

# Annual Audit Report 2024 – Cardiff and Vale University Health Board

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# Summary report

## About this report

- 1 This report summarises the findings from my 2024 audit work at Cardiff and Vale University Health Board (the Health Board) 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 Health Board, 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 Health Board 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; and
  - 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 12 July 2024, meaning the deadline was met. This reflects a great collective effort by both my staff and the Health Board's officers.
- 6 The focus and approach of my performance audit work continue to be aligned to the post-pandemic challenges facing the NHS in Wales and are 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 Health Board 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 position against the audit 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 and the Director of Finance have agreed the factual accuracy of this report. We presented it to the Audit and Assurance Committee on 4 February 2025. The Board will receive the report at a later Board meeting and every member will receive a copy. We strongly encourage the Health Board 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 Health Board's staff and members for their help and co-operation throughout my audit.

## Key messages

### Audit of accounts

- 12 I concluded that the Health Board's 2023-24 accounts<sup>2</sup> were properly prepared and materially accurate and I therefore issued an unqualified true-and-fair opinion on them. My work did not identify any material weaknesses in the Health Board's internal controls (as relevant to my financial audit).
- 13 However, I qualified my regularity opinion because the Health Board breached its revenue resource limit. For the three-year period 2021-22 to 2023-24, the Health Board expended £42.961 million over the three-year revenue limit that the Welsh Government had authorised. The Health Board did not exceed its authorised capital resource-limit for the for the three-year period 2021-22 to 2023-24.
- 14 I found no other regularity matters of a material adverse nature. I did, however, report that the Health Board did not meet its financial duty to have an approved three-year integrated medium-term plan in place for the period 2023-24 to 2025-26. This financial duty requires health boards to prepare, and have approved by the Welsh Ministers, a rolling three-year integrated medium-term plan.
- 15 I reported five audit recommendations to the Health Board's Audit and Assurance Committee. Management fully accepted all the recommendations and have put actions in place to implement them. I also reported that some past audit recommendations (ie prior to the 2023-24 audit) are ongoing actions and remain open. I will review the Health Board's progress with all new or ongoing actions as part of my 2024-25 audit.

<sup>2</sup> I audit and certify the Health Board's Performance Report, Accountability Report, and Financial Statements. 'Accounts' is a generic term.

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

- 16 My programme of Performance Audit work has led me to draw the following conclusions:
- in terms of primary care, the Health Board is progressing work to improve strategic planning, cluster maturity, and leadership. However, capacity within the Health Board's central primary care team remains stretched, and more work is required to establish a financial baseline and strengthen its approach for evaluating and mainstreaming new ways of working. Whilst there is reasonable oversight and scrutiny of primary care at Board and committee meetings, reporting on delivery of plans, patient experience, and primary care performance and outcomes needs strengthening.
  - whilst the volume of patients experiencing delayed discharge remains a concern, there have been notable improvements in ambulance handover and emergency department waiting time performance in the region. However, patient flow within hospitals is impacting negatively on other pathways of care, and regional partners will need to maintain their joint commitment to secure the improvements which are necessary.
  - the Health Board has made reasonable progress in addressing our previous recommendations relating to discharge planning, but there remains more to do, including ensuring the discharge policy is up to date and that training and awareness raising activities are resulting in improved understanding of the landscape of community health and social care services.
  - whilst the Health Board met its agreed deficit target for 2023-24, it needs to strengthen its overall approach to the identification and delivery of recurrent savings and ensure its service transformation plans align with wider plans to return the organisation to financial sustainability and balance.
  - the Health Board's corporate governance arrangements continue to operate effectively. The Health Board is taking positive steps to operationalise its long-term strategy, ensuring governance arrangements support its delivery. Whilst the Health Board has ambitions to achieve financial sustainability, the financial position remains challenging.
- 17 These findings are considered further in the following sections.

# Detailed report

## Audit of accounts

- 18 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.
- 19 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**.
- 20 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

- 21 I concluded that the Health Board’s accounts were properly prepared and materially accurate (true and fair), and I issued an unqualified audit opinion on them. My work did not identify any material weaknesses in the Health Board’s internal controls (as relevant to my financial audit).
- 22 I reported five audit recommendations, to management and to the Health Board’s Audit and Assurance Committee. Management accepted all the recommendations and formally agreed management actions and dates of implementation. I also reported on management’s progress with any recommendations from my previous audits, which are yet to be fully actioned. As part of my 2024-25 audit, I will review management’s progress with all my live recommendations.
- 23 I must report issues arising from my work to those charged with governance (the Members of the Board), for their consideration before I issue my audit opinion on the accounts. My audit team reported these issues on 11 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 was one uncorrected misstatement. I identified two buildings that had been demolished but not removed from the Health Board’s fixed asset register, financial ledger, and accounts. While the buildings had been fully depreciated, and had a nil net book value, the asset register and the accounts still incorrectly recorded their gross cost and accumulated depreciation of £1.091 million.

Issue	Auditors' comments
	Based on the audit work undertaken, we were satisfied that there was not a wider material risk to the 2023-24 accounts.
Corrected misstatements	I reported the six most significant areas of corrected misstatements. They related mainly to accounting classifications and disclosures. One of the matters related to a pay award that was confirmed by the Welsh Government after the Health Board's submission of the draft accounts, and therefore could not be known when the accounts were prepared by management.
Other significant issues	I reported five recommendations for improvement, with management's formal responses. Management formally accepted all the recommendations. On 3 September 2024, the Health Board's Audit and Assurance Committee considered the recommendations and management's responses.

- 24 I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Health Board's financial position on 31 March 2024 and the return was prepared in accordance with the Treasury's instructions.
- 25 My separate audit of the Health Board's Charity's annual report and accounts is completed, and I reported my findings to Trustee Members on 23 January 2025. I certified the annual report and accounts on 26 January. The Charity Commission's annual deadline is 31 January.

## Regularity of financial transactions

- 26 The Health Board's financial transactions must be in accordance with authorities that govern them. The Health Board 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 Health Board does not have the powers to receive or incur.
- 27 Where a Health Board does not achieve financial balance, its revenue and/or capital expenditure exceed its powers to spend, and so I must qualify my regularity opinion.



- 28 I qualified my regularity opinion, because the Health Board breached its revenue resource limit. For the three-year period 2021-22 to 2023-24, the Health Board expended £42.961 million over the three-year revenue limit that the Welsh Government had authorised.
- 29 The Health Board did not exceed its authorised capital resource limit for the for the three-year period 2020-21 to 2022-23. For the three-year period 2021-22 to 2023-24, the Health Board expended £201,000 below the three-year capital limit that the Welsh Government had authorised.
- 30 I have the power to place a substantive report on the Health Board's accounts, alongside my opinions, where I want to highlight an issue(s). Due to the regularity issue set out above, I issued a substantive report setting out the factual details of my qualification of my regularity opinion.
- 31 My substantive report also highlighted that the Health Board did not meet its financial duty to have an approved three-year integrated medium-term plan in place for the period 2023-24 to 2025-26. This financial duty requires health boards to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium-term plan. The duty is an essential foundation to the delivery of sustainable quality health services.

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

- 32 I have a statutory requirement to satisfy myself that the Health Board 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 Health Board over the last 12 months to help me discharge that responsibility. This work has involved:
- assessing the extent to which the Health Board has implemented my 2018 recommendations on primary care, as well as the extent to which there is appropriate capacity and capability to deliver priorities as well as the extent to which the Board and/or its committees consider matters relating to primary care;
  - reviewing the effectiveness of the Health Board's arrangements, in partnership with social services, to support timely patient flow out of hospital across the Cardiff and Vale of Glamorgan region;
  - assessing the extent to which the Health Board has implemented my 2017 recommendations on discharge planning;
  - reviewing the effectiveness of the Health Board's cost savings arrangements; and
  - undertaking a structured assessment of the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically.

33 My conclusions based on this work are set out below.

## Primary care follow-up review

- 34 My review examined the extent to which the Health Board has implemented my previous 2018 recommendations relating to primary care. I also assessed the extent to which the Board and its committees regularly consider matters relating to primary care, and whether the Health Board's central primary care services team has the appropriate capacity and capability.
- 35 My work found that the Health Board is progressing work to improve primary care strategic planning, cluster maturity, and leadership. However, the capacity of the Health Board's central Primary Care Services Team remains stretched, and more work is required to establish a financial baseline and strengthen its approach for evaluating and mainstreaming new ways of working. Whilst there is reasonable oversight and scrutiny of primary care at Board and committee meetings, reporting on the delivery of plans, patient experience, and primary care performance and outcomes needs strengthening.
- 36 The Health Board has addressed recommendations relating to primary care strategic planning and it has also taken positive steps to strengthen cluster maturity and support cluster lead training and development. Although the Health Board has shifted some resources from secondary to primary care, progress has remained slow. In addition, it has yet to establish a financial baseline to support this shift in resources and enable monitoring. The Health Board also needs to strengthen its arrangements for evaluating and mainstreaming new ways of working within primary care clusters.
- 37 Primary care is reflected in key Health Board strategies and plans. Whilst there is reasonable oversight and scrutiny of primary care at Board and committee meetings, there are opportunities to strengthen reporting around the delivery of primary care plans, the experiences of patients accessing primary care services, and primary care performance and outcomes.
- 38 Whilst the Health Board has increased the number of roles within its central Primary Care Services Team, capacity remains stretched due to increasing workloads associated with local and national priorities. Whilst there are good arrangements in place to support the development of staff within the team, its succession planning arrangements require strengthening.

## Urgent and emergency care

- 39 My work examined different aspects of the urgent and emergency care system focused on patient flow out of hospital, progress against my previous discharge planning recommendations, and arrangements for managing demand. My work on arrangements for managing demand is due to be reported in February 2025.

## Patient flow out of hospital

- 40 My regional review examined whether the Health Board and its social services partners have effective arrangements to ensure the timely discharge of patients out of hospital. It focussed on the scale of the challenge, and the factors impacting on effective and timely flow out of hospital. My work also considered the action being taken by the Health Board and its statutory partners, including through the Regional Partnership Board, and what more can be done to reduce some of the challenges currently being experienced by the health and social care system.
- 41 My work found that whilst the volume of patients experiencing delayed discharge remains a concern, there have been notable improvements in ambulance handover and emergency department waiting time performance in the region. However, patient flow within hospitals is impacting negatively on other pathways of care, and regional partners will need to maintain their joint commitment to secure the improvements which are necessary.
- 42 In line with trends across Wales, the numbers of patients whose discharge from hospital in the Cardiff and Vale region has been delayed have grown significantly in recent years. Between April 2023 and February 2024, each month there were on average 194 medically fit patients whose discharge was delayed, with completion of social care assessments and social worker allocation the main causes for delay. While this position compares favourably to other health boards in Wales, it remains a cause for concern. For the period April 2023 to February 2024, the total number of bed days that had been lost to delayed discharges was 50,668 with a full-year cost equivalent of £27.637 million.
- 43 The Health Board has had significant success more recently in preventing delayed discharges from impacting on patient flow within its urgent and emergency care system. Its performance on metrics for waiting times in emergency departments and ambulance handovers has consistently been either the best in Wales or well above the all-Wales average performance. These have contributed to significant reductions in the number of emergency ambulance hours lost to handover delays. However, data indicates that the commitment to easing pressure on some aspects of urgent and emergency services at University Hospital Wales may be contributing to patient flow issues elsewhere within the hospital. For example, data indicates that access to beds on specialist wards, such as stroke, is inconsistent<sup>3</sup> and that increasing numbers of scheduled (planned) care appointments are cancelled due to the lack of available beds within the hospital.
- 44 Several factors are contributing to delayed discharges. The region has an ageing population with a correlating increase in people who live with complex, long-term conditions including mental health problems. There are also workforce challenges

<sup>3</sup> Between April 2022 and April 2023, performance for the Health Board was volatile with the percentage of stroke patients with direct access to a stroke ward within four hours fluctuating between a low of 3.3% and a high of 54%. Since April 2023 performance has improved, with performance ranging between a high of 72.5% in June 2023, and a low of 43.5% in April 2024.

within the social care sector, which is resulting in delays in the allocation of social workers and in completing social care assessments. My work also identified weaknesses in the practice and documentation of discharge planning and a need to include the Discharge to Recover and Assess (D2RA) model within Health Board policies. However, the region is successfully managing to meet demand for care support, and it is able to provide care in line with its commitment to providing domiciliary care over care home provision. This is something many other regions in Wales are finding challenging.

- 45 Improving patient flow is a key feature of plans across the partners which align to the Welsh Government's six goals for urgent and emergency care. Partners are working together effectively, both strategically and operationally, to improve patient flow. Financial resources are being applied to improve discharge planning with evidence of evaluation of the impact of projects and initiatives. While there is regular monitoring of performance within individual organisations, partners lack arrangements to oversee patient flow across the whole health and care system. This limits opportunities to examine whole system solutions, embed learning and to focus on the impact of activity within performance and progress reports.

### **Discharge planning: progress update**

- 46 In undertaking my regional review of arrangements to support patient flow, I have also taken the opportunity to consider progress made by the Health Board in addressing my previous 2017 recommendations relating to discharge planning.
- 47 My work found that the Health Board has made reasonable progress in addressing our previous recommendations, but there remains more to do, including ensuring the discharge policy is up to date and that training and awareness raising activities are resulting in improved understanding of the landscape of community health and social care services.
- 48 Specifically, my work found that:
- the Health Board has introduced mechanisms to monitor the use of community health and social care services and has taken action to improve staff understanding of the landscape of services, although it is not clear whether these actions are having the intended impact;
  - while the Discharge Policy was revised in 2020 it is unclear what impact the involvement of patients and carers had on changes, noting also that the policy is overdue for further review and there is a need to ensure the most recent version of the policy is on the Health Board's website; and
  - while the Health Board provides regular training related to discharge planning, we found limited evidence that it monitors completion rates for training.

## Review of cost savings arrangements

- 49 My review examined whether the Health Board has an effective approach to identifying, delivering, and monitoring sustainable cost savings opportunities. It considered the impact these arrangements had on the Health Board's 2023-24 year-end financial position and highlighted where arrangements may need to be strengthened for 2024-25 and beyond.
- 50 My work found that whilst the Health Board met its agreed deficit target for 2023-24, it needs to strengthen its overall approach to the identification and delivery of recurrent savings and ensure its service transformation plans align with wider plans to return the organisation to financial sustainability and balance.
- 51 The Health Board has a good understanding of its cost drivers and has a clear process in place for identifying cost savings opportunities. However, the Health Board needs to improve the way it uses data and intelligence to identify sustainable savings opportunities and ensure its plans for service transformation are sufficiently well developed to support its wider plans for achieving financial sustainability.
- 52 The Health Board's 2024-25 savings target looks extremely challenging in the context of its recent poor record of delivering recurrent savings. To achieve its 2024-25 savings target, the Health Board needs to take action to strengthen accountability arrangements, set realistic and achievable targets for individual savings schemes, and enhance staff skills and capacity in respect of savings plans delivery.
- 53 The Health Board's arrangements for monitoring and reporting savings require strengthening to provide more robust assurance to the Board on delivery. In addition, the Health Board needs to improve the management of in-year savings risks and introduce a more systematic approach to learning lessons from savings planning and delivery.

## Structured assessment

- 54 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.
- 55 My team focussed on the Health Board'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.

- 56 At the time of my structured assessment work, the Health Board was subject to Level 3 escalation for finance, strategy and planning under the [Welsh Government's escalation and intervention arrangements](#).

## Corporate approach to planning

- 57 My work considered whether the Health Board 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; and
  - overseeing the delivery of corporate strategies and plans.
- 58 My work found that arrangements for producing, overseeing, and scrutinising strategies and corporate plans continue to strengthen, and the Health Board is taking positive steps to operationalise and embed its refreshed strategic objectives.
- 59 The Health Board's corporate planning arrangements continue to strengthen. The Health Board has been focusing on operationalising its long-term strategy, which was approved by the Board in July 2023, by developing processes and systems to support its delivery and aligning wider governance arrangements. Other corporate plans, such as the 2024-25 Annual Plan, are appropriately aligned to and support delivery of the organisation's long-term strategy.
- 60 The Health Board continues to have good arrangements for maintaining Board oversight of key corporate strategies and plans. The 2024-25 Annual Plan contains a clear delivery plan, supported by new reporting arrangements; however, it is too early to comment on the effectiveness of these arrangements.

## Board transparency, effectiveness, and cohesion

- 61 My work considered whether the Health Board'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
- 62 My work found that the Board and its committees continue to conduct their business transparently, operate effectively, and remain committed to continuous improvement. There are opportunities to improve some aspects of administrative governance and to enhance learning from patient safety walkabouts and Board effectiveness reviews.
- 63 The Board remains committed to conducting its business transparently, and it has enhanced its arrangements further this year by livestreaming and recording its

public meetings. However, opportunities remain to improve some aspects of administrative governance related to keeping documents on the Health Board's website updated. The Health Board's arrangements continue to support the effective conduct of Board business, and it has taken positive steps to improve its policy management process to tackle the backlog of outdated policies.

- 64 The Health Board is taking positive steps to ensure its committee structure is clearly aligned to its strategic objectives, strategic change portfolios, and strategic risks. In November 2024, the Board approved amendments to its committee arrangements to clarify oversight responsibilities for each strategic objective, and those areas of business which do not obviously fall within the remit of any of the current committees. Board and committee meetings continue to operate effectively and are supported by good quality, timely papers which focus on key matters.
- 65 The Health Board remains committed to hearing from service users and staff and is improving its processes to do so. But there is scope to enhance how learning is shared following patient safety walkabouts. The Health Board has managed changes to Board membership and the impact of Independent Member vacancies well. However, while the Board maintains a good focus on continuous learning and development, opportunities exist to better understand the impact of activities aimed at improving Board effectiveness.

## **Corporate systems of assurance**

- 66 My work considered whether the Health Board 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.
- 67 My work found that the Health Board continues to strengthen its corporate systems of assurance. There are opportunities to clarify oversight arrangements for strategic and corporate risks and to update the Performance Management Framework.
- 68 Whilst the Health Board continues to take positive steps to improve its strategic and corporate risk management arrangements, opportunities exist to clarify risk escalation and corporate risk scrutiny arrangements. The Board and its committees maintain good oversight of organisational performance, with steps taken to further improve the Integrated Performance Report. However, the Performance Management Framework requires updating.
- 69 The Board maintains appropriate oversight of the quality and safety of services and demonstrates a commitment to improvement. However, establishing the Organisational Learning Committee, which is one of three sub-groups approved as part of the 2021-26 Quality, Safety, and Patient Experience Framework, has been delayed. The Health Board has indicated that arrangements for organisational

learning will be developed through the Shaping Our Future Quality Excellence programme and become part of the Health Board's quality management system. The Health Board is taking positive steps to further strengthen its arrangements for tracking audit and review recommendations.

## **Corporate approach to managing financial resources**

- 70 My work considered whether the Health Board 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.
- 71 My work found that whilst the Health Board maintains clear processes for financial planning, management and monitoring, the financial position remains challenging. The Health Board must address overspends and strengthen its approach to the identification and delivery of recurrent savings in order to achieve its financial sustainability ambitions.
- 72 Although the Health Board met its agreed deficit target for 2023-24, it did not achieve its statutory financial duties in 2023-24 and it is unlikely to meet these duties in 2024-25. As a result, it urgently needs to address overspends and identify sufficient suitable savings schemes to meet its ambition to achieve financial sustainability by the end of 2025-26. The Health Board has a good approach to financial planning, but it needs to strengthen its approach for identifying and delivering recurrent savings as indicated earlier in this report.
- 73 The Health Board continues to strengthen its approach to overseeing and scrutinising financial management and controls. Whilst the Health Board continues to maintain robust arrangements for overseeing and scrutinising financial performance, there is scope to strengthen deep dives received by the Finance and Performance Committee and reporting on financial savings.



# 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 Health Board in 2024.

Report	Date
<b>Financial audit reports</b>	
Health Board: Audit of Accounts Report	July 2024
Health Board: opinion on the accounts	July 2024
Health Board: Audit of Accounts Addendum Report	August 2024
Charitable Funds: Audit Accounts Report (2022-23); and the opinion on the accounts.	January 2024
<b>Performance audit reports</b>	
Primary Care Follow Up Review	April 2024
Unscheduled Care: Flow out of Hospital – Cardiff and Vale Region	September 2024
Discharge Planning: Progress Update	September 2024
Review of Cost Savings Arrangements	September 2024

Report	Date
Structured Assessment 2024	October 2024
<b>Other</b>	
2024 Audit Plan	May 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 Health Board. These are shown in the following table, with the estimated dates for completion of the work.

Report	Estimated completion date
Urgent and emergency care: Arrangements for Managing Demand	April 2025
Review of Planned Care Services Recovery	April 2025
Review of Eye Care Services	June 2025
Review of Digital Transformation	July 2025

# Appendix 2

## Audit fee

My 2024 Audit Plan set out my fee estimate of £465,673 (excluding VAT, which is not chargeable). I also set a fee estimate of £25,306 in the 2024 Audit Plan for my audit of the Health Board's charity's annual report and accounts. My staff will determine the final audit costs once all audits are fully concluded. My audit team will then notify management of the closing position, which I will set out as usual in my 2025 Audit Plan.

# 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 Health Board'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>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>I 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 biases;</li><li>• evaluate the rationale for any significant transactions outside the normal course of business; and</li><li>• I may add additional procedures to address any specific risks of management override which are not addressed by the mandatory work above.</li></ul>	<p>I reviewed numerous accounting estimates and samples of transactions, which included journal entries.</p> <p>I did not identify any significant transactions outside the normal course of business.</p> <p>No significant risks arose relating to management override.</p> <p>The overall results of my testing in in these areas was satisfactory.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>There is a significant risk that the Health Board will fail to meet its first statutory financial duty to break even over a rolling three-year period; against its revenue and capital resource limits. The reported revenue position at month 12 is a year-end deficit of £16.4 million for 2023-24, which would result in a deficit of some £43 million for the three years to 31 March 2024. The reported capital position at month 12 is a year-end surplus of £72,000 for 2023-24, which would result in a surplus of £201,000 for the three years to 31 March 2024.</p> <p>The current financial pressures increase the risk that management judgements and estimates could be biased in an effort to meet key financial targets such as its agreed control totals for 2023-24.</p>	<p>I will:</p> <ul style="list-style-type: none"> <li>• monitor the Health Board's financial position for 2023-24 and the cumulative three-year position to 31 March 2024;</li> <li>• consider the cumulative impact of any relevant uncorrected misstatements over the three years to 31 March 2024; and</li> <li>• undertake cut-off testing around the year-end; and classification testing across revenue and capital expenditure.</li> </ul> <p>If the Health Board fails to meet the three-year resource limit for revenue and/or capital, I would expect to qualify my regularity opinion on the 2023-24 financial statements. I would also expect to place a substantive report on the statements to explain the basis of the qualification and the circumstances under which it had arisen.</p>	<p>As set out in this report, my audit confirmed that the Health Board met its three-year capital resource limit, but did not meet its three-year <u>revenue</u> resource limit. I therefore qualified my regularity opinion and placed a substantive report on the statements to explain the basis of the qualification and the circumstances under which it had arisen.</p> <p>I also reported on the fact that the Health Board did not meet its financial duty to have a Welsh-Government-approved three-year integrated medium-term plan, for the period 2023-24 to 2025-26.</p>





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