strategies for population health and estates.

## Corporate approach to managing financial resources

- 17 We found that **despite a clear process for financial planning, and good arrangements for managing and monitoring the financial position, the Health Board's financial position is extremely challenging for 2023-24.**
- 18 Although the Health Board achieved many of its financial objectives and duties for 2022-23, the financial position is extremely challenging for 2023-24. Working to a planned financial deficit of £86.6 million, the Health Board was reporting an adverse variance of £13.2 million against its revenue resource limit at Month 4 2023-24. The three-year cumulative predicted deficit is £109.2 million. The Health Board was also predicting an overspend against its capital resource limit of £3.3 million.
- 19 The Health Board has a clear process for financial planning, with good involvement from the Board, although the development and delivery of its savings plan is a challenge. The Health Board requires savings of £32.8 million but was reporting an identified savings gap of £10.8 million at Month 4 2023-24. Delivery of savings at Month 4 was also behind profile, leaving £26.3 million savings to be achieved in the remaining eight months of the financial year. Arrangements in place to oversee and scrutinise financial management are robust, although at the time of our work two service groups had not signed their financial accountability letters. The Health Board continues to have robust arrangements for monitoring and scrutinising its financial position, although a more detailed focus on savings plans by the Performance and Finance Committee would strengthen scrutiny.

## Recommendations

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

### Exhibit 1: 2023 recommendations

#### Recommendations

##### Transparency of Board business

- R1 Opportunities exist to further enhance the transparency of Board and Committee business. The Health Board should:
- a) review the systems and processes used to livestream Board meetings, with a view to improving the audio and visual quality (**Medium Priority**);
  - b) ensure a written Chair's Report is provided to each Board meeting (**Medium Priority**); and

## Recommendations

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- c) ensure that all Board meetings and other events, such as the Annual General Meeting, are promoted via the Health Board's social media channels (**Medium Priority**).
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### Committee chair arrangements

- R2 Whilst the Board Chair is currently chairing the Partnership, Population Health, and Planning Committee given its infancy and remit, this arrangement should only be a temporary one to free up the Chair's capacity and enable the committee to provide her with the assurance required as Chair of the Board. The Health Board should seek to appoint a Committee Chair from the wider cohort of Independent Members (**Medium Priority**).
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### Board walkarounds

- R3 Board walkarounds are ad-hoc and focus too much on secondary care services. The Health Board should:
- a) increase the frequency of walkarounds, ensuring they involve both Independent Members and Executive Directors, and cover a broader range of Health Board services (**High Priority**);
  - b) develop a framework for visits to enable a consistent approach (**High Priority**); and
  - c) ensure key themes and actions arising from the visits are reported to the Quality and Safety Committee (**High Priority**).
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### Board Assurance Framework

- R4 The Health Board has continued to revise and improve the Board Assurance Framework (BAF); however, controls and assurances for the delivering care in safe and modern environments objective are rated as limited with no clear action in place to address this. The Health Board, therefore, should ensure the summary report sets out actions being taken to improve the controls and assurance to reasonable assurance (**High Priority**).
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### Risk management

- R5 Although corporate risks are assigned to committees, they are not being used effectively to inform Board and committee business. The Health Board should address this by ensuring corporate risks are considered when shaping committee work programmes and agendas (**Medium Priority**).

## Recommendations

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### Primary care performance

- R6 The Integrated Performance Report has limited reference to primary care performance. As part of the planned refresh, the Health Board should ensure there is a greater focus on primary care performance (**High Priority**).
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### Scrutiny of the quality and safety of services

- R7 Although some improvements have been made, there remains room for improvement in the way in which the quality and safety of services are scrutinised. The Health Board should ensure that the Clinical Executive Directors responsible for quality and safety present the Integrated Performance Report (IPR) to the Quality and Safety Committee (**High Priority**).
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### Monitoring delivery of strategies

- R8 There are no mechanisms in place to monitor the delivery of the Population Health and Estates Strategies. The Health Board should put mechanisms in place to monitor delivery of these strategies, and report progress to the relevant committee (**High Priority**).
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### Accountability letters

- R9 Despite the financial challenges facing the Health Board, two accountability letters are yet to be signed. The Health Board should ensure that all accountability letters for 2023-24 are signed (**High Priority**).
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### Oversight of Savings plans

- R10 Although the Performance and Finance Committee are sighted of the high-level savings requirements, the committee could benefit from receiving a more detailed report to aid scrutiny. The Health Board should provide a routine report to the committee which sets out the specific savings schemes that the service groups and corporate directorates have put in place, and progress on delivery (**High Priority**).

# Detailed report

## Board transparency, effectiveness, and cohesion

- 21 We considered whether the Health Board's Board conducts its business appropriately, effectively, and transparently.
- 22 We found that **the Board and its committees generally operate well, with a continued commitment to public transparency, and continuous improvement. However, opportunities remain to further enhance certain arrangements, such as the process for Board walkarounds and the quality of papers reported. The Board remains cohesive, and departures from key senior leadership roles have been managed well. However, key executive positions need to be filled on a permanent basis at the earliest opportunity to provide stability and certainty in the medium- to long-term.**

## Public transparency of Board business

- 23 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.
- 24 We found that **whilst the Board remains committed to conducting its business openly and transparently, opportunities remain to enhance its arrangements further.**
- 25 The Board continues to livestream its public meetings to enable members of the public to observe them virtually. However, the audio and visual quality of these livestreams is poor, which affects the ability of the viewer to follow the conversations. Furthermore, the links to the livestreams are not available until after the start of each meeting. The Health Board should address these issues to enable full public access to its meetings (**Recommendation 1a**). Whilst committee meetings are not livestreamed or recorded, members of the public are able to attend them in person should they wish.
- 26 Public Board papers continue to be published seven days in advance of each meeting. We did find examples<sup>1</sup> where committee papers were not publicly available before the meeting, but these were due to resource constraints during the summer period. All papers have been available subsequently. In the main, there is

<sup>1</sup> Performance and Finance Committee, July 2023; Quality and Safety Committee, July 2023; Workforce and OD Committee, August 2023; Audit Committee, July 2023; Population Health, Planning and Partnership Committee, June 2023.

a good balance of matters discussed in public, and we observed open and candid discussions. A summary of discussions held in private Board meetings is now included in the routine Corporate Governance Report presented at each public Board meeting. In last year's structured assessment report, we recommended that counter fraud information should be discussed in the public session of the Audit Committee. This has now been addressed (see **Appendix 2 R7a**). Formal reporting of Chair's Actions has also improved (see **Appendix 2 R7e**). The Corporate Governance Report to Board outlines Chairs Actions, but there remains little detail on the associated costs and wider resource implications, although this information is available within the in-committee papers. We have also observed that the Chair's Reports to Board are verbal. To provide a formal record of the work undertaken by the Chair, which is both available to Independent Members and wider stakeholders, the Chair's Report should be a formal written report (**Recommendation 1b**).

- 27 However, opportunities remain to further enhance transparency of Board business. In particular, the Health Board could be more proactive in promoting the Board and its business with the public by using social media more effectively, for example. We note that the recent Annual General Meeting received no social media promotion, although there was a link to the meeting from the news page on the Health Board website (**Recommendation 1c**). Navigation of the Health Board's website is also still an issue (see **Appendix 2 R7b**). Although there have been improvements, several key documents are still difficult to find, such as the 2023-26 Recovery and Sustainability Plan, and Declarations of Interest (see **Appendix 2 R7c**). The Population Health Strategy approved in February 2023 is also not available on the website. In last year's structured assessment report, we also highlighted that confirmed minutes were missing from the Health Board's website (see **Appendix 2 R7d**). Despite a dedicated area for confirmed minutes subsequently being established on the Health Board's website, this has not been updated since May 2023.

## Arrangements to support the conduct of Board business

- 28 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 formal, up-to-date, and publicly available:
- Reservation and Delegation of Powers and Scheme of Delegation in place, which clearly sets out accountabilities;
  - Standing Orders (SOs) and Standing Financial Instructions (SFIs) in place, along with evidence of compliance; and
  - policies and procedures in place to promote and ensure probity and propriety.
- 29 We found that **there are generally good arrangements in place for updating and monitoring compliance with core control frameworks, although**

**opportunities remain to increase public accessibility of Health Board policies.**

- 30 There are formal, up-to-date, and publicly available SOs and SFIs in place with evidence of compliance. The Board approved these and the Scheme of Delegation, which clearly set out accountabilities, in September 2022. At the time of our work, the Board was updating these documents to reflect changes to its committees during 2023 as well as changes made by Welsh Government to the model SOs and SFIs to reflect the new Duty of Quality and Duty of Candour. These were subsequently approved by the Board in September 2023. Internal reporting, internal audit work<sup>2</sup>, and our audit of accounts work over the last year indicate that key control frameworks are routinely complied with.
- 31 Arrangements are in place to promote and ensure probity and propriety, but these could be strengthened. The Declarations of Interest, Gifts, and Hospitality Registers are up-to-date and were reviewed by the Audit Committee in September 2023. In May 2023, the Board approved a three-year Policy on Policies to ensure processes were in place to maintain up-to-date policies. However, unlike many other NHS bodies, the Health Board's policies are still not easily accessible on its website (see **Appendix 2 R7b**).

## **Effectiveness of Board and committee meetings**

- 32 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 as 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; and
  - committees receiving and acting on required assurances and providing timely and appropriate assurances to the Board.
- 33 We found that **the Board and committees are generally working well. Positive changes have made to the committee structure to improve scrutiny and assurance, but these will take time to embed.**

<sup>2</sup> Reviews and reports include Internal Audit's reviews of commissioning LTA contracts, Board and committee self-assessments, and routine Audit Committee reports on financial compliance, procurement, counter fraud and registers of interest, gifts, and hospitality.

- 34 Since our last structured assessment report, the Health Board has actively used its updated Board Assurance Framework (BAF) to make changes to its committee structure to strengthen oversight of estates, planning, partnerships, and digital. These changes include:
- Establishing a new Population Health, Planning and Partnerships Committee to improve oversight of the work of regional partners, and scrutiny of strategic plans. The inaugural meeting was held in June 2023, and it is due to meet again in October 2023.
  - Giving the Performance and Finance Committee responsibility for overseeing estates. In August 2023, it received the first estates report with further activity planned in the committee workplan.
  - Changing the remit of the Workforce and Organisational Development Committee to include oversight of digital. The committee was renamed to the Workforce and Digital Committee in June 2023.

These committee changes are new and require time to embed.

- 35 Terms of reference for all committees are up-to-date, and work programmes appropriately reflect the breadth of Board business. As noted in previous structured assessment reports, the Board should consider the frequency of the Quality and Safety, and Performance and Finance Committees. Currently both committees meet monthly, compared to bi-monthly in some other Health Boards. Reducing the frequency of meetings would help free up Independent Member capacity to undertake other activities, such as Board walkarounds (see **paragraph 44**). It would also free up officer capacity to progress agreed actions between meetings.
- 36 The Board and committees are chaired well, with appropriate levels of scrutiny, support, and challenge observed. Chairs' assurance reports from each of the committees are provided to Board, which give a good overview of key committee business and issues for escalation. Whilst it is positive that the new Population Health, Planning and Partnership Committee is currently chaired by the Board Chair given its infancy and remit, this arrangement should only be a temporary one to free up the Chair's capacity and enable the committee to provide her with the assurance required as Chair of the Board (**Recommendation 2**).

## Quality and timeliness of Board and committee papers

- 37 We considered whether the Board and committees receive timely, high-quality information that supports effective scrutiny, assurance, and decision making. We were specifically looking for evidence of:
- clear and timely Board and committee papers that contain the necessary / appropriate level of information needed for effective decision making, scrutiny, and assurance.
- 38 We found that **papers are generally of a good standard, with support and training available to presenters. But further work is needed to increase the Health Board's focus on quality in its Integrated Performance Report.**

- 39 The Board and its committees generally receive good quality information to support effective decision-making, scrutiny, and challenge. Papers are submitted in a timely way, and the quality is generally good. However, some papers are lengthy. Ongoing training and support are available to presenters of reports at Board and committees to help them present key issues and risks in a more concise way, both verbally and in written form.
- 40 In last year's structured assessment report, we highlighted the opportunity to improve the Integrated Performance Report (IPR) presented to the Quality and Safety Committee to support effective scrutiny of quality of services (see **Appendix 2 R8b**). This recommendation remains outstanding, although we are aware work is underway to review this. The cover sheet needs a stronger focus on the quality and safety issues contained within the report, and greater links to the Health Board's Quality Strategy. Furthermore, we have observed on several occasions the Quality and Safety Committee not properly scrutinising the IPR as it had already been considered by the Performance and Finance Committee, which is held on the same day, despite both committees having different roles and Independent Members present. We discuss this further in **paragraph 68**.

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

- 41 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.
- 42 We found that **the Health Board continues to demonstrate a positive commitment to hearing from staff and patients, but its arrangements for conducting Board walkarounds require strengthening.**
- 43 Both the Board and Quality and Safety Committee continue to make beneficial use of patient and staff stories. The Quality and Safety Committee also receives a detailed Patient Experience Update Report quarterly. During 2023, the Chief Executive and Deputy Chief Executive engaged with over 1,300 staff on the 'Swansea Bay Way'<sup>3</sup> using the Health Board's 'Big Conversation'<sup>4</sup> approach, with

<sup>3</sup> 'Swansea Bay Way' sets out the strategic vision for the culture, values, and behaviours within the Health Board.

<sup>4</sup> 'Big Conversation' is an approach adopted by the Health Board during 2023 to engage staff in the shaping of the future strategic vision.

the findings reported to the Workforce and Digital Committee. Staff continue to have access to the Guardian Service<sup>5</sup> to raise concerns.

- 44 However, the arrangements for Board walkarounds require strengthening. The timing of these is ad-hoc and they are too secondary care-focussed. The Health Board, therefore, needs to:
- provide a clearer and more frequent timetable of walkarounds which involve both Independent Members and Executive Directors, and cover a wider range of Health Board services (**Recommendation 3a**);
  - introduce a formal framework setting out how the walkarounds should operate (**Recommendation 3b**); and
  - formally report the key themes and actions being taken to the Quality and Safety Committee (**Recommendation 3c**).

## Board cohesiveness and commitment to continuous improvement

- 45 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.
- 46 We found that **the Board is cohesive and continues to demonstrate a positive commitment to self-review and continuous improvement. Appropriate action has been taken to address recent gaps in several key senior leadership roles, but these interim arrangements risk uncertainty in the medium-term if not resolved as planned.**
- 47 For the first time in several years, the Health Board has a full cadre of Independent Members with a diverse portfolio of skills and experience. However, the Chair is due to leave in March 2024. There also remains a strong executive leadership team in place, although there are several interim arrangements in key senior positions:
- Following the retirement of the substantive Chief Executive in August 2023, the Board appointed the Medical Director as interim Chief Executive, and the Director of Finance as interim Deputy Chief Executive, for a period of 12 months.

<sup>5</sup> The Guardian service is an external independent service which operates 24/7, 365 days a year offering a safe, confidential, and non-judgemental way to raise concerns in the workplace.

- The substantive Director of Strategy retired in April 2023, with an interim appointment in place until March 2024.
- There remains a longstanding interim Director of Nursing and Patient Experience, with this arrangement recently extended until March 2024.

In addition, the current Director of Workforce will be leaving the Health Board in February 2024.

48 The Board has taken appropriate action to manage this period of change in senior leadership roles. But these arrangements could lead to uncertainty in the medium-term, especially given the scale of the challenges and risks facing the Health Board in several key areas (e.g., workforce). The Health Board should move to a position where there is stability and permanency in its leadership at the earliest opportunity. However, we recognise the desire for the Board to:

- appoint a new Chair, prior to appointing a new Chief Executive, to enable the new Chair to be involved in the recruitment process; and
- then, in turn, enable the new Chief Executive to appoint the remaining executive posts.

49 The structure supporting the Director of Finance has been refined to allow capacity for the Deputy Chief Executive role, and interim arrangements are in place for the Medical Director role through the acting up of two of the Assistant Medical Directors. The Board needs to assure itself however that there is sufficient capacity below the Medical Director role during the interim period.

50 The Board has continued its development programme over the past year and has had targeted Board development sessions on a range of areas including quality, culture, and the COVID-19 inquiry. However, the Board will need to revisit and refresh its development programme once substantive executive appointments are made, and the new Chair is in post. During the year, the Health Board commissioned Deloitte to undertake a Board effectiveness review, which has informed the Board's improvement programme. This year, the Health Board has also rolled out a formal programme of committee effectiveness reviews and developed action plans to make improvements (see **Appendix 2 R8c**).

## Corporate systems of assurance

51 We considered whether the Health Board has a sound corporate approach to managing risks, performance, and the quality and safety of services.

52 We found that **the Health Board has continued to develop its Board Assurance Framework, and risk and performance management arrangements are generally good. However, more focus is needed on the quality and safety of services and primary care performance. There is also scope to make better use of corporate risks to drive Board and committee business.**

## Corporate approach to overseeing strategic risks

- 53 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 the relevant information on the risks to achieving the organisation’s strategic priorities / objectives; and
  - the Board actively owning, reviewing, updating, and using the BAF to oversee, scrutinise, and address strategic risks.
- 54 We found that **the Health Board has continued to develop its Board Assurance Framework, but more work is needed to articulate impact, score risks, and strengthen sources of assurance.**
- 55 The BAF is now based on the Health Board’s objectives as set out in its 2023-26 Integrated Medium-Term Plan (IMTP). It is routinely considered by the Board and has been actively used to inform the committee structure (see **Appendix 2 R8a**). The BAF outlines key controls in place to aid delivery of the objectives and provides links to relevant entries in the Health Board’s Risk Register. The Health Board has recently provided a rating on the robustness of the controls and assurances in place to deliver each objective. The Health Board has judged that the majority are reasonable; however, the controls and assurances to support the objective of “delivering care in safe modern environments” are limited. It was not clear from the summary report presented to Board in July 2023 what action the Health Board was taking to improve this (**Recommendation 4**).
- 56 Despite these positive developments, the BAF still does not articulate the likelihood impact or overall risk scoring, and some sources of external assurance remain significantly out of date. The Health Board also currently lacks a long-term strategy which means that the BAF remains focused on short- to medium-term objectives (see **Appendix 2 R8a**). At the time of our work, we were aware that the Health Board was reviewing its overarching vision and strategic objectives. As this work develops, the Health Board will need to ensure that the BAF remains aligned to the updated strategic objectives.

## Corporate approach to overseeing corporate risks

- 57 We considered whether the Health Board has a sound corporate approach to identifying, overseeing, and scrutinising corporate risks. We were specifically looking for evidence of:
- 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.

- 58 We found that **whilst there are good risk management arrangements in place, risks could be used more effectively to drive Board and committee business.**
- 59 The Health Board refreshed its Risk Management Policy in March 2023 to reflect the new risk appetite statement approved by the Board in November 2022. The Audit Committee continues to maintain good oversight of the Health Board's risk management arrangements. The Health Board's arrangements for developing and maintaining its Risk Register is robust. There is a Risk Scrutiny Panel and Risk Management Group in place to provide scrutiny and assurance on the process for escalation and de-escalation of risks, and the procedures within service groups to enable the identification of operational risks as appropriate. The Board receives the Risk Register at each meeting, and the summary report clearly identifies new risks, as well as changes in risk scores since the last update. The summary report also provides detail on the actions in the areas of highest risk. The risk register is a live document, which is continually reviewed and updated.
- 60 Each of the committees are assigned corporate risks to maintain oversight and scrutiny. In last year's structured assessment report, we recommended that risks assigned to the Audit Committee should be reassigned to other committees to enable the committee to undertake its broader role on risk management more effectively. This has been actioned (see **Appendix 2 R4**). However, opportunities remain to use corporate risks to drive Board and committee business and the agenda setting process (**Recommendation 5**).

## Corporate approach to overseeing organisational performance

- 61 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.
- 62 We found that **whilst performance management arrangements have been strengthened, operational performance challenges remain, particularly in the Morriston Service Group. Performance reporting to the Board and its committees also requires strengthening.**
- 63 The Health Board has a well-documented and updated performance management framework which clearly sets out arrangements for performance management and escalation. The framework now includes a balanced scorecard approach which brings quality, performance, finance, and workforce together. The balanced scorecard approach has strengthened the scrutiny of performance within the service groups. Despite this, performance within the Morriston Service Group continues to be a cause for concern. It remains in escalation, despite the significant

management support which it continues to receive. This year, the Health Board has strengthened the senior leadership team within the service group through the substantive appointment of a Medical Director, and more recently a Service Group Director in September 2023. At the time of our work, the Nurse Director role was filled by a 12-month secondment arrangement (see **Appendix 2 R9**).

- 64 The Integrated Performance Report (IPR) continues to provide a good overview of the Health Board's performance against national delivery measures, ministerial priorities, and local quality and safety measures. In last year's structured assessment report, we highlighted an opportunity to look at digital solutions to make the report more interactive, and we also noted that the lack of benchmarking data makes it challenging to identify areas where performance is poor (see **Appendix 2 R5**). This continues to be the case. The Executive Director of Strategy will be responsible for the IPR from November 2023. The Health Board also plans to refresh the IPR, but a timetable for this is not yet established. As part of the refresh, the Health Board needs to address our previous recommendation as well as increase the focus on primary care performance (**Recommendation 6**).

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

- 65 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.
- 66 We found that **although the Health Board has taken positive steps to improve its quality governance arrangements, it still has work left to do.**
- 67 The Health Board's quality governance arrangements continue to improve following our 2021 Review of Quality Governance. The Board approved a Quality Strategy in January 2023, which sets out a clear vision for the next five years and reflects the requirements of the Duties of Quality and Candour. The strategy contains clear plans with measurable targets. Routine updates on implementation of the Duty of Candour have been provided to the Quality and Safety Committee. A communications plan, supported by a series of training and engagement events with staff, has also been put in place to raise awareness. Monitoring of quality and safety of services forms part of the Health Board's performance management

framework, with updates provided by the service groups to the committee on a rolling basis.

68 However, there remains room for improvement. The Health Board's work to develop its quality governance arrangements has taken a considerable amount of time. At the time of our work, the Health Board's Quality Framework had still not been approved by the Board, although this was subsequently approved in October 2023. Furthermore, the underpinning quality and safety structures at an operational level<sup>6</sup> are not yet fully operating as intended due to the staff resources required.. Scrutiny of the quality and safety of services also needs to improve. As mentioned in **paragraph 40**, the IPR is the Quality and Safety Committee's mechanism for overseeing quality and safety. However, there needs to be a stronger focus on the quality and safety issues in the report. Furthermore, the presentation of this information needs to be led by the Clinical Executive Directors who have responsibility for quality and safety (**Recommendation 7**), thus removing the need for the Director of Finance to attend the meeting.

## Corporate approach to tracking recommendations

69 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.

70 We found that **arrangements for tracking internal and external audit recommendations are strong, but opportunities remain to improve processes for tracking the recommendations of other regulators.**

71 The Health Board has good arrangements in place for tracking its progress in implementing internal and external audit recommendations. The tracker provides details on individual audit recommendations and highlights overdue actions clearly. In our structured assessment report last year, we noted that target dates for several audit recommendations were being amended without there being a clear process in place for these revisions (see **Appendix 2 R6a**). This has been addressed with monitoring now based on the original timescales.

72 However, despite improving reporting to the Quality and Safety Committee on Healthcare Inspectorate Wales actions (see **Appendix 2 R6b**), there is still an opportunity to produce a more detailed tracker to identify outstanding recommendations, themes and learning opportunities. At the time of our work, the

<sup>6</sup> We will be undertaking a separate review examining the governance arrangements within the service groups during October – December 2023.

Health Board was planning to transfer information into a new system - AMaT<sup>7</sup> - which would aid in the compilation and interrogation of this information.

## Corporate approach to planning

- 73 We considered whether the Health Board has a sound corporate approach to producing strategies and corporate plans and overseeing their delivery.
- 74 We found that **while the Health Board's corporate planning arrangements are generally good, it still lacks a long-term strategy and has been unable to produce an approvable IMTP. Monitoring the delivery of strategies and plans also needs to improve.**

## Corporate approach to producing strategies and plans

- 75 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.
- 76 We found that **the Health Board's corporate planning arrangements are generally good. However, the lack of a long-term strategy has affected the Health Board's ability to align key plans and strategies effectively.**
- 77 The Health Board does not currently have a long-term strategy. In last year's structured assessment report, we identified that the Health Board's published long-term strategy was out of date. As a result, the Health Board decided to replace this strategy as it no longer reflected the organisational footprint or direction of travel (see **Appendix 2 R1a**). Draft strategic objectives are in the process of being developed as part of the Health Board's review of its overarching vision. The Board is due to approve these in January 2024, and they will be used to set the framework for the 2024-25 Annual Plan. However, it is unclear at this stage

<sup>7</sup> AMaT is an audit management and tracking tool, which utilises dashboards to give intelligence, and enables staff to update progress in real time reducing the burden on governance teams as it automates many of the processes, such as asking for progress updates.

whether the Health Board will set out the updated vision and strategic objectives in a long-term strategy document.

- 78 The Health Board has generally good arrangements for developing strategies and plans, although a strategy for primary care remains a gap. During the year, the Health Board developed a 10-year Population Health Strategy, which was co-produced with its partners and approved by the Board in March 2023. The Health Board also developed a 10-year Estates Strategy which sets out the infrastructure requirements to support delivery of the five-year Clinical Services Plan, including addressing significant backlog maintenance. However, both the Clinical Services Plan and the Estates Strategy focus specifically on hospital services. There are no long-term strategic plans for primary care. Work on developing a workforce strategy was ongoing at the time of our work. However, the current lack of a long-term strategy has also meant that it has been difficult for the Health Board to ensure all its existing strategies and plans are aligned (see **Appendix 2 R1b**). This will need to be addressed as soon as the Health Board's new vision and strategic objectives are agreed.
- 79 Arrangements for developing the Health Board's IMTP / Annual Plan have remained strong. The Health Board has an IMTP Steering Group and an Integrated Planning Group that support the preparation of the IMTP and oversee the development of supporting plans. This year, service groups have developed their own bottom-up plans and undertaken demand and capacity assessments to inform the IMTP / Annual Plan. System wide groups across the Health Board have also developed proposals for service improvements. These have been prioritised by the Clinical Executive Directors based on impact and risk mitigation and were considered for inclusion by the Board. The Board was fully involved in the development of the IMTP / Annual Plan through several briefing sessions. However, despite these arrangements, the Health Board was unable to produce a Welsh Government approved IMTP for 2023-26 due to the planned financial deficit. Instead, a draft Annual Plan for 2023-24 was approved in March 2023, prior to submission to the Welsh Government. A final updated version of the Annual Plan was approved by Board in May 2023, following Welsh Government feedback on the draft. The Annual Plan<sup>8</sup> is set within the context of the Clinical Services Plan, and the three-year unapproved IMTP.

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

- 80 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:

<sup>8</sup> Recovery and Sustainability Plan 2023-24

- corporate plans, including the IMTP, containing clear strategic priorities/objectives and SMART<sup>9</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.

81 We found that **there are good arrangements for monitoring delivery of the IMTP / Annual Plan, but oversight of other plans and strategies remains a gap.**

82 The Health Board's plans and strategies have clear objectives, milestones, measures, and actions. The 2023-24 Annual Plan sets out quarterly actions, and refined outcome measures to ensure baselines are in place to support monitoring. Key service changes and milestones outlined in the Clinical Services Plan are also clearly set out in the Annual Plan. The Population Health Strategy sets out objectives and outcomes Whilst the Estates Strategy is more of a delivery plan to facilitate the delivery of the Clinical Services Plan, it contains milestones but not objectives.

83 There remain good arrangements for monitoring delivery of the IMTP and Annual Plan at Board and committee level. There are comprehensive quarterly updates to the Board and the Performance and Finance Committee, which include progress against the Clinical Services Plan. The Performance and Finance Committee also receive regular updates on performance related to specific service areas, through the IPR and other more detailed updates. However, the Health Board still needs to improve oversight of delivery of the clinical and corporate plans supporting the Clinical Services Plan (see **Appendix 2 R2**). Furthermore, there are no arrangements in place yet to oversee the delivery of the population health and estates strategies (**Recommendation 8**).

## Corporate approach to managing financial resources

84 We considered whether the Health Board has a sound corporate approach to managing its financial resources.

85 We found that **despite a clear process for financial planning, and good arrangements for managing and monitoring the financial position, the Health Board's financial position is extremely challenging for 2023-24.**

<sup>9</sup> Specific, measurable, achievable, relevant, and time-bound

## Financial objectives

- 86 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
  - being on course to meet its objectives and duties in 2023-24.
- 87 We found that **although the Health Board achieved many of its financial objectives and duties for 2022-23, the financial position is extremely challenging for 2023-24.**
- 88 The Health Board met most of its financial objectives and duties for 2022-23, with a surplus of £1.838 million against its revenue resource limit, and a small surplus of £0.038 million against its capital resource limit. Although the Health Board had an approved IMTP for 2022-25, the Health Board reported a cumulative deficit of £46.9 million for the three-year rolling period 2020 - 2023, thus breaching its duty to break-even over the three-year rolling period.
- 89 The Health Board has not been able to submit a balanced financial plan for the three-year period 2023-26 and instead is working to an Annual Plan which sets out a predicted deficit of £86.6 million for 2023-24. The Health Board, therefore, will fail to meet its financial duties relating to its revenue resource limit for this financial year, and the three-year rolling period 2021-24 with a cumulative predicted deficit of £109.2 million. As part of its IMTP / Annual Plan submission, the Health Board initially submitted a planned deficit of £69.9 million, but following a further review in May 2023, the plan was updated to reflect changes in income assumptions and the planned deficit increased to £86.6 million. At Month 4 2023-24, the Health Board reported a year-to-date deficit of £46.4 million, an adverse variance of £13.2 million against the year-to-date profile, of which £7.3 million related to pay. The financial position within the Morriston Service Group continues to be a challenge for the Health Board, with the Month 4 position indicating a year-to-date deficit of £14.5 million. The Health Board's ability to stay within its planned deficit is dependent on curtailing variable pay, costs associated with drugs, clinical supplies, and continuing healthcare, and delivering the required savings.
- 90 The Health Board is currently predicting an overspend of £3.3 million against its capital resource limit although it plans to bring this to a balanced position by year-end. However, this position is volatile with reliance on projects being put on hold and slippage monies being released by the Welsh Government.

## Corporate approach to financial planning

- 91 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.

92 We found that **the Health Board has a clear process for financial planning; however, the development and delivery of its savings plans is a challenge.**

93 The Health Board has a clear process for developing its financial plan using a bottom-up approach from the service groups and corporate directorates, with the support of the finance business partners. Board members have had good engagement with the development of the plan, and the Board and Performance and Finance Committee were engaged fully in the scrutiny of the plan prior to submission to Welsh Government.

94 The Health Board requires a significant level of savings but there remain gaps in the savings plan and delivery of savings is off-track. Against a total savings requirement of £32.8 million, the Health Board has a significant gap of £10.8 million savings, and £21.4 million recurrent savings. The Health Board has applied a savings target of 3.5%, and service groups and corporate directorates have been well supported by the new Programme Management Office within the Finance Directorate to develop their respective savings plans. A high-level savings plan by service group and corporate directorate was shared with the Board and Performance and Finance Committee, although this did not set out how the savings would be achieved. At Month 4 2023-24, the Health Board had achieved £6.5 million of savings, against a forecast position of £10.4 million, leaving £26.3 million to be achieved in the remaining eight months of the financial year.

95 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

96 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.

97 We found that **arrangements in place to oversee and scrutinise financial management are robust.**

98 The Health Board has robust processes in place to ensure compliance with statutory instruments, and to report and challenge breaches. As mentioned in **paragraph 30**, the Standing Financial Instructions and Schemes of Delegation have been reviewed and approved by the Board. The number of single tender actions, and losses and special payments are routinely scrutinised by the Audit Committee. An update on the ongoing review of financial control procedures is also reported to every meeting. The Health Board continues to have a proactive counter fraud arrangement, and as mentioned in **paragraph 26**, public transparency of this has been improved.

99 The Health Board is aware of its cost drivers, and controls are in place to manage the financial position. Accountability letters have been issued to all service groups and corporate directorates, and detailed financial information is available to monitor progress against budgets and savings plans. However, two accountability letters<sup>10</sup> had not been signed at the time of our work (**Recommendation 9**). The balanced scorecard approach discussed in **paragraph 63** supports financial monitoring. Where financial performance is off track, the Health Board uses the performance management framework to appropriately escalate areas of concern. As noted previously, Morriston Service Group remains in escalation. Whilst additional support (including weekly meetings chaired by the CEO) is in place, the financial position of the service group remains a challenge.

100 The Health Board submitted good quality draft financial statements as per the required timeline. Our audit identified no material misstatements but did identify some areas where corrections should be made. Our audit also made recommendations to improve governance around termination payments and the audit of property, plant, and equipment. We issued an unqualified opinion in respect of the true and fairness of the accounts, but a qualified regulatory opinion due to the Health Board breaching its duty to deliver a break-even position over the three-year rolling period 2020-23.

## Board oversight of financial performance

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

<sup>10</sup> Morriston Service Group, and Mental Health & Learning Disabilities Service Group

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

102 We found that **the Health Board continues to have robust arrangements for monitoring and scrutinising its financial position, although a more detailed focus on savings plans would strengthen scrutiny.**

103 The Health Board continues to produce several comprehensive financial reports. A detailed financial report is presented at every Board and Performance and Finance Committee. The report sets out a clear overview of the revenue, the forecast position, performance against the required savings target, capital spend, costs associated with commissioned activity and payment of non-NHS invoices. Detailed information is also provided on key cost drivers, variances for each of the service groups and corporate directorates, and the risks associated with non-delivery of savings. Risks associated with achieving the financial plan are included in the Health Board Risk Register. Financial performance is also included in the Integrated Performance Report which is presented at every Board and Performance and Finance Committee meeting. However, given the scale of the financial challenge facing the Health Board, the Performance and Finance Committee could benefit from receiving a more detailed report on the delivery of savings, setting out the specific savings schemes that the service groups and corporate directorates have put in place, to aid scrutiny (**Recommendation 10**).

# 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	<p>We observed Board meetings as well as meetings of the following committees:</p> <ul style="list-style-type: none"><li>• Audit Committee;</li><li>• Workforce and Digital Committee;</li><li>• Performance and Finance Committee; and</li><li>• Quality and Safety Committee.</li></ul>
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>• 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; and</li><li>• reports prepared by the Internal Audit Service, Healthcare 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>• Interim Chief Executive</li> <li>• Director of Finance and Interim Deputy Chief Executive;</li> <li>• Interim Director of Strategy;</li> <li>• Director of Corporate Governance;</li> <li>• Chair of the Health Board; and</li> <li>• Audit Committee Chair.</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.

2022 Recommendation	Description of progress
<p>R1 The Health Board’s long-term strategy has not been updated to reflect the boundary change in 2019, its new strategic priorities, and the developing population health strategy amongst others. The Health Board should:</p> <ul style="list-style-type: none"> <li>a) revisit and decide on the future of the 2019 strategy, as to whether this needs to be updated or replaced: and</li> <li>b) ensure there is a clear map of the current Health Board strategies to ensure clarity and alignment and effective monitoring and scrutiny</li> </ul>	<p><b>Complete</b> – see paragraph 77</p> <p><b>On track</b> – see paragraph 77</p>
<p>R2 Reporting on progress against the clinical and corporate plans supporting the Clinical Services Plan (CSP) could be improved at all levels. The Health Board should improve reporting to the Management Board to enable progress across all plans to be easily tracked.</p>	<p><b>No progress</b> – see paragraph 83</p>
<p>R3 While the BAF has improved, opportunities exist to develop and enhance it further. The Health Board should ensure that the BAF’s principal risks reflect the long-term strategy, as</p>	<p><b>On track</b> – see paragraphs 55 and 56</p>

2022 Recommendation	Description of progress
<p>well as ensure that controls, assurances, and mitigations are comprehensive and robust. This should include assurances relating to estates.</p>	
<p>R4 The Audit Committee is currently responsible for a risk associated with controlled drugs. As the Audit Committee is responsible for gaining assurance on the Health Board’s risk management processes, it should not be responsible for any risks. The Health Board should reallocate this risk to a different committee and ensure that no further risks are allocated to the Audit Committee.</p>	<p>Complete - see paragraph 60</p>
<p>R5 The Integrated Performance Report has improved but opportunities exist to improve it further. The Health Board should look at opportunities to use digital solutions to present the report as well as include comparative data for other NHS bodies across Wales</p>	<p>No progress – see paragraph 64</p>
<p>R6 The process for making changes to timescales for completing audit recommendations is unclear. In addition, recommendations made by organisations including Healthcare Inspectorate Wales and the Delivery Unit are also not tracked or scrutinised by the appropriate committee or included on the audit recommendation tracker. The Health Board should:</p> <ul style="list-style-type: none"> <li>a) establish a clear process for reviewing and approving changes made to audit recommendation implementation dates; and</li> <li>b) ensure appropriate monitoring and scrutiny of progress in addressing actions relating to recommendations by other external inspection and review bodies.</li> </ul>	<p>Complete – see paragraph 71</p> <p>On track – see paragraph 72</p>

2022 Recommendation	Description of progress
<p>R7 Opportunities exist to further enhance the transparency of Board and committee business. The Health Board should:</p> <ul style="list-style-type: none"> <li>a) ensure some, if not all, counter fraud information is considered in public Audit Committee meetings;</li> <li>b) ensure that policies and procedures on the public website, as well as key strategies are up-to-date and accessible. In doing so, older documents should be removed to avoid confusion;</li> <li>c) publish the Declarations of Interest, Gifts, and Hospitality as a specific document on the public website;</li> <li>d) ensure confirmed minutes of Board and committee meetings are uploaded to the public website in a timely way; and</li> <li>e) ensure that formal recording of Chair’s Actions includes greater detail on costs or wider resource implications particularly if the action is material in nature.</li> </ul>	<p><b>Complete</b> – see paragraph 26</p> <p><b>On track</b> – see paragraphs 27 and 31</p> <p><b>Limited progress</b> – see paragraph 27</p> <p><b>On track</b> – see paragraph 27</p> <p><b>On track</b> – see paragraph 26</p>
<p>R8 Opportunities exist to improve Board and committee effectiveness, as well as to maximise the impact of the BAF. The Health Board should:</p> <ul style="list-style-type: none"> <li>a) use the revised BAF to inform the design of the committee structure to align with the strategic risks of the organisation;</li> <li>b) strengthen the presentation and information contained with the Quality and Safety Report presented to the Quality and Safety Committee; and</li> <li>c) roll out a formal programme of committee effectiveness reviews.</li> </ul>	<p><b>On track</b> – see paragraphs 55 and 56</p> <p><b>On track</b> – see paragraphs 40</p> <p><b>Complete</b> – see paragraph 50</p>

2022 Recommendation	Description of progress
R9 There remains considerable fragility in the senior leadership team in the Morriston Hospital Service Group. The Health Board should seek to appoint substantively to posts within the Service Group triumvirate and at the level below.	On track – see paragraph 63

# Appendix 3

## Organisational response to audit recommendations

Exhibit 4: organisational response to 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	<p><b>Transparency of Board business</b> Opportunities exist to further enhance the transparency of Board and Committee business. The Health Board should:</p> <p>a) review the systems and processes used to livestream Board meetings, with a view to improving the audio and visual quality (<b>Medium Priority</b>);</p>	<p>a) Microphone has been replaced in the main board room to improve sound but camera will be inspected and options to improve visual taken forward.</p> <p>b) Written report to be provided to each meeting</p>	<p>April 2024</p> <p>November 2023</p>	<p>Director of Corporate Governance/Director of Digital</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>b) ensure a written Chair's Report is provided to each Board meeting (<b>Medium Priority</b>); and</p> <p>c) ensure that all Board meetings and other events, such as the Annual General Meeting, are promoted via the Health Board's website and social media channels (<b>Medium Priority</b>).</p>	<p>c) Board meetings and AGM are promoted via the website and this will be extended to social media</p>	<p>November 2023</p>	<p>Director of Corporate Governance/Director of Insight, Communications and Engagement</p>
<p>R2</p>	<p><b>Committee chair arrangements</b> Whilst the Board Chair is currently chairing the Partnership, Population Health, and Planning Committee given its infancy and remit, this arrangement should only be a temporary one to free up the Chair's capacity and enable the committee to provide her with the assurance required as Chair of the</p>	<p>The health board has had a number of new independent members join the board in 2023 and a new chair will be appointed in early 2024. The opportunity will be taken to review the arrangements for all committees to ensure the chair for each one aligns with the skills of the independent members.</p>	<p>March 2024</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)
	Board. The Health Board should seek to appoint a Committee Chair from the wider cohort of Independent Members ( <b>Medium Priority</b> ).			
R3	<p><b>Board walkarounds</b></p> <p>Board walkarounds are ad-hoc and focus too much on secondary care services. The Health Board should:</p> <ul style="list-style-type: none"> <li>a) increase the frequency of walkarounds, ensuring they involve both Independent Members and Executive Directors, and cover a broader range of Health Board services (<b>High Priority</b>);</li> <li>b) develop a framework for visits to enable a consistent approach (<b>High Priority</b>); and</li> <li>c) ensure key themes and actions arising from the visits are</li> </ul>	<ul style="list-style-type: none"> <li>a) The executive team undertakes a monthly site visit and each group is allocated a different service group so primary, community, therapies, mental health and learning disabilities are visited monthly. Independent members are invited to these. A schedule for independent members aligned with committee work programmes will be shared with the Board in November 2023.</li> </ul>	February 2024	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)
	reported to the Quality and Safety Committee ( <b>High Priority</b> ).	<p>b) Framework is in place and will be shared with the Board in November 2023.</p> <p>c) Key themes and actions will be included in the Chair and CEO's report to Board with a quarterly highlight report to the Quality and Safety Committee setting out actions and responses.</p>	<p>November 2023</p> <p>November 2023</p>	<p>Director of Corporate Governance</p> <p>Director of Corporate Governance</p>
R4	<p><b>Board Assurance Framework</b> The Health Board has continued to revise and improve the Board Assurance Framework (BAF); however, controls and assurances for the delivering care in safe and modern environments objective are rated as limited with no clear action in place to address this. The Health</p>	<p>All identified gaps in control and/or assurance relating to BAF 7: Delivering Care in Safe, Modern Environments are accompanied by clear agreed actions to address them.</p> <p>Going forward, a table summarising the movements in terms of 'Trend' and 'Assurance' for each element of the BAF since the last report, will be included in each covering paper. In addition, the accompanying narrative will highlight those areas where the assurance is either 'Limited' or 'None', or where the assurance has deteriorated since the last report. Agreed action to address the identified control/assurance gaps will continue to be detailed within the Board Assurance Framework document itself.</p>	March 2024	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)
	Board, therefore, should ensure the summary report sets out actions being taken to improve the controls and assurance to reasonable assurance ( <b>High Priority</b> ).			
R5	<p><b>Risk management</b></p> <p>Although corporate risks are assigned to committees, they are not being used effectively to inform Board and committee business. The Health Board should address this by ensuring corporate risks are considered when shaping committee work programmes and agendas (<b>Medium Priority</b>).</p>	<p>The work programmes of each committee will be reviewed against the risks assigned to that committee to ensure regular reports are provided while the risk score remains above appetite. This is already in place for the Performance and Finance Committee which receives a quarterly update on the three risks of 25 – planned care, cancer and urgent and emergency care. The terms of reference of the committees are also being revised in relation to delegated powers</p>	March 2024	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)
		which will also assist in agenda planning.		
R6	<p><b>Primary care performance</b> The Integrated Performance Report has limited reference to primary care performance. As part of the planned refresh, the Health Board should ensure there is a greater focus on primary care performance <b>(High Priority)</b>.</p>	Reporting of primary care data is less frequent than other performance information (little is reported monthly) but the IPR will be developed to include more information.	March 2024	Director of Finance and Performance
R7	<p><b>Scrutiny of the quality and safety of services</b> Although some improvements have been made, there remains significant room for improvement in the way in which the quality and safety of services are scrutinised. The Health Board should ensure that the Clinical Executive</p>	Agenda to be amended to change presenting responsibility.	December 2023	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)
	Directors responsible for quality and safety present the Integrated Performance Report (IPR) to the Quality and Safety Committee ( <b>High Priority</b> ).			
R8	<b>Monitoring delivery of strategies</b> There are no mechanisms in place to monitor the delivery of the Population Health and Estates Strategies. The Health Board should put mechanisms in place to monitor delivery of these strategies, and report progress to the relevant committee ( <b>High Priority</b> ).	Progress against the Estates Strategy will be reported quarterly to the Performance & Finance Committee. Similarly, progress against the Population Health Strategy will be reported quarterly to the Population Health & Partnerships Committee. In addition, six-monthly progress reports on both strategies will be provided to the Board.	May 2024	Director of Corporate Governance
R9	<b>Accountability letters</b> Despite the financial challenges facing the Health Board, two accountability letters are yet to be	This will be resolved by 30 <sup>th</sup> November 2023 and a more robust system implemented for 2024-25 to	30 <sup>th</sup> November 2023	Director of Finance and Performance

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)
	signed. The Health Board should ensure that all accountability letters for 2023-24 are signed ( <b>High Priority</b> ).	take forward the learning from this year.		
R10	<p><b>Oversight of Savings plans</b></p> <p>Although the Performance and Finance Committee are sighted of the high-level savings requirements, the committee could benefit from receiving a more detailed report to aid scrutiny. The Health Board should provide a routine report to the committee which sets out the specific savings schemes that the service groups and corporate directorates have put in place, and progress on delivery (<b>High Priority</b>).</p>	<p>Quarterly savings report to be added to the work programme for the Performance and Finance Committee.</p> <p>As part of the development of the annual plan/financial plan, regular presentations are provided to the committee as to the work to develop it, including the total savings required. The detail to achieve this is worked out during with service groups and corporate functions.</p>	December 2023	Director of Finance and Performance



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We welcome correspondence and telephone calls in Welsh and English.  
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