

# Annual Audit Report 2024 – Velindre University NHS Trust

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# Summary report

## About this report

- 1 This report summarises the findings from my 2024 audit work at Velindre University NHS Trust (the Trust) undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004. That Act requires me to:
  - examine and certify the accounts submitted to me by the Trust, and to lay them before the Senedd;
  - satisfy myself that expenditure and income have been applied to the purposes intended and are in accordance with authorities; and
  - satisfy myself that the Trust has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.
- 2 I report my overall findings under the following headings:
  - Audit of accounts
  - Arrangements for securing economy, efficiency, and effectiveness in the use of resources
- 3 This year's audit work took place at a time when NHS bodies were continuing to respond to a broad set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate. In addition, NHS bodies are still dealing with the legacy of the COVID-19 pandemic. My work programme, therefore, was designed to best assure the people of Wales that public funds are well managed.
- 4 We largely continued to work and engage remotely where possible through the use of technology, but some on-site audit work resumed where it was appropriate to do so. This inevitably had an impact on how we deliver audit work but has also helped to embed positive changes in our ways of working.
- 5 The audited accounts submission deadline was shortened by two weeks from the previous year to 15 July 2024. The financial statements were certified on 15 July 2024 meaning the deadline was met. This reflects a great collective effort by both my staff and the Trust's officers.
- 6 The focus and approach of my performance audit work continues to be aligned to the post-pandemic challenges facing the NHS in Wales and is conducted in line with INTOSAI<sup>1</sup> auditing standards.
- 7 This report is a summary of the issues presented in more detailed reports to the Trust this year (see **Appendix 1**). I also include a summary of the status of work still underway, but not yet completed.

<sup>1</sup> INTOSAI (International Organisation of Supreme Audit Institutions) is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

- 8 **Appendix 2** presents the latest estimate of the audit fee that I will need to charge to cover the costs of undertaking my work, compared to the original fee set out in the 2024 Audit Plan.
- 9 **Appendix 3** sets out the audit of accounts risks set out in my 2024 Audit Plan and how they were addressed through the audit.
- 10 The Chief Executive Officer and the Executive Director of Finance have agreed the factual accuracy of this report. We presented it to the Audit Committee on 25 March 2025. The Board will receive the report at the 27 March Board meeting and every member will receive a copy. We strongly encourage the Trust to arrange its wider publication. We will make the report available to the public on the [Audit Wales website](#) after the Board have considered it.
- 11 I would like to thank the Trust's staff and members for their help and co-operation throughout my audit.

## Key messages

### Audit of accounts

- 12 I concluded that the Trust's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in internal controls (as relevant to my audit), however, I brought some issues to the attention of officers and the Audit Committee for improvement.
- 13 I identified an ex-gratia payment of £39,745 paid to a senior employee which was not approved in accordance with the framework of authorities and so I have issued a qualified opinion on the regularity of that financial transaction. I did not identify any other material issues.
- 14 I also issued a substantive report on this matter.

### Arrangements for securing efficiency, effectiveness, and economy in the use of resources

- 15 My programme of Performance Audit work has led me to draw the following conclusions:
- overall, the Trust continues to be generally well led and governed, with a clear strategic vision and priorities, improving systems of assurance, and effective arrangements for managing its finances. However, opportunities remain to ensure that Board and committee papers, the Trust Assurance Framework, and the Corporate Risk Register contain the information needed to support effective scrutiny and decision-making.
  - the Trust has reasonably effective arrangements for identifying, delivering, and monitoring its cost savings opportunities. However, continuing reliance on non-

recurrent savings and uncertainties around long-term agreement income present risks to its future financial sustainability.

- the Trust has updated its well-being objectives after a long period without a review. However, it did not fully consider the sustainable development principle in doing so. Going forward, the Trust has an opportunity to incorporate the well-being objectives into its corporate planning framework to ensure they become central in shaping decisions on service delivery, service transformation, resource allocation, and the setting of savings targets.

16 These findings are considered further in the following sections.

# Detailed report

## Audit of accounts

- 17 Preparing annual accounts is an essential part of demonstrating the stewardship of public money. The accounts show the organisation’s financial performance and set out its net assets, net operating costs, gains and losses, and cash flows. My annual audit of those accounts provides an opinion on both their accuracy and the proper use (‘regularity’) of public monies.
- 18 My 2024 Audit Plan set out the key risks for audit of the accounts for 2023-24 and these are detailed along with how they were addressed in **Exhibit 4, Appendix 3**.
- 19 My responsibilities in auditing the accounts are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

## Accuracy and preparation of the 2023-24 accounts

- 20 I concluded that the Trust’s accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in internal controls (as relevant to my audit), however, I brought some issues to the attention of officers and the Audit Committee for improvement.
- 21 I must report issues arising from my work to those charged with governance (the Audit Committee) for consideration before I issue my audit opinion on the accounts. My Financial Audit Engagement Lead reported these issues on 10 July 2024. **Exhibit 1** summarises the key issues set out in that report.

### Exhibit 1: issues reported to the Audit Committee

Issue	Auditors’ comments
Uncorrected misstatements	There were no uncorrected misstatements.
Corrected misstatements	As a result of our audit there were some adjustments made to the financial statements. Whilst some of the corrections were material – in relation to the Remuneration Report and the Related Parties disclosures – there was no change to the Trust’s overall closing position.

Issue	Auditors' comments
Other significant issues	<p>We reported two additional issues:</p> <ul style="list-style-type: none"> <li>• a settlement payment of £39,745.50 was paid during 2023-24 to a former senior member of staff. Whilst this payment has been fully disclosed within the Remuneration Report and was approved by the Trust's Remuneration Committee, it was identified that as the payment was non-contractual it should have also been approved by the Welsh Government. As the Welsh Government did not retrospectively approve this payment, we qualified our regularity opinion for 2023-24.</li> <li>• whilst the working papers were prepared by the Trust ready for the start of the audit process, some of these working papers did not provide a clear audit trail to underlying accounting records, which resulted in increased audit queries and time spent on the audit work. We are conscious that when the accounts production and audit window is reduced for 2024-25 and future years, this could be a potential issue in achieving the deadlines for future years.</li> </ul>

22 I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Trust's financial position on 31 March 2024 and the return was prepared in accordance with the Treasury's instructions.

23 My separate audit of the Trust's charitable funds accounts for 2023-24 is complete and an unqualified opinion was provided on 30 January 2025.

## Regularity of financial transactions

24 The Trust's financial transactions must be in accordance with the authorities that govern them. It must have the powers to receive income and incur expenditure. Our work reviews these powers and tests that there are no material elements of income or expenditure which the Trust does not have the powers to receive or incur.

25 I identified an ex-gratia payment of £39,745 paid to a senior employee which was not approved in accordance with the framework of authorities, and so I have issued a qualified opinion on the regularity of that financial transaction. I did not identify any other material issues.

26 I also issued a substantive report on this matter.



- 27 I have the power to place a substantive report on the Trust's accounts alongside my opinions where I want to highlight issues. Where the Trust fails one of its financial duties – to break even over a three-year period and to have an approved three-year plan in place – or my opinion is qualified, I will issue a substantive report.
- 28 The Trust met both of its financial duties, and my opinions were unqualified, so I did not issue a such a report for these issues.

## Arrangements for securing efficiency, effectiveness, and economy in the use of resources

- 29 I have a statutory requirement to satisfy myself that the Trust has proper arrangements in place to secure efficiency, effectiveness, and economy in the use of resources. I have undertaken a range of performance audit work at the Trust over the last 12 months to help me discharge that responsibility. This work has involved:
- undertaking a structured assessment of the Trust's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically;
  - reviewing the effectiveness of the Trust's cost savings arrangements; and
  - reviewing the Trust's arrangements for setting and monitoring well-being objectives.
- 30 My conclusions based on this work are set out below.

### Structured assessment

- 31 My 2024 structured assessment work took place at a time when NHS bodies were continuing to respond to 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. In addition, NHS bodies are still dealing with the legacy of the COVID-19 pandemic. 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.
- 32 My team focussed on the Trust's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically, with a specific focus on: Board transparency, effectiveness, and cohesion; corporate systems of assurance; corporate approach to planning; and corporate approach to managing financial resources. Auditors also paid attention to progress made to address previous recommendations.

### Board transparency, effectiveness, and cohesion

- 33 My work considered whether the Trust's Board conducts its business appropriately, effectively, and transparently. I paid particular attention to:
- Public transparency of Board business
  - Arrangements to support the conduct of Board business
  - Board and committee structure, business, meetings, and flows of assurance
  - Board commitment to hearing from staff, users, other stakeholders
  - Board skills, experiences, cohesiveness, and commitment to improvement
- 34 My work found that the Board remains committed to conducting its business transparently, although a small number of opportunities remain to increase public access of Board business.
- 35 Public Board meetings are livestreamed to allow the public to observe virtually, and recordings are made available on the Trust's website. Board meeting dates and papers are published in advance, and the minutes are published shortly after meetings. Whilst committee meetings are not livestreamed, papers are published in advance of meetings. However, the minutes for some committees are not generally available to the public until at least two months after meetings. The discussions in public Board and committee meetings are open and candid, and the Trust appropriately reserves private sessions for confidential and sensitive matters. Whilst the Trust now publicises the agenda items in advance of private Board and committee meetings, it does not provide a summary of discussions to the public.
- 36 The Board continues to have effective arrangements to support the conduct of its business. The Trust has up-to-date and accessible Standing Orders, Scheme of Delegation, and Standing Financial Instructions in place with evidence of compliance. Bi-annual updates are provided to the Audit Committee on the arrangements for managing declarations of interest, gifts and hospitality, compliance with Welsh Health Circulars, and updating policies. Progress has been made to ensure that policies are updated and available on the Trust's website.
- 37 There is an appropriate and integrated committee structure in place, which is aligned to key strategic priorities and risks, and meets statutory requirements. Terms of reference for all committees are up to date and are reviewed regularly. Committees also review their cycles of business on a regular basis. Board and committee meetings continue to be chaired well, and members observe good meeting etiquette. Independent Members offer robust scrutiny with a good balance of challenge and support. There continues to be good cross-referral of matters between committees and from committees to the Board.
- 38 Whilst there have been some improvements, Board and committee papers still need to give better focus on key matters. Where papers set out initiatives for improvements, they need to consistently be supported by SMART<sup>2</sup> actions and more assurance is needed on the impact of actions taken. Where appropriate, the Board has set a desire for cover papers to include an assessment of the level of assurance provided. This helps paper authors assess the adequacy of the

<sup>2</sup> Specific, measurable, achievable, relevant, and time-bound.

assurance provided and whether further action may be necessary. However, the Trust still has more work to do to ensure that cover reports and papers consistently summarise and triangulate information to help provide focus on key matters.

- 39 The Board promotes and demonstrates a positive commitment to hearing from patients and donors. Quality, Safety, and Performance Committee meetings continue to commence with either a patient, donor, or staff story. The committee also receives regular service user feedback. However, there is an opportunity to enhance Board papers with service user and staff stories to allow all Board members to hear these perspectives. Board members participate in 15-Steps Challenge Visits<sup>3</sup>, and whilst prior to April 2024 visits were limited, two visits per month are now scheduled.
- 40 The Board continues to demonstrate a positive commitment to ongoing improvement. The retirement of the Chief Executive Officer in June 2024 necessitated interim changes to senior roles to minimise instability and maintain business continuity. The interim arrangements worked well. A new Chief Executive officer was appointed in December 2024. The current terms of office for both the Board Chair and the Vice Chair are due to end in 2025. The Trust has drawn up recruitment plans and will need to keep its induction training and development programme under review to reflect the needs of new executive and non-executive Board members. Board members are committed to reviewing the effectiveness of Board and committee meetings and make necessary improvements.

## Corporate systems of assurance

- 41 My work considered whether the Trust has a sound corporate approach to managing risks, performance, and the quality and safety of services. I paid particular attention to the organisation's arrangements for:
- overseeing strategic and corporate risks;
  - overseeing organisational performance;
  - overseeing the quality and safety of services; and
  - tracking recommendations.
- 42 My work found that the Trust continues to strengthen its corporate systems of assurance. However, the Trust Assurance Framework<sup>4</sup> and the Corporate Risk Register do not contain enough information about the mitigating actions in place and their impact, but there is a plan in place to address the information needs of the Board and its committees.
- 43 The Trust has continued to develop its Trust Assurance Framework (TAF), but work remains to ensure that it provides clarity on the actions in place to close gaps

<sup>3</sup> 15-Steps Challenge Visits explore healthcare settings through the eyes of patients and relatives.

<sup>4</sup> The Trust Assurance Framework is what we would consider a Board Assurance Framework, a key document used to record and report an organisation's key strategic objectives, risks, controls, and assurances to the Board.

in controls and assurance and their associated impact. Eight new strategic risks were approved by the Board in 2024, and the TAF was subsequently populated with the new risks and related controls and assurances. The Board and relevant committees have received and considered the TAF in each of their meetings in 2024. Independent Members offer good challenge and scrutiny of strategic risks, with appropriate responses provided by officers. However, there is variability in the information included and often the target date for closing gaps in controls and assurance is omitted, as is the details of progress being made to close them. There are also opportunities to be clearer on the impact of completed actions. There is broad agreement that collectively, the Board needs to agree what information needs to be included in the TAF to address these gaps, and to ensure that supporting arrangements are in place to keep the information up to date.

- 44 Through 2024 there have been gaps in the information presented in the Corporate Risk Register, however, there are signs of improvement and a plan to ensure information needs are met. During 2024, the Trust's corporate risk management capacity decreased for several reasons. Consequently, since March 2024, the Corporate Risk Register (CRR) shared at Board and committee meetings comprised a report extracted from Datix<sup>5</sup> rather than the manually produced report. As a result, the information included in each iteration<sup>6</sup> of the CRR report varied. Independent Members expressed concerns about the omission of information on risk owners, risk score trends, SMART actions, and information to demonstrate whether actions to mitigate risk are effective. Positively, versions of the CRR shared in the last two cycles of 2024 Board and committee meetings have showed signs of improvement. The Trust plans to ensure that, going forward, the CRR consistently includes SMART actions and better describes the risk rather than the reason the risk has come to be.
- 45 The Trust continues to strengthen its approach to reporting, overseeing, and scrutinising organisational performance. The accountability and frequency for reviewing performance at service, management, committee, and Board levels continue to be appropriate. There are effective discussions and challenge in Board and committee meetings where performance is off track, and full, open and appropriate responses.
- 46 The Trust continues to have good arrangements for overseeing and scrutinising progress in addressing audit and review recommendations. The tracker, which contains the overdue and closed recommendations, is reviewed at every Audit Committee meeting. The Audit Committee is asked to approve the closed recommendations once it is assured that action taken is appropriate. Twice a year, the Audit Committee receives the full tracker, which also includes recommendations that are not overdue. There is a separate Quality Safety Improvement tracker for tracking the progress of recommendations and actions

<sup>5</sup> Datix is an incident reporting and risk management system used by healthcare organisations.

<sup>6</sup> By this, we mean for the March, May, and July versions shared at Board and committee meetings.

relating to the quality, safety, and performance of services. Currently, it includes inspectorate and regulatory recommendations, although there are plans to include recommendations from other reports/reviews, such as 15-Steps Challenge Visits, Llais<sup>7</sup> visits, peer reviews, and externally commissioned reports.

## Corporate approach to planning

- 47 My work considered whether the Trust has a sound corporate approach to planning. I paid particular attention to the organisation's arrangements for:
- producing and overseeing the development of strategies and corporate plans, including the Integrated Medium Term Plan (IMTP); and
  - overseeing the delivery of corporate strategies and plans.
- 48 My work found that the Trust continues to have effective arrangements for producing, overseeing, and scrutinising the development of strategies and corporate plans.
- 49 The planning process is coordinated by the Trust's Strategic Planning Team, supported by Planning Managers in each division as well as the Finance Team and overseen by the Executive Management Board. The Trust's 2024-27 IMTP was informed by engagement with key stakeholders, commissioners, and service users. It is framed within the Trust's long-term strategy, 'Destination 2033', and identifies the risks to delivery. The 2024-27 IMTP sets out the actions required to implement service transformation, reduce inequalities, enhance digital services, increase outreach cancer service delivery, develop sustainable services, and deliver infrastructure programmes. There was Board-level engagement throughout the development of the 2024-27 IMTP, and it was approved by the Welsh Government.
- 50 The 2024-27 IMTP contains clear objectives and actions, supported by timescales for delivery and intended measurable outcomes, with good arrangements for overseeing and scrutinising delivery. Positively, in respect of Velindre Cancer Services, and Welsh Blood and Transplant Services, we found that each objective/supporting action included appropriate measurable intended benefits. Whilst the 2024-27 IMTP did not include clarity on the intended outcomes for enabling services priorities, we note that these have been articulated in the quarter 1 2024-25 progress report. The Trust plans to incorporate more visibility of enabling services priorities in the 2025-28 IMTP. Quarterly progress reports for the IMTP are presented to the Quality, Safety, and Performance Committee and the Board. The Trust still needs to consider how it provides clarity on whether the intended impacts from the IMTP have been or are being achieved.

<sup>7</sup> Llais is a statutory patient representative and advocacy body, established in 2023 to replace Community Health Councils.

## Corporate approach to managing financial resources

- 51 My work considered whether the Trust has a sound corporate approach to managing its financial resources. I paid particular attention to the organisation's arrangements for:
- achieving its financial objectives;
  - overseeing financial planning;
  - overseeing financial management; and
  - overseeing financial performance.
- 52 My work found that the Trust continues to have good arrangements for financial planning and for managing and monitoring its financial position.
- 53 The Trust met its financial duties in 2023-24, reporting a small surplus of £42,000 at the end of the financial year. The Trust also achieved its statutory financial duty to achieve break even over the three-year rolling period 2021-22 to 2023-24, reporting an overall three-year surplus of £159,000. The Trust is forecasting to break even in 2024-25.
- 54 The Trust continues to have a sound approach to financial planning and delivering savings. The Trust has a clear and balanced Financial Plan for 2024-27 which was approved by the Board in March 2024. The plan identifies the significant challenges of responding to anticipated growing demand for services whilst dealing with several major strategic developments as part of the Trust's transformation programme. For 2024-25, the Trust has set a savings requirement of £2.875 million, £1.267 million is recurrent and £1.608 million is non-recurrent.
- 55 The Trust continues to have robust processes in place to ensure compliance with its Standing Financial Instructions and Scheme of Reservation and Delegation, and to report and challenge breaches. The Trust also continues to have good controls in place to manage its finances and maintain oversight of the financial position at a directorate level. The Trust submitted good quality draft financial statements as per the required timescales, which were considered by the Audit Committee and Board in July 2024.
- 56 The Trust continues to have good arrangements to monitor and report its financial position. Comprehensive financial reports are presented to every Board and Quality, Safety, and Performance Committee. Independent Members continue to provide good scrutiny and challenge around the organisation's financial position at both Board and Quality, Safety, and Performance Committee meetings.

## Review of cost savings arrangements

- 57 My review examined whether the Trust has an effective approach to identifying, delivering, and monitoring sustainable cost savings opportunities. It considered the impact these arrangements had on the Trust's 2023-24 year-end position and highlighted where arrangements may need to be strengthened for 2024-25 and beyond.

- 58 My work found that the Trust has reasonably effective arrangements for identifying, delivering, and monitoring its cost savings opportunities. However, continuing reliance on non-recurrent savings and uncertainties around long-term agreement income present risks to its future financial sustainability.
- 59 The Trust has a good understanding of its cost drivers which are clearly set out in its 2024-27 IMTP and Financial Plan. The Trust acknowledges the challenging financial environment in which the organisation, and the wider NHS in Wales, is operating. In response, it has established enhanced finance and investment monitoring arrangements. These aim to strengthen its control environment and ensure additional accountability amongst its Executive Team across several key financial measures<sup>8</sup> with a view to addressing the Trust's long-term sustainability and value strategic risks. The Trust's 2024-25 Finance Plan set out how the organisation could help to improve the overall NHS Wales financial position and aimed to improve both the organisation's internal and wider NHS bodies' efficiency and productivity.
- 60 The Trust has a good track record of significantly exceeding its overall savings targets. However, it has achieved this mainly through the delivery of non-recurrent savings. While the proportion of recurrent savings increased steadily up to 2021-22, there has been a gradual reduction in recent years, with only 41% of savings achieved in 2023-24 being recurrent. However, in 2023-24, the Trust was able to rapidly identify additional savings totalling £2.3 million in response to the Welsh Government's request for health bodies to support an improvement in the overall NHS Wales financial position. The Trust has clear arrangements in place for turning its high-level savings requirements into deployable savings plans.
- 61 The Trust has good arrangements for monitoring its key financial risks and overseeing savings delivery. Financial performance is reported to the Quality, Safety, and Performance Committee and Board, with routine updates providing a detailed overview of savings delivery.

## **Review of arrangements for setting and monitoring well-being objectives**

- 62 My work examined the extent to which the Trust has acted in accordance with the sustainable development principle when setting its well-being objectives. It considered the Trust's arrangements for reviewing its well-being objectives, using appropriate information to determine whether current objectives remain consistent with the sustainable development principle, and monitoring progress.
- 63 My work found that the Trust has updated its well-being objectives after a long period without a review. However, it did not fully consider the sustainable development principle in doing so. Going forward, the Trust has an opportunity to

<sup>8</sup> Key financial measures include: savings delivery, cost control, choices and options which continue towards system financial pressures, and impacts of spending decisions considering quality, safety and experience.



incorporate the well-being objectives into its corporate planning framework to ensure they become central in shaping decisions on service delivery, service transformation, resource allocation, and the setting of savings targets.

- 64 The Trust first set its well-being objectives in 2015. However, they were not timebound, and open-ended. In 2024, the Trust commenced work to set new well-being objectives. This work resulted in the Trust amending the wording of two of the existing well-being objectives, with the other five remaining unchanged.
- 65 The Trust's well-being objectives are separate and different to the Trust's strategic goals. The well-being objectives do not include any underpinning steps or actions that provide clarity on how and when the Trust will deliver them, how achievement will be measured, and what the desired impact is. Delivery of the revised well-being objectives continues to be open-ended. This is contrary to statutory guidance<sup>9</sup> which encourages public bodies to set well-being objectives through their corporate planning process and be reflected in a corporate plan (or equivalent) so that sustainable development is embedded and designed to drive activity across the organisation and define 'how' it 'will work'.
- 66 The Trust did not take advantage of the work it undertook in 2022-23 to develop a new ten-year organisational strategy (with supporting enabling strategies) to embed delivery of well-being objectives in corporate plans, such as the IMTP. However, whilst reviewing its well-being objectives, the Trust established an internal 'baseline' of progress made to deliver the existing well-being objectives.
- 67 The Trust's objectives are strategic, long term in nature and relate to different aspects of well-being. However, it will be critical for the Trust to ensure they are effectively incorporated into core planning arrangements if it is to deliver them. This could, for example, be achieved by further developing the baseline of progress to signpost work set out in other plans, such as the IMTP. Alternatively, and in line with statutory guidance and good practice, the Trust could integrate its strategic objectives and well-being objectives. This would help to ensure that the sustainable development principle is the central organising principle of every action that staff undertake daily.
- 68 The work to set new well-being objectives included a SWOT<sup>10</sup> and PESTLE<sup>11</sup> analysis, providing high-level summaries of internal and external factors to inform needs, risks, and opportunities of relevance to each well-being objective. A survey was developed for staff, service users, and other interested parties to complete. Disappointingly, the Trust only received a small number of responses. The low response rate indicates that it will be important for the Trust to consider how it can achieve higher levels of engagement when it next reviews its well-being objectives.
- 69 The Trust's overall corporate planning and financial planning arrangements are effective, which give good consideration of significant changes in the operating environment and stakeholder views. Its IMTPs are underpinned by resource plans

<sup>9</sup> Welsh Government, [SPSF:1 Core Guidance Shared Purpose: Shared Future](#)

<sup>10</sup> SWOT – Strengths, Weaknesses, Opportunities, and Threats.

<sup>11</sup> PESTLE – Political, Economic, Sociological, Technological, Legal, and Environmental.



that clearly identify the risks to delivery. Therefore, proactively considering the sustainable development principle as part of existing corporate planning arrangements would help further strengthen those arrangements by ensuring consideration of how the Trust can achieve impact across the well-being goals.

- 70 The Trust has identified a tranche of potential performance indicators that could be used to track progress to meet well-being objectives. However, the Trust still needs to set out SMART performance measures that underpin its well-being objectives. Whilst the Trust's IMTP contains SMART measures, they are structured around IMTP priorities and not the well-being objectives. Furthermore, the Trust does not clearly set out strategic performance measures to monitor the long-term outcomes it is seeking to achieve by delivering its well-being objectives.
- 71 To date, the Trust's approach to reporting on progress against its well-being objectives has been limited to a short narrative summary of areas of activity across the Trust that have a positive impact on social, environmental, and cultural well-being. The Trust recognises it needs to develop a more holistic and balanced assessment of progress made against each of its well-being objectives across the organisation, underpinned by performance measures. The Trust has signalled its intent to report progress to meet well-being objectives in a separate report in the future. This would help to give the assessment of progress more prominence and give more time and focus for challenge and scrutiny. However, the Trust should consider whether designating its strategic objectives as its well-being objectives might demonstrate that they are driving activity across the organisation, while continuing to enhance annual reviews and streamline annual reporting.

# Appendix 1

## Reports issued since my last annual audit report

### Exhibit 2: reports issued since my last annual audit report

The following table lists the reports issued to the Trust in 2024.

Report	Date
<b>Financial audit reports</b>	
Audit of Financial Statements Report	July 2024
Opinion on the Financial Statements	July 2024
Audit of Accounts – Addendum Report	September 2024
Audit of charitable funds report	January 2025
<b>Performance audit reports</b>	
Structured Assessment 2024	October 2024
Review of Cost Savings Arrangements	November 2024
Setting of well-being objectives	November 2024
<b>Other</b>	
2024 Audit Plan	July 2024

My wider programme of national value-for-money studies in 2024 included reviews that focused on the NHS and pan-public-sector topics. These studies are typically funded through the Welsh Consolidated Fund and are presented to the Public Accounts Committee to support its scrutiny of public expenditure. Reports are available on the [Audit Wales website](#).

### Exhibit 3: performance audit work still underway

There are several performance audits that are still underway at the Trust. These are shown in the following table, with the estimated dates for completion of the work.

Report	Estimated completion date
Quality Governance Follow-Up Review	May 2025
Review of Digital Transformation	May 2025

# Appendix 2

## Audit fee

The 2024 Audit Plan set out the proposed audit fee of £258,671 (excluding VAT). I am currently reviewing the fee position as my work draws to a close but anticipate a small additional charge for the Financial Accounts work. I will discuss this with the Director of Finance before any fees are finalised. Included in the fee set out above, is the proportion of the cost of our audit work undertaken on the shared services provided to the Trust by the NHS Wales Shared Services Partnership cost. This amounts to £2,244.

# Appendix 3

## Audit of accounts risks

### Exhibit 4: audit of accounts risks

My 2024 Audit Plan set out the risks of material misstatement and/or irregularity for the audit of the Trust's 2023-24 accounts. The table below lists these risks and sets out how they were addressed as part of the audit.

Audit risk	Proposed audit response	Work done and outcome
<p><b>Management override</b></p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].</p>	<p>The audit team will:</p> <ul style="list-style-type: none"><li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li><li>• review accounting estimates for bias; and</li><li>• evaluate the rationale for any significant transactions outside the normal course of business.</li></ul>	<p>Planned audit work completed and no issues arising</p>

Audit risk	Proposed audit response	Work done and outcome
<p><b>New Velindre Cancer Centre</b></p> <p>The Trust has recently completed the procurement process with the consortia who are designing, building and maintaining the new Velindre Cancer Centre. Significant enabling works and related capital expenditure are also being undertaken to support this.</p> <p>Given the significant values concerned, there is a risk of incorrect presentation and/or disclosure within the financial statements.</p>	<p>We will obtain a detailed understanding of the progress made by the Trust concerning the new Cancer Centre and review the accounting treatment and disclosure of the:</p> <ul style="list-style-type: none"> <li>• contractual arrangement; and</li> <li>• associated enabling works.</li> </ul> <p>This work relates specifically to our audit of accounts at the Trust and is separate to any wider work the Auditor General may decide to undertake on the new Velindre Cancer Centre .</p>	<p>All planned audit work was completed, and no significant accounting or disclosure issues were identified within the 2023-24 financial statements.</p>
<p><b>Commercial Income</b></p> <p>The Trust received a significant level of commercial income from a pharmaceutical company during 2023-24 in relation to the Trust's participation upon a research and development project. Owing to the novel nature of the income there is a risk that this income will not be appropriately treated within the 2023-24 financial statements.</p>	<p>We will review the accounting treatment of this income within the financial statements.</p>	<p>Our planned audit work was complete and there were no issues arising.</p>

Audit risk	Proposed audit response	Work done and outcome
<p><b>Related Parties and Senior Officer Remuneration</b></p> <p>I judge some of the disclosures in the financial statements, such as related parties and the remuneration, to be material by nature, with a far lower level of materiality. These disclosures are, therefore, inherently prone to material misstatement.</p>	<p>I will enhance my examination of all areas that I determine to be material by nature, to ensure that they are complete and accurate.</p>	<p>As outlined in <b>paragraph 25</b> of this report, it was identified that an ex-gratia payment of £39,745 was paid to a senior employee which was not approved in accordance with the framework of authorities, and so I have issued a qualified opinion on the regularity of that financial transaction.</p> <p>In addition, as a result of our work in these areas, corrections were made to the disclosures within the Remuneration Report and the Related Party Transaction disclosure notes.</p>
<p><b>Welsh Risk Pool</b></p> <p>The Trust hosts the Welsh Risk Pool Services on behalf of NHS Wales bodies in respect of costs associated settling clinical negligence claims, including structured settlement cases. As a result of the typically high value of these claims, the aggregate value within the Trust's accounts far exceeds our materiality level. As a result, there is an inherent risk that any errors in presenting and disclosing these liabilities within the annual accounts could be material.</p>	<p>We will undertake audit testing and seek assurances from the work undertaken by other NHS Wales auditors to obtain assurance that the liabilities are materially correct.</p>	<p>Our planned audit work was completed, and the accounts were amended by £4.587 million to reduce both the Welsh Risk Pool Provision and the corresponding debtor due from the Welsh Government. This adjustment was required due to the duplication of a case that became a Structured Settlement case in the year.</p>

Audit risk	Proposed audit response	Work done and outcome
<p><b>LaSPaR</b></p> <p>From 1 December 2023, the Losses and Special Payments Register (LaSPaR), which is used to calculate the losses and many of the provisions balances in the accounts, has been de-commissioned. For the remainder of 2023-24, an Excel spreadsheet will be used to record losses, special payments and to calculate year-end balances.</p> <p>There is a risk that the transactions and balances relating to losses and special payments are materially misstated due to errors concerning the transfer of data between the LaSPaR system and the Excel model or from the functionality of the Excel system.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• test the completeness and accuracy of data transfer from the LaSPaR system to the Excel based spreadsheets;</li> <li>• consider the design and implementation of controls in place to mitigate error;</li> <li>• review the year-end spreadsheet to ensure that there are no significant errors or issues in the compilation of figures for the accounts; and</li> <li>• review transactions back to supporting evidence (for example, Quantum reports) on a sample basis.</li> </ul>	<p>Our planned audit work was complete and there were no issues arising.</p>







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