

Structured Assessment 2021 (Phase Two) – Corporate Governance and Financial Management Arrangements: Cwm Taf Morgannwg University Health Board

Audit year: 2021

Date issued: November 2021

Document reference: 2675A2021-22

This document has been prepared for the internal use of Cwm Taf Morgannwg University Health Board as part of work performed/to be performed in accordance with statutory functions.

The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting to the Senedd on the economy, efficiency, and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

© Auditor General for Wales 2021

No liability is accepted by the Auditor General or the staff of the Wales Audit Office in relation to any member, director, officer or other employee in their individual capacity, or to any third party in respect of this report.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

Summary report	
About this report	4
Key messages	4
Recommendations	5
Detailed report	
Governance arrangements	8
Managing financial resources	23
Appendices	
Appendix 1 – other previous recommendations	26
Appendix 2 – management response to audit recommendations	28

Summary report

About this report

- 1 This report sets out the findings from phase two of the Auditor General's 2021 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. Our [2021 structured assessment phase one report](#) considered the Health Board's operational planning arrangements and how these are helping to lay the foundations for effective recovery.
- 2 The COVID-19 pandemic required NHS bodies to quickly adapt their corporate governance and decision-making arrangements to ensure timely action was taken to respond to the surge in emergency COVID-19 demand and to ensure the safety of staff and patients. Our [2020 structured assessment report](#) considered the Health Board's revised governance arrangements and was published in November 2020.
- 3 NHS bodies have continued to respond to the ongoing challenges presented by COVID-19, whilst also starting to take forward plans for resetting and recovering services affected by the pandemic. Our 2021 structured assessment work, therefore, was designed in the context of the ongoing response to the pandemic thus ensuring a suitably pragmatic approach to help the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continued to respond to COVID-19.
- 4 Phase two of our 2021 structured assessment has considered how corporate governance and financial management arrangements have adapted over the last 12 months. The key focus of the work has been on the corporate arrangements for ensuring that resources are used efficiently, effectively, and economically. We have also considered how business deferred in 2020 has been reinstated and how learning from the pandemic is shaping future arrangements for ensuring good governance and delivering value for money. We have also sought to gain an overview of the Board's scrutiny of the development and delivery of the Health Board's 2021-22 Annual Plan.
- 5 We have provided updates on progress against any areas for improvement and recommendations identified in previous structured assessment reports.

Key messages

- 6 Overall, we found that **the Health Board has effective Board and committee arrangements and has developed plans for recovery from COVID-19. However, recovering routine services, delivering required financial savings, and fully responding to critical external reviews pose significant challenges for the Health Board.**

- 7 The Health Board has effective Board and committee arrangements. Whilst the Health Board has set out its plans for recovery and addressing patient backlogs, responding to COVID-19 and recovering routine services will continue to be challenging. A number of services have recently been highlighted as a concern, and the Health Board needs to assure itself that these issues are not more widespread. Further work is needed to ensure that deliverables set out in action plans are specific, measurable and timebound to allow effective scrutiny of their delivery.
- 8 Risk management arrangements have improved, although further work remains to ensure that the Board Assurance Framework enables good scrutiny of strategic risks. The Health Board has made progress to address recommendations from external reviews of quality governance arrangements and maternity services. However further work is necessary to fully address the recommendations and address issues relating to clinical leadership, and organisational culture.
- 9 The Health Board achieved its financial duties at the end of 2020-21 but delivering the required savings in 2021-22 will be challenging. Generally, the Health Board's financial controls are appropriate, but there are opportunities for further improvements.

Recommendations

- 10 Recommendations arising from this audit are detailed in **Exhibit 1**. The Health Board's management response to these recommendations is summarised in **Appendix 2** which will be completed once the report and management response have been considered by the relevant committee.

Exhibit 1: 2021 recommendations

Recommendations

Clarity on the status of deferred Board business

- 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.

Recommendations

Integrated Locality Group review

- 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.
-

Planned Care Recovery Programme

- 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.
-

Strategic Risks

- 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 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.
-

Direct and Indirect Harm from COVID-19

- 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.

Recommendations

Medical Variable Pay

R6 The Health Board reports variances where agency locums are paid above the Welsh Government pay cap rate. However, the reason for paying a higher rate than the pay cap is not recorded against the majority of entries. It is also not clear whether the correct authorisation for each placement has been followed. The Health Board should revise the report to provide assurance that the correct sign off has been achieved, the total costs of the appointment, whether the placement is an extension of a previous placement and the reason for why the pay cap has been breached.

Detailed report

Governance arrangements

- 11 Our structured assessment work considered the Health Board's governance arrangements while continuing to respond to the challenges presented by the pandemic.
- 12 We found that **the Health Board has effective Board and committee arrangements and has set out its plans for recovery and addressing patient backlogs. However, recovering routine services will continue to be challenging. Progress is being made to address key critical external reviews, but work remains to fully address all recommendations and address concerns relating to clinical leadership and culture.**

Conducting business effectively

- 13 We found that **in overall terms the Health Board has effective Board and committee arrangements. There are some interim positions within key executive posts, but plans are in place for substantive recruitment. Turnover of Independent Members will need to be managed to ensure board stability and business continuity. Performance reports need to be better aligned to the plans and priorities of the Health Board.**

Public transparency of Board business

- 14 Board and committee meetings are held virtually with members attending remotely. Board meetings are broadcast live with recordings made available on the Health Board's website shortly after the meeting. However, members of the public are only invited to ask questions during the Annual General Meeting, and not in advance of or during routine Board meetings held in public. Although recently the Health Board has added an email address for members of the public to use if they have any questions or queries. At the time of review, there were no plans to live stream the Board's committee meetings.
- 15 Last year, our structured assessment report set out how the Health Board streamlined Board and committee meetings in March 2020 to respond to COVID-19 to allow focus on business-critical matters. All committee meetings were stood down except for the Audit and Risk Committee and the Quality and Safety Committee¹. We found these temporary arrangements worked well and were constantly reviewed by the Health Board.

¹ The temporary changes were set out in revised standing orders and approved by the Board.

Board and committee arrangements

- 16 Over the summer and into autumn 2020, all Board committee meetings were reinstated. However, in December 2020, the Board approved a return to the same streamlined committee arrangements set out in **paragraph 14**, so as to help the response to the second peak of COVID-19. However, the Planning, Performance and Finance Committee met in February 2021 to consider the development of the draft Annual Plan and underpinning financial plan. The frequency of Board meetings was increased to ensure focus on business-critical matters. All stood-down committees were reinstated on 1 March 2021. Since July 2021, the Health Board has reinstated its emergency response structure due to high COVID-19 prevalence, however, this has not affected the current committee structures and its business.
- 17 Our observations of Board and committee meetings found that meetings are chaired well and allow focused discussions on key issues, with contributions made by all attendees. The Health Board has retained the use of the consent agenda², and this is helping to manage most committee workloads. The items on the consent agenda are appropriate, and attendees can request detailed scrutiny of items where they feel it is necessary.
- 18 As with other Health Boards, the agenda of the Quality and Safety Committee is large. As a result, some items further down the agenda, such as the Risk Register, are not discussed in-depth because the Committee finds it difficult to progress through all items within the timeframe of the meeting. However, the Quality and Safety Committee and the Audit and Risk Committee has recently re-ordered agendas by placing items for assurance at the start of meetings. At other health bodies, we have observed that re-ordering agendas in this way provides focus and helps manage time and energy levels in meetings to enable good scrutiny where it is needed most.

Board and committee information

- 19 The Health Board continues to strive towards providing high quality, accessible performance information to the Board and the public. The Board and the Planning, Performance and Finance Committee scrutinise the Integrated Performance Dashboard at every meeting. We note that the Health Board has made progress in developing this dashboard (see **Exhibit 2, 2019 R3**). The dashboard aligns to the Welsh Government Delivery Framework, the Healthier Wales Quadruple aims, and the Health Board's four strategic objectives. However, performance information within the dashboard is presented in isolation, and therefore does not describe whether the delivery of actions set out in the Annual Plan or other Health Board

² The consent agenda groups items which are routine, procedural, informational and self-explanatory non-controversial. Members are given the opportunity to move any items out of the consent agenda if they feel they require detailed discussion.

plans, such as the Planned Care Recovery Plan are improving performance or having the desired impact. An August 2021 Internal Audit review on Data Quality and Integrity of information on the Single Cancer Pathway gave limited assurance, highlighting issues with the accuracy and completeness of reported performance data. The report also highlighted the absence of a corporate policy or strategy on data quality. At the time of writing, a performance and clinical information strategy was in development, which will include required data quality standards.

- 20 The Health Board has recognised that the quality of verbal and written reports to the Board and its committees could be improved. The Corporate Governance Team have developed report writing and presentation training for staff who prepare and present reports to the Board and its committees. Training commenced late summer 2021 and continues to be delivered at frequent intervals.
- 21 As a result of COVID-19, some items of Board and committee business were necessarily paused to ensure that there was adequate time to focus on the response to the pandemic. Our review of the forward plans for the committees identified some inconsistencies in the clarity of the status of deferred items, therefore it is not clear whether all deferred items have been brought back into active management. For example, the forward work plan for the Digital and Data Committee is not clear on the current status of deferred items. We found that other committees provide better clarity on the status of deferred items, for example, the Mental Health Act Monitoring Committee. All committees need to ensure there is clarity on the status of deferred items of business, including an indication of when deferred items will be brought back into active management (**Recommendation 1**).
- 22 Committee highlight reports to Board have been strengthened and clearly articulate the work of the committees and identify areas for escalation to the Board. Further work has also been undertaken this year to strengthen declarations of interest, and the Health Board now ensures that all consultants and staff in Band 8a posts and above complete the register. Declarations of interest are also discussed and confirmed in performance appraisal meetings. At the time of our review, all Board members had completed their declarations, although the Health Board was undertaking targeted work to improve compliance in other staff groups, with progress being monitored and reported to the Audit and Risk Committee³.

³ Consultants and workforce in Band 8a posts and above response rate was 22% in September 2021.

Exhibit 2: progress made on previous year recommendations

Recommendation	Description of progress
<p>Performance Management Arrangements 2019 R3</p> <p>We found that performance monitoring is sound and comprehensive, but some improvements could be made to information presented to the Board and its committees. The Health Board should review the format and legibility of the performance dashboard currently reported to Board and sub-committees to draw attention to performance improvements or deterioration to enable more effective scrutiny and greater transparency.</p>	<p>Complete</p> <p>The Health Board has made improvements to its performance dashboard, including the introduction of a balanced scorecard and RAG rating, which makes it clearer where performance is offtrack. Internal Audit plans to undertake a detailed review of performance management reporting at the end of 2021.</p>

Board commitment to continuous improvement

- 23 The Health Board undertakes comprehensive Board and committee effectiveness reviews. Electronic surveys are completed by attendees, and there is evidence of action plans to address concerns raised by the Board.
- 24 In October 2020, Internal Audit completed an advisory review of the Health Board's COVID-19 governance arrangements. The report identified areas for improvement. In March 2021, Internal Audit's follow-up review found that the Health Board had implemented almost all priorities advised in the original review, and where there were outstanding actions, this was due to external factors, such as waiting for the outcome of national reviews. As a result of the review, improvements were made to the emergency command gold command decision log, and the frequency of Board meetings was increased to ensure timely decision making. In addition, the Health Board commenced the recording of informal independent member briefing, to enable those unable to attend to have the opportunity to catch up on discussions.
- 25 The Health Board is experiencing significant change within its independent members cohort; recently appointed were a new Chair⁴ (September 2021), a new Vice Chair (June 2021) and a new Chair of Audit and Risk Committee (March 2021). The Health Board has also recently recruited a new university representative independent member (August 2021) and another independent member was recently appointed (October 2021). There is currently one vacancy at

⁴ This position has been filled by Ministerial Appointment for a term of 18 months.

independent member level. The Health Board will need to ensure that there is an appropriate programme of Board development to help new independent members ease into their roles.

Ensuring organisational design supports effective governance

- 26 The Health Board has undertaken a review of its COVID-19 emergency response management structure used between September 2020 and February 2021. A report was presented to Management Board in May 2021 and shared with members of the Audit and Risk Committee. The report reflected on the Health Board's response and identified areas of learning, and a resulting action plan for implementation. Areas of action include clarifying the trigger threshold for standing up/standing down the emergency response management structure, increasing administrative support and updating the Health Board pandemic response plan. Each of these areas has been allocated to a lead executive to address. Clarifying the trigger thresholds proved useful to the Health Board, as the Health Board returned to the emergency response management structure on 28 July 2021. There were no changes to the Health Board's committee structures at this time, however, this position was being reviewed regularly.
- 27 There are several new and interim appointments at Executive Director level. The Health Board currently has interim appointments in key roles, including the Medical Director, and the Chief Operating Officer. The Health Board are to begin recruiting for the Medical Director and Chief Operating Officer roles imminently. A fixed-term appointment has been made for the Director of Therapies and Health Sciences post, and this is a joint appointment with Cardiff and Vale University Health Board. In June 2021, a new Director of Strategy and Transformation was appointed, replacing the previous Director of Planning and Performance, and in August 2021, a new Director of Finance was appointed. In addition, a new Deputy Medical Director started with the Health Board in August 2021. The Health Board has also appointed a Director of Improvement reporting to the Executive Director of Nursing (responsible for the Health Board's Improvement CTM⁵ programme) and a Board level Director of Digital who will be starting with the Health Board in December 2021. The changes at both executive and non-executive level present opportunities for fresh thinking and new ideas, but also present a challenge in terms of maintaining business continuity and board cohesion.

⁵ 'Improvement CTM' is the name of the Health Board's improvement programme.

Planning for recovery⁶

- 28 We found that **the Health Board has set out its plans for recovery and addressing patient backlogs, however, responding to COVID-19 and recovering routine services will continue to be extremely challenging. Recent reviews have highlighted significant challenges in key service areas, and assurance needs to be sought that these issues are not more widespread. Further work is needed to map key deliverables to strategic priorities set out in the Annual Plan and to ensure that key deliverables have specific, measurable and timebound milestones to improve the ability to monitor progress of delivery.**
- 29 Recovery from COVID-19 is a significant challenge for all healthcare organisations. COVID-19 has had an unprecedented impact on the population of the Health Board, and at times, the rate of COVID-19 infection within the Health Board footprint was the highest in the United Kingdom. The Health Board has developed its Annual Plan 2021-22 (the Annual Plan), and a Planned Care Recovery Plan which set out how activity will be maximised to support recovery.
- 30 The Board discussed the Health Board's Annual Plan at the March 2021 in-committee Board meeting and approved it subject to documented amendments. We observed thorough Board scrutiny of the Annual Plan. The final Annual Plan was approved by the Board in July 2021, following scrutiny by the Planning, Performance and Finance Committee in June 2021. Approval was in line with the Welsh Government timescale.
- 31 Welsh Government feedback on the draft requested that key deliverables and their timescale for delivery be included in the final Annual Plan. Whilst the Health Board added the key deliverables, it did not set out an explicit timescale for their delivery. In addition, not all deliverables are aligned to one or more of the six priorities set out in the Annual Plan. Our 2021 Phase 1 Structured Assessment report also recommended that the Health Board identify specific, measurable and timebound deliverables within its plans to enable effective reporting of progress against their delivery, and the resulting impact, and outcomes (**Exhibit 3, 2021 R1**).
- 32 Our Phase 1 report also recommended that the Health Board needed to clarify responsibility for strategic oversight for monitoring delivery of their plans (**Exhibit 3, 2021 R2**). In August 2021, an update on progress against key deliverables in the Annual Plan was reported to the Planning, Performance and Finance Committee. The report included high level summary commentary on progress made against

⁶ NHS bodies are required to submit a three-year Integrated Medium Term Plan (IMTP) to the Welsh Government on an annual basis. The IMTP process for 2020-2023 was paused by the Welsh Government in March 2020, to allow NHS bodies to focus on responding to the COVID-19 pandemic. Instead, health bodies were required to submit quarterly plans during 2020-21 as well as prepare an annual plan for 2021-22 by 31 March 2021. Our 2021 structured assessment phase one report considered the Health Board's operational planning arrangements.

deliverables. This relates to the issue set out in **paragraph 31**, that deliverables are not specific and measurable which makes reporting progress in any detail, difficult. We also found no evidence of a review of progress against the 2020-21 Quarter 3 and 4 Plan, nor any confirmation of whether outstanding deliverables from that plan were rolled into the Annual Plan for 2021-22.

- 33 The Health Board has invested in its improvement programme, 'Improvement CTM', and there is now a Director for Improvement in post. During 2022, the Health Board plans to develop a programme of work with four key aims; to coordinate and communicate improvement, identify new improvement opportunities; develop improvement capability in the system and the workforce, and to build and recognise communities of improvement practice. Currently, significant transformation and improvement activity is delegated to the Integrated Locality Groups, and there are concerns about their capacity to deliver change on the scale required especially within the current operational pressures (**Recommendation 2**). The Health Board is currently reviewing functioning of the new operating model, with a report due by December 2021.
- 34 During summer 2021, the Health Board reviewed its strategic direction and commenced work to develop a long-term organisational strategy, 'CTM2030: Our Health, our Future', including a new clinical service strategy, 'CTM2030: Clinical Services'. Progress to date includes holding strategy development sessions with independent members and clinical and non-clinical Health Board leaders. The Health Board also engaged with external stakeholders in September 2021. The current intention of the Health Board is to finalise both strategies by April 2022, although pressures arising from COVID-19 are a risk to that timeline.
- 35 The Health Board has seen significant growth in the number of patients waiting for elective care, whilst continuing to respond to the needs of patients with COVID-19. During the pandemic, there has been significant growth in both referral to treatment and diagnostic waiting times. 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. In 2021-22, the Health Board received additional funding of £16.8 million from the Welsh Government to validate waiting lists, expand in-house capacity through additional sessions, deliver a range of primary care interventions and outsource some activity. Each aspect of the planned care recovery work is assigned to an executive lead and progress is monitored weekly and reported to the Management Board routinely. However, although summary information is provided to the Planning Performance and Finance Committee, it is not sufficiently explicit in reporting progress to enable full scrutiny and assurance (**Recommendation 3**). Even if the Planned Care Recovery Plan were to be fully delivered, there remains a capacity gap against demand for outpatient and surgical activities. At the September 2021 Board meeting, it was noted that the pressures of COVID-19 on acute sites was affecting the ability of the Health Board to deliver their planned care recovery programme as profiled. It is recognised that the increase in numbers of COVID-19 patients within acute hospitals impacts on the ability of the Health Board to utilise this space for planned elective activity.

36 In addition, service and quality concerns have been raised in a number of service areas. A recent update to the Quality and Safety Committee in August 2021 on ophthalmology waiting times showed that the Health Board had a significant number of R1⁷ patients. There is also a Royal College of Ophthalmologist review being undertaken at the moment within the Health Board, with a view to identify areas for improvements. A September 2021 inspection by Healthcare Inspectorate Wales at the emergency department at Prince Charles Hospital raised significant concerns with practices and cleanliness. Healthcare Inspectorate Wales have also highlighted serious concerns with the provision of some mental health services across the Health Board in a series of inspections from 2019. In June 2021, Welsh Health Specialised Services placed Tŷ Lliard⁸ into the highest level of escalation, to reflect their concerns regarding the failure of the unit to resolve its on-site emergency response arrangements and address stakeholder feedback in relation to culture and leadership. Whilst the Health Board's action plan in response to the issues the Health Board identified at the emergency department at Prince Charles Hospital is appropriate, the Health Board needs to ensure that it broadens its focus and takes assurance that the same issues are not evident in other Emergency Department sites within the Health Board.

Exhibit 3: progress made on previous year recommendations

Recommendation	Description of progress
<p>Structured Assessment Phase 1 2021 R1</p> <p>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>Incomplete</p> <p>The Annual Plan does set out key deliverables, however, they are generally not specific nor measurable and do not include a specific milestone for delivery or articulate the intended outcome. This means it is difficult to assess delivery progress.</p>

⁷ The Health Board reports to the Welsh Government each month against the 'Eye Care Measures', with patient numbers reported against R1 (risk of irreversible harm or significant patient adverse outcome if target date is missed), R2 (risk of reversible harm or adverse outcome if target date is missed) and R3 (no risk of significant harm or adverse outcome).

⁸ An adolescent mental health unit based at the Princess of Wales Hospital, Bridgend.

Recommendation	Description of progress
<p>Structured Assessment Phase 1 2021 R2</p> <p>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>In progress</p> <p>The Health Board has clarified responsibility for the monitoring of delivery of the 2021-22 Annual Plan. The Planning, Performance and Finance Committee will be responsible for monitoring delivery. We will assess the arrangements in our next structured assessment.</p> <p>However, they have not yet received a report which identifies current progress on implementation of the deliverables set out in the 2021-22 Annual Plan. We would expect such a report to include mitigating action where progress is off track.</p>

Systems of assurance

- 37 We found that **the Health Board has made improvements to risk management arrangements, but work is still ongoing to develop a Board Assurance Framework to enable effective scrutiny of strategic risks. While progress has been made to address recommendations from external reviews on quality governance and maternity services, more work is required to fully address all recommendations.**

Managing risk

- 38 We found that **the Health Board has made good progress to improve risk management arrangements, although work to develop a Board Assurance Framework is still underway and needs to ensure that the risks to achieving strategic priorities are appropriately articulated.**
- 39 Our 2019 [Joint Review of Quality Governance Arrangements with Healthcare Inspectorate Wales](#) found that many staff were unclear about their responsibilities and the process for identifying, reporting and mitigating risk. We also identified an absence of risk management training for staff. Since that review there has been significant progress to improve risk management arrangements: we have summarised progress in the following paragraphs.
- 40 In January 2021, the Board approved a revised risk management strategy, a risk management policy, and risk assessment procedures which set out the Health Board's framework for risk management and supporting arrangements. Each

document is clear and provides clarity on roles and responsibilities. A further Board development session was held in October 2021 to review the risk appetite of the Board.

- 41 The Health Board has developed risk management training, enabled by an increase in corporate risk management resources. Between January and July 2021, more than 240 members of staff attended the training⁹. In addition to this training the Assistant Director of Governance & Risk is working with peers across NHS Wales to form a Risk Management Community of Practice who are developing risk training modules that will be placed on the Learning Management System.
- 42 Oversight and scrutiny of operational risk have improved. The organisational risk register is scrutinised at each Board Audit and Risk Committee meeting. Other committees, such as the Quality and Safety Committee, scrutinise the risks in their areas of responsibility.
- 43 However, there still remains work to be done. An August 2021 update to the Audit and Risk Committee outlined progress to date recognising that the Integrated Locality Groups were still working to rationalise and standardise supporting Clinical Service Group risk registers. In their January 2021 Risk Management report, Internal Audit highlighted that some Clinical Service Group risks were not being appropriately escalated to the Integrated Locality Group risk registers. The pace of work to address these two issues has been impacted on by operational pressures arising from the response to COVID-19. At the time of our work, there were 77 risks on the organisational risk register¹⁰. With this number of risks, allowing adequate time for scrutiny is challenging.
- 44 At the time of our work, the Health Board was starting to develop a Board Assurance Framework (BAF)¹¹. External support has been procured through monies received from the Welsh Government under Targeted Intervention¹² to support and work in partnership with the Health Board on a bespoke Board Development Programme and revised Board Assurance Framework. Whilst work on the BAF is at an early stage, positively, there is evidence of good engagement with staff across the organisation to support development. 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

⁹ The Health Board developed an hour-long focussed Risk Management Training Session to be held monthly from January 2021, led by the Assistant Director of Governance & Risk and the Heads of Quality & Safety in the Integrated Locality Groups.

¹⁰ The organisational risk register should contain the high level risks from across the organisation deemed appropriate for escalation to the Board for scrutiny.

¹¹ A key document for recording and reporting the risks to achieving strategic priorities, the controls needed to mitigate against risks, sources of assurance, responsible executive officers and committee scrutiny arrangements.

¹² The maternity services for the Health Board remain in 'special measures', and the organisation as a whole is in 'targeted intervention' for quality governance.

Annual Plan 2021-22¹³. The Board needs to ensure that its strategic risks also reflect the risks to achieving priorities set out in its Annual Plan, the Planned Care Recovery Plan, actions to address its special measures and targeted intervention status (see **paragraph 46**), and the direction of travel to be set out in the emerging long-term strategy. With only six strategic risks, the Board will also need to consider whether they are too high level to allow meaningful scrutiny. Work remains to map the controls and sources of assurance, with the intent of bringing a draft Board Assurance Framework to the January 2022 Board meeting. (See **Recommendation 4**).

- 45 The Health Board has also articulated its intention to develop a Board Assurance Report which will set out the principal risks to achieving strategic priorities, with signposting to operational risks in the organisational risk register.

Quality and safety assurance¹⁴

- 46 We found that **the Health Board has made progress in addressing the recommendations from external reviews of quality governance arrangements and maternity services, however, further work is necessary to fully address recommendations, particularly in relation to issues around clinical leadership and staff culture.**

Maternity services reviews

- 47 The Welsh Government appointed an Independent Maternity Services Oversight Panel (IMSOP) to ensure recommendations from the Royal Colleges' 2019 Report into Maternity Services were addressed in a timely, open, and transparent manner. To date, two reports have been produced by the panel. IMSOP's [January 2021 Clinical Review Programme Thematic report](#) concluded the panel's review of maternal mortality and morbidity, and the panel published the [Thematic Still Birth Category report](#) in October 2021. Both IMSOP reports have highlighted various factors that were impacting on the safe and effective care provided to mothers and their babies. The two reports echo much of what the Royal Colleges described in their report and highlight the need for the Health Board to ensure its ongoing Maternity and Neonatal Improvement Programme addresses the issues that continue to be identified. The latest report found that some of the issues flagged by the Royal Colleges relating to culture, clinical leadership and capacity were still evident.

¹³ The Annual Plan 2020-21 sets out four strategic wellbeing and future generation objectives and six Health Board specific strategic priorities.

¹⁴ We have limited the work we have undertaken on quality governance arrangements as part of our 2021 structured assessment due to the recent publication of the joint report with Healthcare Inspection Wales, [Overview of Quality Governance Arrangements at Cwm Taf Morgannwg University Health Board: A Summary of progress made against recommendations.](#)

48 Whilst the Health Board is in special measures for its maternity services, they are also in targeted intervention for concerns around wider quality governance. In response to targeted intervention, the Health Board established a programme to make the necessary improvements, with progress reported regularly to the Board and monitored by the Welsh Government. Executive officers and independent members assess progress against a maturity matrix, the most recent review occurred in June 2021. In April 2021, Internal Audit reviewed the systems and controls in place to deliver and monitor progress in relation to the targeted intervention improvement programme. Internal Audit provided a 'Reasonable Assurance' opinion, concluding that the Health Board had developed good foundations and a suitable approach to move out of its targeted intervention status.

Joint Review of Quality Governance Arrangements

- 49 In November 2019, we undertook a Joint Review with Healthcare Inspectorate Wales on quality governance arrangements at the Health Board. Our work found fundamental weaknesses in the Health Board's governance arrangements for quality of care and patient safety. We made 14 recommendations to improve risk management, the handling of incidents, claims and complaints (concerns), patient safety and organisational culture.
- 50 During 2020-21, we undertook a follow-up review¹⁵ to assess progress made to address our recommendations. We concluded that the Health Board was making good progress in addressing the recommendations, particularly considering the challenges presented by COVID-19, although some actions had not progressed as quickly as the Health Board intended.
- 51 Whilst the follow-up review did identify progress had been made, we were unable to mark as complete any of the original 14 recommendations. There remains a need to focus on collective responsibility for quality and patient safety and embed arrangements. Work remains to address cultural issues and empower autonomy amongst clinicians. There have been recent reports (see **paragraph 34**) which have also highlighted that there remains a need to address clinical leadership and culture.
- 52 Our follow-up review described the new operating model, implemented in April 2020. There are now three Integrated Locality Groups, centred around the geographical areas of Merthyr Tydfil and Cynon Valley, Rhondda, Taff Ely and Bridgend. The Integrated Locality Groups are clinically led and managerially supported to strengthen clinical leadership and to ensure a focus on quality and safety. Clinical Service Groups within the Integrated Locality Groups are responsible for delivering acute, primary, community and mental health services to meet the needs of their local communities.

¹⁵ [An overview of Quality Governance Arrangements at Cwm Taf Morgannwg University Health Board: A summary of progress made against recommendations.](#)

- 53 More recently, in July 2021, four Strategy Groups¹⁶ were operationalised to ensure consistent clinical standards across the Integrated Locality Groups, manage and implement changes arising from national delivery plans and improve collaboration across the health and social care system to implement best practice care pathways.
- 54 At the time of our structured assessment work, the Health Board was undertaking a review of the new operating model to evaluate its effectiveness and address any barriers to success. The report and any resulting recommendations are due by December 2021. This report will need ensure it addresses any barriers to ensuring appropriate clinical leadership for quality and safety, both within Integrated Locality Groups and across the organisation.

Harm from COVID-19

- 55 Updates to the Board clearly set out the challenges of commissioning and delivering healthcare services resulting from the pandemic. The Health Board acknowledges the balance of continuing to respond to the needs of patients with COVID-19, delivering essential services as well as minimising harm to patients resulting from reduced levels of routine services.
- 56 In its annual report, the Quality and Safety Committee outlined the reports it received during the year relating to COVID-19, including implications for waiting times, implications for patients on waiting lists and assurance that patients are prioritised according to clinical needs. The report also provides a summary of lessons learned.
- 57 In January 2021, the Quality and Safety Committee received a quality impact assessment of services that were stood down due to the surge in COVID-19 cases. The Committee also received information on the quality implications of deviations to delivering the Quarter 3-4 2020-21 Plan, caused by the COVID-19 resurgence. Information included assurance that the Health Board continued to deliver cancer care and urgent elective surgery. The information was clear and identified key risks and matters for escalation for consideration by the committee.
- 58 Specific reports on mortality and harm were received by the Quality and Safety Committee. The committee received a report on COVID-19 mortality in care homes, a report commissioned by the Health Board's Gold Command. The Committee has also received updates on the management of COVID-19 healthcare acquired infections and the primary care COVID-19 mortality review. The Health Board also established a COVID-19 mortality review oversight group to provide assurance and identify learning, the group has provided reports to the Committee. However, as with other Health Boards, it has yet to finalise a standard framework for assessing direct and indirect harm associated with COVID-19 **(Recommendation 5)**.

¹⁶ The Strategy Groups covering each life stage from pre-conception to older adult.

- 59 In July 2020, the Health Board held its inaugural meeting of the People and Culture Committee. The purpose of the Committee is to advise the Board on all matters relating to staff and workforce planning and enhance the working environment to support and value staff. This creation of this Committee has provided time and space for the Board to oversee workforce and culture related matters (previously considered by the Finance, Performance and Workforce Committee).
- 60 The People and Culture Committee receives updates on workforce metrics including sickness absence rates, appraisal and personal development plan completion rates, turnover rates, training compliance and COVID-19-related absences. The latest update in October 2021 showed that compliance with job planning and some areas of statutory and mandatory training (such as fire safety and resuscitation) is low. The Health Board is exploring different ways of delivering training, including virtual options to improve compliance; however, this remains a significant challenge for the Health Board. The Health Board's data shows that compliance with statutory and mandatory training was low, even prior to the pandemic.
- 61 The Committee receives assurance on the staff wellbeing initiatives in place. The Health Board uses listening sessions and its staff survey to gauge the views of staff and identify concerns. Themes are identified with corresponding actions for delivery and reported in the Employee Experience and Wellbeing Report presented to the People and Culture Committee each quarter. Following our Joint-Review in 2019, the Health Board commenced a programme to improve organisation culture. A Values and Behaviour Framework was developed and launched in October 2020. There is a supporting Implementation Plan to help embed the Values and Behaviour Framework across the Health Board. One year on, the Health Board is undertaking a review to evaluate the extent to which the desired values and behaviours are embedded. Further training is planned for the Integrated Locality Group management teams and Clinical Service Groups to help leaders embed the values and behaviours across their teams. There is a recognition that addressing organisational culture will require continued focus. The People and Culture Committee needs to maintain its focus on ensuring the right staff culture and the ability for staff to speak given the findings of recent reviews (see **paragraphs 36, 47 and 48**).

Tracking progress against audit and review recommendations

- 62 We found that **arrangements for tracking internal and external Audit recommendations have improved, but improvements to monitor other recommendations from other organisations are yet to be delivered.**
- 63 In the first quarter of 2020-21, the Director of Corporate Governance undertook a review all outstanding Internal Audit and Audit Wales recommendations. Meetings were held with each responsible lead executive to identify the progress made against each outstanding recommendation. This has resulted in a more accurate audit tracker, which is updated prior to each Audit and Risk Committee for

assurance to the committee on progress, (see **Exhibit 3, 2018 R5**). Progress is now more routinely updated. This enables better scrutiny of overdue actions by the Audit and Risk Committee. Going forward the Committee intends to ask recommendation owners to attend and provide updates on progress where Committee members feel it necessary, for example, for overdue high priority recommendations.

64 Throughout this report we have assessed progress against recommendations we have made in previous structured assessments; progress against recommendations that sit outside the scope of this year’s work are included in **Appendix 1**.

65 However, we were unable to assess progress against implementing actions to address recommendations from other organisations, such as Healthcare Inspectorate Wales and the Delivery Unit. The recommendations of such organisations are not included in a tracker or collated to enable easy scrutiny. This is an outstanding recommendation from our 2018 structured assessment (see **Exhibit 4, 2018 R6**)

Exhibit 4: progress made on previous year recommendations

Recommendation	Description of progress
<p>Structured Assessment 2018 R5 The Audit Committee should ensure the Audit recommendations tracker log records good information to enable Independent Members to review and take assurance that the recommendations are complete when removed from the tracker.</p>	<p>Complete Recent work has been undertaken to update progress made against each recommendation, and a process is in place to routinely update progress against recommendation prior to each Audit and Risk Committee meeting. The tracker is received routinely by the Audit and Risk committee with a clear supporting report identifying where recommendations have been closed.</p>
<p>Structured Assessment 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>Overdue We note the positive improvements to inform the Quality and Safety Committee of issues identified in Healthcare Inspectorate Wales reports. However, there is no audit recommendations tracker to report progress on addressing Healthcare Inspectorate Wales and Delivery unit recommendations. The Health Board recognises addressing this recommendation is long overdue.</p>

Managing financial resources

- 66 Our work considered the Health Board's financial performance, financial controls and arrangements for monitoring and reporting financial performance.
- 67 We found that **the Health Board achieved its financial duties at the end of 2020-21, but delivery of planned savings in 2021-22 will be challenging. Financial controls are generally appropriate, and progress has been made to address previous weaknesses, but further improvements are possible. Financial reporting is clear and accessible, but there are opportunities for improvement.**

Achieving key financial objectives

- 68 We found that **the Health Board achieved its financial duties at the end of 2020-21, has a clear financial plan to deliver services in 2021-22. However, delivery of savings will be challenging and was not in line with the planned trajectory at month 5 2021-22.**
- 69 At the end of 2020-21, the Health Board met its financial duty to break even over a rolling three-year period. COVID-19 has a considerable impact on the revenue and spending costs the Health Board set out in its financial plan for 2020-21. During 2020-21, the Health Board received £128.6 million of additional Welsh Government funding and £11 million of capital funding to cover extra costs arising from the response to COVID-19. However, £26.9 million of the funding was not utilised, largely because the Health Board was unable to recruit all of the additional workforce it wanted. Consequently, the unused funding was returned to the Welsh Government.
- 70 The pandemic restricted the Health Board's ability to realise some of the savings set out in its financial plan. At month 12 2020-21, the Health Board's non-delivery of savings was £16.2 million, and there were an additional £4.3 million of cost measures. This, in addition to the original planned 2020-21 planned recurrent deficit of £13.4 million, means that the Health Board's starting point for the 2021-22 financial plan is a deficit of £33.9 million.
- 71 In 2021-22, delivery of planned savings will be challenging and in order to achieve financial targets, the total recurring savings target requirement required over the three years would be £73.2 million. In addition, a further £6.2 million is needed in 2022-23, in order for the recurrent costs of the planned transformation of hospital services to be financially sustainable (after Welsh Government transformation funding stops in March 2022).
- 72 The financial plan for 2021-22 provides a robust assessment of anticipated full-year costs of responding to the pandemic, including additional capacity to support recovery. The Health Board's core allocation from the Welsh Government has increased by £20.2 million for 2021-22. Also, the Health Board has received a non-recurring allocation of £11.7 million from the Welsh Government for 2021-22. This

includes allocations for the Health Board's transformation programmes (£7.0 million), target intervention response costs (£2.6 million) plus existing invest to save scheme grants (£2.1 million). There are also additional non-recurrent allocations from the Welsh Government of £7.0 million in 2021-22 for investment in Think 111 First, Urgent Primary Care and Same Day Emergency Care. The Health Board has also received an additional £16.8 million of planned care recovery monies to improve access to services in some key areas.

- 73 The financial plan aims to achieve a £20.5 million deficit by the end of 2021-22 and a planned deficit for year two before returning to a breakeven position/surplus in year three. The underlying deficit planned for the end of 2021-22 is £31.4 million and this reduces to £16.6 million in year two, achieving breakeven within the period of the three-year plan.
- 74 In September 2021, the Health Board's month five financial report identified a marginal underspend and is forecasting breakeven for the year. Savings performance was lower than planned, and a further step-up in delivering savings is needed. There needs to be a clear focus to increase recurrent savings to reduce the impact into 2022-23 and the underlying deficit. At the time of our review there remained significant work to be done for the Integrated Locality Groups to develop their savings plans. COVID-19-related pressures have meant that the Integrated Locality Groups have not yet developed their savings plans, and additional support from the corporate teams was being provided to support this work.

Financial controls

- 75 We found that **whilst generally the Health Board has appropriate financial controls and is making good progress to review and correct old current liabilities, there are further opportunities for improvement to controls relating to agency staffing expenditure.**
- 76 The Health Board continues to have effective financial controls and has now returned to its pre-COVID-19 scheme of delegation. There are reports to each Audit and Risk Committee on Single tender actions, losses and special payments.
- 77 Internal Audit's April 2021 review of financial systems gave reasonable assurance. The work was focused on charitable funds (COVID-19 specific), general ledger and capital assets. The report recommended a revision to the charitable fund's financial controls and for arrangements to be put in place for the prompt expenditure of donations.
- 78 From our audit of accounts, we found that the Health Board had made good progress with its review and correction of the high level of old current liabilities. At the time of our review, work was ongoing to review current liabilities core processes and principles which is due to be completed by December 2021.
- 79 In 2020, the Health Board and Internal Audit identified an issue with authorisation of agency staff timesheets. Addressing this issue led to strengthened financial control procedures in December 2020. Quarterly Reports are now presented to the

Audit and Risk Committee identifying medical variable pay authorised breaches. This report highlights any instances where agency locums are paid above the Welsh Government pay cap rate. Information is provided for each Integrated Locality Group, however, the reason why the pay cap rate was breached is not recorded against the majority of entries, nor is it possible to establish the total cost of the placement. The information also does not highlight whether this placement is new or if it is an extension to a previous placement, which could indicate areas where recruitment is of a particular challenge. It is also not clear from the report whether the correct authorisation for each placement has been provided. For example, some placements are approved by the Integrated Locality Group Director alone, while some are also authorised by the Medical Director, and some authorised by other Directors such as the Director of Operations and the Director of Acute Care. It is important that these aspects of reporting are strengthened to enable proper oversight and scrutiny of agency expenditure (see **Recommendation 6**).

- 80 The Health Board's Counter-Fraud Service presents regular updates on its work and progress to the Audit and Risk Committee. Delivery of the plan is behind schedule, due to vacancies within the team. However, performance was improving at the time of our review, and there are regular progress updates to the Audit and Risk Committee.

Monitoring and reporting

- 81 We found that **the Health Board produces clear and accessible financial reports, although there are opportunities for improvement.**
- 82 The Health Board reports financial performance within its finance report to each Board meeting. Financial performance is also scrutinised by the Planning, Performance and Finance Committee. Alongside verbal presentations from officers, the reports provide narrative on the reasons for over and under-spends and the factors affecting the ability to realise planned savings. The information is published on the Health Board's website within its Board papers.
- 83 The information in the finance report is consistent and is well presented. However, the high-level summary could be made clearer to aid understanding of those without a financial background. The financial report highlights where there are potential risks and where performance is not in line with the trajectory, although further narrative on mitigating actions would be beneficial.

Appendix 1

Other previous recommendations

Exhibit 5: an assessment of progress to address recommendations from previous year structured assessments

Recommendation	Our response
<p>Information Communications and Technology 2018 R7a The Health Board should take steps to strengthen the oversight arrangements in relation to ICT and Information Governance by ensuring that minutes from the Digital Health Strategy Steering group and Information Governance group are scrutinised at the Quality, Safety and Risk Committee; and clarifying and articulating links between information governance and ICT to strengthen the oversight and scrutiny of the Trust's digital business.</p>	<p>Complete In 2020, the Health Board introduced a Digital and Data Committee which has strengthened oversight in relation to ICT and Information Governance. Highlight reports to Board are produced.</p>
<p>Committee Structures 2019 R2 The Health Board needs to ensure that the new sub-committee structures support sufficient scrutiny of important areas of business and service delivery. We found that key areas such as Workforce and Mental Health would benefit from improved coverage.</p>	<p>Complete The Health Board introduced a new People and Culture committee which has increased scrutiny and oversight of workforce matters. Mental Health Performance is discussed at the Planning, Performance and Finance committee and there are Quality reports to the Quality and Safety committee from the three Integrated Locality Groups on Mental Health performance.</p>

Recommendation	Our response
<p>Committee Processes 2019 R2</p> <p>The Health Board needs to ensure that the deep dive process is used appropriately, and enough time is allocated to discuss the results of any deep dive process in relevant Board committees.</p>	<p>Complete</p> <p>Guidance has been issued on the use of these and they are now appropriately used.</p>

Appendix 2

Management response to audit recommendations

Exhibit 6: management response

The table below will be completed once the report and management response have been considered by the relevant committee.

Recommendation	Management response	Completion date	Responsible officer
<p>Clarity on the status of deferred Board business</p> <p>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>Future Work Plans (FWP) will be consistent across Committees and no longer include 'standard' report items due to be received at each meeting. Instead the FWPs will focus on topics to be brought to the Committee on an ad-hoc basis, for the first time or due to the fact they were previously deferred.</p> <p>As a consequence of the above, Committee Business Cycles (CBCs) will set out the 'standard' business reports due for receipt at the Committee meeting and the corresponding date for receipt. These will be included under the consent agenda at each meeting for ease of reference. Both the CBCs and the FWP will be made available at agenda planning meetings as standard.</p>	31 January 2022	Director of Corporate Governance

<p>Integrated Locality Group review</p>	<p>An internal review of the CTM operating model, with a specific focus on ILGs, is currently underway, due to be completed by end December 2021. The themes from the review will inform recommendations and a forward plan. The scope of the review does capture the capacity and capability of the ILGs to deliver change with a view to ensuring the organisation is best structured to deliver its priorities.</p>	<p>31st December 2021</p>	<p>Chief of Staff</p>
<p>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>To support the internal activity the Health Board is engaging Internal Audit to undertake a review, the scope of which is still to be determined and may take the form of an Advisory Report approach, however, Internal Audit will be able to target any specific areas of the model to ensure the Executive Team has a full picture of the capability and capacity to deliver change within the ILGs.</p>	<p>31st December 2021</p>	<p>Chief Operating Officer (COO)</p>
	<p>Additionally the newly created iCTM team under the Director of Improvement and Innovation has created three ILG Quality Improvement Faculties made up of clinical, nursing, therapies and pharmacy staff to act as a hub within each ILG to build capability and capacity for change and improvement and support the individual ILGS in enacting transformation. A review of core change and programme capability is being undertaken to ensure alignment with the 2030 strategy which is due to report early in 2022 which includes the roles of ILG planning functions and management teams.</p>	<p>Internal Audit review timescales to be determined.</p>	<p>Director of Improvement & Innovation</p>
		<p>ILG QI Faculties established.</p>	
		<p>Development of communities by end of February 2022 ready for go live in March 2022</p>	

Recommendation	Management response	Completion date	Responsible officer
		Review of change and programme capability due to report February 2022.	

Recommendation	Management response	Completion date	Responsible officer
<p>Planned Care Recovery Programme</p> <p>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>To further strengthen the progress updates to Board and Committees routine reports from the Planned Care Recovery Board will be received at the following Board Committee meetings:</p> <ul style="list-style-type: none"> • Quality & Safety Committee to provide assurance on plans to and progress against reducing waiting times. • Planning, Performance & Finance Committee to provide assurance on how the Health Board is spending the funds allocated and how it is achieving against its targets and expected activity. <p>The reports will provide robust progress against key deliverables and clearly identify any risks and issues that should be brought to the attention of the Committee. Reports will be presented by the Interim Director Elective Care Recovery Programme and/or the Chief Operating Officer.</p> <p>Assurance to the Board will be achieved through the Committee Highlight Reports to Board.</p>	<p>Detailed update reports to be received as a standing agenda item at the Quality & Safety Committee and Planning Performance Committee from January 2022 Onwards.</p>	<p>Chief Operating Officer</p>

Recommendation	Management response	Completion date	Responsible officer
<p>Strategic Risks</p> <p>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 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.</p>	<p>A Board Development Session was held on the 21st October 2021 where it was agreed that the current Principal Risks require review and this will be linked to the development of the revised Board Assurance Framework (BAF). The Health Board's Principal Risks and Risk Appetite will be reviewed on annual basis.</p> <p>As part of the development of the BAF and review of Principal Risks, the Health Board will ensure that there is correlation with the priorities in the Annual Plan, Planned Care Recovery Plans and Targeted Intervention and Special Measures Status, in addition to its longer term strategic direction.</p> <p>This review will also reflect on how the Principal Risks are described and defined so that there is sufficient detail to allow for robust scrutiny at Board and Committee meetings.</p> <p>The Health Board will ensure that the Board Assurance Report (that will be received by Board and Committees in terms of strategic risks) triangulates performance, risk and assurance where possible.</p>	<p>31st March 2022</p> <p>(BAF Development timescale is end of the calendar year and this activity will flow out of those outputs)</p>	<p>Director of Corporate Governance</p>

Recommendation	Management response	Completion date	Responsible officer
<p>Direct and Indirect Harm from COVID-19</p> <p>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>The Health Board received an updated version of the NHS Wales National Framework - Management of Patient Safety Incidents following Nosocomial Transmission on the 16th November 2021. The National Framework contains four options and the Health Board is currently considering the option it will choose to adopt and take forward to assess the harm associated with Covid-19.</p> <p>The chosen option will then be considered at the Strategic Leadership Group in December 2021 and the Quality & Safety Committee in January 2022.</p> <p>Reports will be received and monitored through the Strategic Leadership Group and the Quality & Safety Committee.</p> <p>Reports to the Board will be via the Quality & Safety Committee Highlight Report to Board.</p>	<p>31st January 2022</p>	<p>Executive Nurse Director</p> <p>Medical Director</p>

Recommendation	Management response	Completion date	Responsible officer
<p>Medical Variable Pay</p> <p>R6 The Health Board reports variances where agency locums are paid above the Welsh Government pay cap rate. However, the reason for paying a higher rate than the pay cap is not recorded against the majority of entries. It is also not clear whether the correct authorisation for each placement has been followed. The Health Board should revise the report to provide assurance that the correct sign off has been achieved, the total costs of the appointment, whether the placement is an extension of a previous placement and the reason for why the pay cap has been breached.</p>	<p>The reason for breaching is recorded within the systems which record agency worker engagements, so the Health Board will ensure this is included in the reports from this point onwards.</p> <p>The right hand column in the report records the authorisation process. This is linked to the levels of sign off required to exceed the cap. The job titles recorded show who has authorised the engagement. This will be made more explicit in future submissions.</p> <p>The Health Board is not, at the point of reporting authorisation of rates, able to record the total cost of the engagement. This data would not be available until completion of the engagement given the variability in terms of reasons for engagement and tenure.</p> <p>In all future reports, it will include confirmation of whether the engagement is an extension or a new placement.</p>	<p>February 2022</p>	<p>Executive Medical Director</p>



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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