

Structured Assessment 2023 – Digital Health and Care Wales

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Summary report

About this report

- 1 This report sets out the findings from the Auditor General's 2023 structured assessment work at Digital Health and Care Wales (DHCW). Our structured assessment work is designed to help discharge the Auditor General's statutory requirement under section 61 of the Public Audit (Wales) Act 2004 to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources.
- 2 Our 2023 Structured Assessment work took place at a time when NHS bodies were still responding to the legacy of the COVID-19 pandemic as they look to recover and transform services and respond to the additional demand in the system that has built up during the pandemic. Furthermore, health bodies are also dealing with a broader set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate. More than ever, therefore, NHS bodies and their Boards need to have sound corporate governance arrangements that can provide assurance to themselves, the public, and key stakeholders that the necessary action is being taken to deliver high-quality, safe, and responsive services, and that public money is being spent wisely.
- 3 The key focus of the work has been on DHCW's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically, with a specific focus on Board transparency, cohesion, and effectiveness. corporate systems of assurance, corporate approach to planning, and corporate approach to financial management. We have not reviewed DHCW's operational arrangements as part of this work.
- 4 Our work has been informed by our previous structured assessment work, which has been developed and refined over a number of years. It has also been informed by:
 - Model Standing Orders, Reservation and Delegation of Powers
 - Model Standing Financial Instructions
 - Relevant Welsh Government health circulars and guidance
 - The Good Governance Guide for NHS Wales Boards (Second Edition)
 - Other relevant good practice guidesWe undertook our work between June 2023 and September 2023. The methods we used to deliver our work are summarised in **Appendix 1**.
- 5 We also provide an update in this report on DHCW's progress in addressing outstanding recommendations identified in previous structured assessment reports in **Appendix 2**.

Key findings

- 6 Overall, we found that **DHCW's corporate governance, assurance, planning, and financial management arrangements are generally good, with some opportunities to strengthen them further. However, DHCW is facing significant resource, financial, and investment risks that will need to be carefully managed to ensure it achieves both immediate priorities and longer-term objectives while remaining financially sustainable.**

Board transparency, effectiveness, and cohesion

- 7 We found that **DHCW has a stable and cohesive Board that conducts its business appropriately, effectively, and transparently. However, opportunities remain to enhance some arrangements further.**
- 8 DHCW's Board and committees operate appropriately, effectively, and transparently. The committee structure is well embedded with well managed meetings, good arrangements to support flows of assurance, and good quality and timely information. There is good scrutiny, challenge, and discussion in Board and committee meetings on the key risks, challenges, and opportunities facing the organisation. DHCW has recently taken responsibility for overseeing delivery of Welsh Government funded digital programmes and is taking positive steps to establish a new committee to maintain oversight of programme delivery as part of its corporate governance arrangements. However, the longer-term chairing arrangements of the new committee will need to be kept under review. The Board is stable, cohesive, and demonstrates a commitment to continuous improvement. The Board is committed to strengthening its arrangements for engaging with DHCW staff, but opportunities remain for it to engage directly with citizens and clinical service-users in other health bodies.

Corporate systems of assurance

- 9 We found that **DHCW's systems of assurance are robust and operating effectively, but opportunities exist to enhance some of these arrangements further.**
- 10 DHCW is managing its strategic and corporate risks effectively and developing a greater understanding of its risk appetite. DHCW maintains a high-quality Board Assurance Framework (BAF) which is fully owned and actively used by the Board. Whilst committees undertake regular deep dives on principal risks, there is scope to make greater use of the BAF to shape Board and committee business. There are reasonably effective performance management arrangements in place. However, there is scope to improve the content of reports to more clearly articulate actions required to improve underperformance. DHCW has effective quality assurance arrangements and is making good progress in implementing the new

duties of quality and candour. It also has effective arrangements in place for monitoring the implementation of internal and external audit recommendations.

Corporate approach to planning

- 11 We found that **DHCW's planning arrangements continue to mature, but opportunities remain to develop detailed supporting delivery plans for some corporate plans and strategies to support effective monitoring and oversight. DHCW is facing significant resource and investment risks which may impact on the delivery of its key strategic and transformational priorities.**
- 12 DHCW's approach for developing strategic and corporate plans is generally effective, with good Board-level oversight and involvement. The Integrated Medium Term Plan (IMTP) for 2023-2026 is shorter and more concise as compared to previous versions. It clearly articulates DHCW's priorities, timescales, outcomes, and risks. However, a significant number of priorities in the IMTP have not been resourced, and DHCW often commits to work outside its agreed IMTP, which places a further strain on organisational resources. This creates deliverability risks and highlights a need to better engage with partners during the IMTP development process to better understand requirements and the resources to deliver them.
- 13 DHCW is making good progress in developing its long-term strategy and is beginning work on introducing a new product-focussed operating model to support the delivery of its strategic objectives and IMTP priorities. Whilst this new approach should bring several benefits, there are some significant risks associated with its implementation that will need to be managed carefully. DHCW is currently undertaking work to demonstrate its value to the wider NHS in Wales. However, progress has been slow to date, and this work still does not guarantee receipt of additional investment from the Welsh Government. It will, therefore, need to plan for this scenario should the risk of not securing additional resources materialise.
- 14 DHCW has reasonably effective arrangements for overseeing and scrutinising IMTP delivery. We also found improvement in the quality of underpinning business /delivery plans for some wider corporate strategies and plans. However, this level of information is not available for all corporate strategies and plans, therefore inhibiting effective progress monitoring. There is also scope to provide clearer strategy and plan progress updates to help the Board understand if they are achieving the intended impact.

Corporate approach to managing financial resources

- 15 We found that **DHCW continues to have a generally effective approach to financial planning, monitoring, and reporting. However, increasing financial challenges and an over reliance on non-recurrent savings could impact on its future financial sustainability.**
- 16 DHCW achieved financial balance for 2022-23 and is forecasting a break-even position for 2023-24. However, there is uncertainty around the financial position in

future financial years. Whilst it has good financial planning and financial management arrangements, it is facing increasing financial risks and continues to place an over-reliance on non-recurrent (vacancy) savings. These matters will require more organisational focus and rigour to reduce the impact on DHCW's future financial sustainability. Scrutiny and oversight of financial performance are appropriate, but Board may need to strengthen its arrangements should the financial challenges increase.

Recommendations

17 **Exhibit 1** details the recommendations arising from our work. These include timescales and our assessment of priority. DHCW's response to our recommendations is summarised in **Appendix 3**.

Exhibit 1: 2023 recommendations

Recommendations	
Committee chair arrangements	
R1	The Chair of Board is intending to chair the new Programme Delivery Committee. Whilst this is a positive development, given the Committee's infancy and remit, this arrangement should be time-limited to free up the Chair's capacity and support independent and effective flows of assurance. DHCW should seek to appoint a chair for the Committee from the wider cohort of Independent Members. (High Priority)
Service User/Staff Stories	
R2	Board meetings continue to include an agenda item on listening and learning, which gives Board members some insights into the impact of digital on clinical service users. However, opportunities remain to strengthen these arrangements further. DHCW, therefore, should engage with other health bodies or Llais Wales, to explore options for Board members to hear directly from citizens and clinical service users. (Medium Priority)

Recommendations

Resource and investment risks

- R3 DHCW is experiencing resource challenges to deliver its IMTP priorities, and the scope of its planned transformational work may require significant Welsh Government investment at a time of considerable financial constraint across the NHS in Wales. In light of these challenges, DHCW should:
- a) Progress its 'value proposition' work at pace to demonstrate the impact of digital across NHS Wales. **(High Priority)**
 - b) Develop plans as soon as possible that carefully consider its own internal and stakeholder priorities and what it is able to deliver within its resource envelope. **(High Priority)**
-

Delivery of corporate strategies and plans

- R4 Whilst some corporate strategies and plans are underpinned by clear business /delivery plans, this is not case for all of them. Furthermore, there is scope to improve the quality and frequency of the strategy update reports presented to Board. DHCW, therefore, should:
- a) Ensure that all corporate plans and strategies are underpinned by detailed business/delivery plans that include target dates and milestones to facilitate effective progress monitoring and ensure appropriate Board-level assurance and scrutiny. **(Medium Priority)**
 - b) Improve the quality of strategy update reports to Board and increase the frequency of oversight to provide assurance to the Board that corporate strategies and plans are achieving the desired impact and benefits. **(Medium Priority)**
-

Financial Sustainability

- R5 Whilst DHCW has made some progress in addressing the balance of recurrent and non-recurrent savings, it still places an over-reliance on vacancy savings to achieve its overall savings target. This continues to represent a risk should the organisation recruit to the vacancies, particularly considering the forecast deficit positions for 2024-25 and 2025-26. DHCW, therefore, should provide greater assurance to the Board on the development and delivery of recurrent savings in the medium to long term to strengthen the future financial sustainability of the organisation. **(High Priority)**

Detailed report

Board transparency, effectiveness, and cohesion

- 18 We considered whether the DHCW's Board conducts its business appropriately, effectively, and transparently.
- 19 We found that **DHCW has a stable and cohesive Board that conducts its business appropriately, effectively, and transparently. However, opportunities remain to enhance some arrangements further.**

Public transparency of Board business

- 20 We considered whether the Board promotes and demonstrates a commitment to public transparency of board and committee business. We were specifically looking for evidence of:
- Board and committee meetings that are accessible to the public
 - Board and committee papers being made publicly available in advance of meetings
 - Board and committee business and decision-making being conducted transparently
 - Board and committee meeting minutes being made publicly available in a timely manner
- 21 We found that **DHCW's Board continues to demonstrate a strong commitment to public transparency of Board and committee business.**
- 22 DHCW continues to demonstrate a strong commitment to public transparency of Board and committee business. Members of the public can request to observe any public Board and committee meeting by contacting the Corporate Governance Team. DHCW actively encourages this by promoting meetings via its various social media channels in the days leading up to them.
- 23 Board and committee meetings continue to be held virtually. Board meetings are livestreamed and recorded, whereas committee meetings are only recorded. Recordings are generally published on DHCW's website within three to five working days. The Local Partnership Forum meeting and Remuneration and Terms of Service Committee meeting recordings are not published due to the sensitive and confidential nature of the information they discuss. Welsh language interpretation is available at each public Board meeting, and DHCW also endeavours to provide British Sign Language upon request. DHCW currently has no plans to introduce in-person public Board or committee meetings due to the efficiency and effectiveness of its virtual arrangements.
- 24 DHCW continues to make appropriate use of private Board and committee meetings to discuss sensitive and confidential matters. When decisions are made in private meetings, the details are included in the Chair's Report or Committee Highlight reports which are presented at the next public Board meeting. Abridged minutes of private meetings are also published to further enhance transparency.

Our observations of Board and committee meetings found good openness and transparency amongst Board members, particularly in relation to the challenges the organisation is facing.

- 25 Papers for Board and committee meetings continue to be published on DHCW's website a week in advance in line with Standing Orders, with only one contravention¹. DHCW continues to make innovative use of QR codes² to enable the public and other stakeholders to access Board papers from a digital device. This practice is now also in use for committee meeting papers.
- 26 Draft minutes are produced and agreed in a timely manner, and formally approved at the next public Board or committee meeting.

Arrangements to support the conduct of Board business

- 27 We considered whether there are proper and transparent arrangements in place to support the effective conduct of Board and committee business. We were specifically looking for evidence of:
- a formal, up-to-date, and publicly available Reservation and Delegation of Powers and Scheme of Delegation in place, which clearly sets out accountabilities;
 - formal, up-to-date, and publicly available Standing Orders (SOs) and Standing Financial Instructions (SFIs) in place, along with evidence of compliance; and
 - formal, up-to-date, and publicly available policies and procedures in place to promote and ensure probity and propriety.
- 28 We found that **DHCW has good arrangements to support the effective conduct of Board business.**
- 29 DHCW continues to have good arrangements to support the effective conduct of Board business. The arrangements are clearly set out in DHCW's Governance Assurance Framework. The Standing Orders, Scheme of Reservation and Delegation of Powers, and Standing Financial Instructions are all up to date and reviewed annually by the Executive Team, Audit and Assurance Committee, and Board. At its public meeting in September 2023, the Board considered and approved changes to the Standing Orders to reflect the new Duties of Quality and Candour and the role of the new citizens' voice body, 'Llais Wales'³.

¹ An extraordinary Board meeting was held in April 2023 where papers were not made available within this timeframe. However, the Chair asked all Board members to confirm that they received adequate information and had sufficient time to consider it before making a decision on the matter under consideration at the meeting.

² A QR code (quick-response code) is a type of barcode which is a hyperlink to digital information.

³ Llais Wales is a patient representative body, which replaced the former Community Health Council.

- 30 Declarations of interest continue to be taken at the start of every Board and committee meeting. There are also appropriate arrangements for declaring, handling, and recording declarations of interest from Board members and staff in Band 8a posts and above. The Audit and Assurance Committee maintains effective oversight of these arrangements. The Committee receives a Standards of Behaviour Report at each meeting which includes declarations of interest, gifts, hospitality, and sponsorship and any action taken in response to contraventions of policy. The Standards of Behaviour Policy, and Declarations of Interest and Gifts and Hospitality Register are both available on DHCW's website.
- 31 DHCW has strengthened its processes for monitoring, tracking, and reviewing policies. At the time of our review, all policies are were being entered onto the Quality and Regulatory Team's 'iPassport' system which will automatically notify policy owners when their policies are due for renewal. Timescales for reviewing policies have recently been changed from annual to every three years, to reduce the burden on policy owners. The July 2023 Policy Report to the Audit and Assurance Committee noted that of the 88 policies in place across the organisation, 53 are out of date and require review.

Effectiveness of Board and committee meetings

- 32 We considered whether Board and committee meetings are conducted appropriately and effectively, and receive timely, high-quality information that supports effective scrutiny, assurance and decision making. We were specifically looking for evidence of:
- an appropriate, integrated, and well-functioning committee structure in place, which is aligned to key strategic priorities and risks, reflects relevant guidance, and helps discharge statutory requirements;
 - Board and committee agendas and work programmes covering all aspects of their respective Terms of Reference as well being shaped on an ongoing basis by the Board Assurance Framework;
 - well-chaired Board and committee meetings that follow agreed processes, with members observing meeting etiquette and providing a good balance of scrutiny, support, and challenge;
 - committees receiving and acting on required assurances and providing timely and appropriate assurances to the Board; and
 - clear and timely Board and committee papers that contain the necessary/appropriate level of information needed for effective decision making, scrutiny, and assurance.
- 33 We found that **Board and committee meetings are well chaired, conducted properly, have balanced agendas, and are supported by good quality papers. Furthermore, positive steps have been taken to adapt the committee structure to reflect the Board's new role in overseeing national digital programmes.**

- 34 DHCW continues to have an appropriate, integrated, and well-functioning committee structure. It is currently in the process of establishing a new Programme Delivery Committee following the Welsh Government's decision to transfer responsibility for the governance and oversight of national digital programmes to DHCW. Draft terms of reference are due to be considered at the first meeting of the Committee in November 2023, and will be presented to Board for formal approval soon after. The Chair of the Board intends to chair the Committee given its infancy and remit. Whilst this is a positive development, the arrangement should be only a temporary one so as to free up the Chair's capacity, with the committee providing him with the independent assurance required as Chair of the Board (**Recommendation 1**).
- 35 The Board and its committees continue to work effectively. They have up-to-date terms of reference and maintain comprehensive action logs and annual cycles of business. Committee chairs are actively involved in meeting agenda setting, and agendas are well balanced and focus on relevant business. However, opportunities exist for DHCW to make greater use of its Board Assurance Framework to shape Board and committee business (see **paragraph 57**). DHCW continues to make appropriate use of the consent agenda for routine business; this allows more time for Board and committee meetings to focus on critical matters that require more in-depth scrutiny and oversight.
- 36 Board and committee meetings are managed well by their respective chairs, who continue to enable discussion on key issues and encourage contributions from all members. Board and committee members continue to maintain good virtual meeting etiquette. Scrutiny and challenge at Board and committee meetings are appropriate and provided in a supportive way. However, there are concerns around the lack of routine Executive Director attendance at some meetings, and there is a resilience concern in Independent Member membership on the Digital Governance and Safety Committee. DHCW is taking appropriate action to address both issues.
- 37 DHCW continues to have effective arrangements in place to support flows of assurance from committees to the Board and refer information between committees. For example, some Independent Members sit on more than one committee and there are routine meetings between the Chair of Board and committee chairs. Committees discuss items for escalation to the Board at the end of each meeting. DHCW has recently enhanced the Committee Highlight Report to incorporate an 'alert, advise, and assure' approach. The new template summarises areas of non-compliance requiring urgent attention, areas of assurance, and items needing ongoing monitoring. While still in its early stages of use, the template should enable the Board to focus on key matters arising.
- 38 DHCW continues to have good arrangements to ensure the quality and timeliness of information presented to the Board and its committees. Papers are generally well structured and of sufficient length. They are not overly detailed or technical, and clearly direct the reader to key risks and matters requiring consideration, which supports effective scrutiny, assurance, and decision making. Cover reports

continue to follow an SBAR⁴ format, and impact assessments are routinely completed, covering a wide range of criteria.

- 39 Both the Digital Governance and Safety Committee and the Audit and Assurance Committee continue to receive routine assurance reports for areas of the business falling within their remit, including information governance, informatics, information services, research and innovation, and the Welsh language. These reports provide sufficient information for assurance and decision making.
- 40 However, DHCW might wish to consider how it can further refine its Board and committee papers considering the introduction of the new Programme Delivery Committee and the increased burden this may bring on Board members to review and scrutinise the totality of papers.

Board commitment to hearing from patients/service users and staff

- 41 We considered whether the Board promotes and demonstrates a commitment to hearing from service users and staff. We were specifically looking for evidence of:
- the Board using a range of suitable approaches to hear from service users and staff.
- 42 We found that **whilst the Board is committed to strengthening its engagement with DHCW staff, opportunities remain for it to engage directly with citizens and clinical service-users in other health bodies.**
- 43 Board meetings continue to include an agenda item on listening and learning which focusses on programme or service delivery. While this item continues to provide Board members with some insights into the impact of digital on clinical service users, opportunities remain to strengthen these arrangements further by enabling Board members to hear directly from citizens and clinical service users in other health bodies or via 'Llais Wales' (**Recommendation 2**).
- 44 DHCW continues to have effective mechanisms for sharing information and engaging with its own staff via newsletters, 'Board insights' articles, TenTalks⁵ meetings, and staff conferences. However, the Board recognises it could do more to engage directly with staff. As a result, it has developed an engagement programme for 2023-24 to enable Board members to engage directly with DHCW staff through senior leadership days, and staff engagement sessions.

⁴ Situation, Background, Assessment, Recommendation.

⁵ TenTalks are 30-minute, live organisational communication events held on specific topics, for example, counter fraud, organisational behaviour, and Board member introductions.

Board cohesiveness and commitment to continuous improvement

- 45 We considered whether the Board is stable and cohesive and demonstrates a commitment to continuous improvement. We were specifically looking for evidence of:
- a stable and cohesive Board with a cadre of senior leaders who have the appropriate capacity, skills, and experience;
 - the Board and its committees regularly reviewing their effectiveness and using the findings to inform and support continuous improvement; and
 - a relevant programme of Board development, support, and training in place.
- 46 We found that **DHCW has a cohesive and stable Board along with good induction, board development, and self-review arrangements.**
- 47 DHCW has a cohesive and stable Board, with a broad mix of knowledge, skills, and experience. It has developed a skills matrix which identifies the attributes of Board members against a range of key criteria and maps them to the organisation's strategic missions, portfolios, and enablers⁶ to ensure contributions are maximised and to identify any strengths, or gaps. DHCW is taking positive steps to address the gaps identified via the skill matrix. For example, through the skills matrix, the Board has recognised that it does not have a qualified accountant within the Independent Member cohort. This has allowed the Chair and the Board to collectively discuss, assess, and manage the risk this poses to DHCW in an informed manner. At this moment in time, the Board deems this risk to be low. The skills matrix is also being used to enable Board members to understand each other's skills and how they can collectively support the delivery of DHCW's missions and vision.
- 48 DHCW continues to have effective local induction arrangements for Executive Directors and Independent Members. Independent Members also continue to have formal appraisals and feel supported in their ongoing learning and development. 360-degree Board member assessments have been completed and Board members indicate that this was a useful exercise.
- 49 In last year's structured assessment report, we stated that DHCW commissioned Deloitte to undertake work to support Board Development and cohesion. This work is underway with various sessions scheduled throughout the year focussing on areas such as business chemistry, effective scrutiny and challenge, good governance, and strategy. Board members generally commented positively on the Board Development programme.

⁶ Enablers are functions that support DCHW in delivering its objectives. These are: people and culture, finance, sustainability, stakeholder engagement, quality and safety and governance, performance, and assurance.

- 50 In addition to the work with Deloitte, DHCW has also established a development and briefing forward work programme for 2023-24 which covers a variety of topic areas, such as risk appetite, cyber security training, and digital programme briefings. It also uses the sessions as a mechanism for considering and discussing corporate strategies and plans. Our observation of one Board Development session was positive. The meeting atmosphere was relaxed with no obvious tensions, which enabled all Board members to actively contribute to the discussion and provide challenge in a supportive way.
- 51 There are effective arrangements to support Board and committee self-review and evaluation. The Board and its committees continue to review their effectiveness annually. The latest report to Board indicates that survey findings were generally positive with no areas for improvement or action identified.

Corporate systems of assurance

- 52 We considered whether DHCW has a sound corporate approach to managing risks, performance, and the quality and safety of services.
- 53 We found that **DHCW's systems of assurance are robust and operating effectively, but opportunities exist to enhance some of these arrangements further.**

Corporate approach to overseeing strategic and corporate risks

- 54 We considered whether DHCW has a sound corporate approach to identifying, overseeing, and scrutinising strategic and corporate risks. We were specifically looking for evidence of:
- an up-to-date and publicly available Board Assurance Framework (BAF) in place, which brings together all of the relevant information on the risks to achieving the organisation's strategic priorities/objectives;
 - the Board actively owning, reviewing, updating, and using the BAF to oversee, scrutinise, and address strategic risks;
 - an appropriate and up-to-date risk management framework in place, which is underpinned by clear policies, procedures, and roles and responsibilities;
 - the Board providing effective oversight and scrutiny of the effectiveness of the risk management system; and
 - the Board providing effective oversight and scrutiny of corporate risks.
- 55 We found that **DHCW has effective arrangements for managing its strategic and corporate risks. Its understanding of risk appetite is maturing which should further strengthen these arrangements.**
- 56 DHCW continues to maintain a detailed, comprehensive, and high-quality Board Assurance Framework (BAF), which the Board reviews twice a year (in May and

November). The BAF is fully owned by the Board, which actively uses it as a tool to oversee, scrutinise, and address strategic risks. Our review of the BAF found it accurately captures the principal risks DHCW is currently facing. However, the BAF will need to be updated when the organisation formally adopts a new long-term strategy and becomes formally responsible for overseeing programme delivery.

- 57 Since June 2023, both the Audit and Assurance Committee and the Digital Governance and Safety Committee now undertake deep dives on DHCW's principal risks. While this is a positive development, the organisation is facing increasing financial, resource, and operational risks (see **paragraph 88**) that will require more robust oversight. DHCW, therefore, might wish to consider actively using the BAF to shape Board and committee business on an ongoing basis to ensure they focus on the right issues.
- 58 A review of the BAF by the Internal Audit Service, reported in September 2023, gave a substantial assurance rating but noted opportunities to enhance the Board Assurance Report. Internal Audit recommended that Board Assurance Reports should provide additional information to allow Board Members to easily identify and assess progress over time and challenge the self-assurance ratings provided against each strategic mission and principal risk.
- 59 DHCW continues to have effective risk management arrangements underpinning its BAF, with clear policies and procedures in place. The Corporate Risk Register (CRR) clearly articulates the organisation's highest scoring operational risks and the actions to mitigate them. However, there is still scope to articulate existing controls more clearly to reduce the opportunity for overlap with mitigating actions and assurance.
- 60 Risks in the CRR continue to be reviewed monthly by the Executive Team, allocated to the relevant risk owner and assurance committee, and are actively reviewed and challenged by Independent Members. Committees review commercially sensitive and cyber security related risks in private sessions.
- 61 Risk management arrangements are routinely reported to the Board and its committees, with updates providing a good overview of risks escalated, removed and changes to risk score. The risk heatmap provides a good 'at a glance' assessment of DHCW's risk profile and the movement of corporate risks within it.
- 62 The latest update to Board in September 2023 reported 28 corporate risks on the CRR – 6 new risks, 19 risks with no movement, 2 risks that had reduced, and one risk that had increased. This represents a small reduction from the 31 risks reported in March 2023, the highest number to date. The update also highlighted the increase in the number of financial risks added to the CRR over the last ten months and the resulting impact on the organisation's risk profile. We comment on the financial risks in more detail in **paragraph 102**. Board members acknowledge the high number of corporate risks on the CRR. Now that the Board's understanding of risk appetite is maturing, it should regularly review the scoring thresholds used to determine which operational risks appear in the CRR.

63 A separate Internal Audit Service review of DHCW's risk management arrangements in March 2023 gave substantial assurance, concluding that significant progress has been made in embedding the Risk Management and Board Assurance Framework Strategy across the organisation.

Corporate approach to overseeing organisational performance

64 We considered whether DHCW has a sound corporate approach to identifying, overseeing, and scrutinising organisational performance. We were specifically looking for evidence of:

- an appropriate, comprehensive, and up-to-date performance management framework in place, underpinned by clear roles and responsibilities; and
- the Board and committees providing effective oversight and scrutiny of organisational performance.

65 We found that **DHCW continues to have reasonably effective performance management arrangements. However, opportunities exist to provide greater assurances to Board on the actions being taken to improve underperformance.**

66 DHCW continues to have reasonably effective performance management arrangements in place. The Performance Management Framework, which was approved by the Board in January 2022, sets out an integrated approach to managing performance covering plans, resources, and outcomes. The Framework clearly outlines roles and responsibilities, oversight and accountability arrangements, local escalation arrangements, and associated support and intervention processes.

67 Performance is reported to the Board via the Integrated Organisational Performance Report (IOPR), which provides an overview of performance against a range of key indicators relating to;

- finance;
- people and organisational development;
- strategic procurement;
- operational performance;
- clinical and information governance;
- corporate governance; and
- quality and engagement.

68 We also note the inclusion of an indicator relating to IT service availability, which provides a comparison of current and previous year's performance and details of key workstreams underway. Whilst the report provides a clear assessment of performance, there is still scope to provide clearer narrative on actions being taken to assure the Board that underperformance or unwanted variation for some key

indicators is being addressed. In general, we found limited Board scrutiny and challenge on organisational performance but note the Management Board completes more detailed scrutiny and challenge of the IOPR at its meetings.

- 69 An Internal Audit review of performance management arrangements in January 2023 gave reasonable assurance and identified opportunities to enhance the format of the IOPR and improve performance management review processes within the directorates and the oversight provided by DHCW's Board and committees.

Corporate approach to overseeing the quality and safety of services

- 70 We considered whether DHCW has a sound corporate approach to overseeing and scrutinising the quality and safety of services. We were specifically looking for evidence of:

- corporate arrangements in place that set out how the organisation will deliver its requirements under the new Health and Social Care (Quality and Engagement) Act (2020).
- a framework (or similar) in place that supports effective quality governance;
- clear organisational structures and lines of accountability in place for clinical/quality governance; and
- the Board and relevant committee providing effective oversight and scrutiny of the quality and safety of services.

- 71 We found that **DHCW has effective quality assurance arrangements and is making good progress in implementing the new duties of quality and candour.**

- 72 DHCW's arrangements for providing assurance on quality and regulatory compliance, and clinical quality and safety are effective, with clear organisational structures and lines of accountability in place for both areas.

- 73 The Audit and Assurance Committee and the Digital Governance and Safety Committee maintain good oversight of quality and regulatory compliance and clinical quality and safety, respectively. The IOPR also provides a summary of performance relating to clinical and information governance, quality and regulatory compliance, and operations such as IT service availability and major IT incidents. Board members commented that reporting arrangements were clear, and that they are broadly satisfied with the level of assurance provided in these areas.

- 74 The organisation is appropriately implementing Health and Social Care (Quality and Engagement) Act (2020) requirements. Our review of DHCW's Duty of Quality and Candour 'roadmap' found that many of the requirements relating to the organisation were either fully implemented or were in the process of being fully implemented and operationalised. The Audit and Assurance Committee receive brief updates on progress against DHCW's Duty of Quality and Candour

Implementation Plan via the Quality, Regulatory Compliance, and Cyber Resilience Unit Report. Monthly progress updates are also provided to Executive Team via the IOPR.

Corporate approach to tracking recommendations

- 75 We considered whether DHCW has a sound corporate approach to overseeing and scrutinising systems for tracking progress to address audit and review recommendations and findings. We were specifically looking for evidence of:
- appropriate and effective systems in place for tracking responses to audit and other review recommendations and findings in a timely manner.
- 76 We found that **DHCW has effective arrangements for monitoring and tracking progress against internal and external audit recommendations.**
- 77 DHCW continues to have effective arrangements in place for monitoring and tracking progress against internal and external audit recommendations. Trackers receive detailed scrutiny and oversight at weekly Executive Director meetings when there is a high number of audit actions for enhanced monitoring. Progress is reported to the Audit and Assurance Committee, with reports providing a good overview of the implementation status of all recommendations.
- 78 Our review of the July 2023 Audit Action Log found that DHCW continues to make good progress in closing audit recommendations, with 33 of the 54 actions completed during the period April 2023 to July 2023. Two actions did not meet their agreed target date for completion, however, a request for extension to the implementation timescale for one recommendation was presented at the Audit and Assurance Committee in October 2023 and the other has since been implemented. The remaining 19 actions were all on target for completion by their target date.

Corporate approach to planning

- 79 We considered whether DHCW has a sound corporate approach to producing strategies and corporate plans and overseeing their delivery.
- 80 We found that **DHCW's planning arrangements continue to mature, but opportunities remain to develop detailed supporting delivery plans for some corporate plans and strategies to support effective monitoring and oversight. DHCW is facing significant resource and investment risks which may impact on the delivery of its key strategic and transformational priorities.**

Corporate approach to producing strategies and plans

- 81 We considered whether DHCW has a sound corporate approach to producing, overseeing, and scrutinising the development of strategies and corporate plans. We were specifically looking for evidence of:

- a clear Board approved vision and long-term strategy in place which are future-focussed, rooted in population health, and informed by a detailed and comprehensive analysis of needs, opportunities, challenges, and risks;
- appropriate and effective corporate arrangements in place for developing and producing the Integrated Medium Term Plan (IMTP), and other corporate plans; and
- the Board appropriately scrutinising the IMTP and other corporate plans prior to their approval.

82 We found that **whilst DHCW has an effective corporate approach to producing strategies and plans, it is facing significant risks which may impact on the delivery of key strategic and transformational priorities.**

83 DHCW's vision and strategic objectives are clearly outlined in its Integrated IMTP for 2023-2026. It has also taken steps this year to more clearly define its purpose, which is to focus on developing the right digital tools, and core digital platforms to enable better use of data in partnership with health staff and the people of Wales. The IMTP continues to outline the organisation's priorities around digital innovation and national data standardisation. DHCW's strategic objectives are underpinned by five missions that are aligned to the Welsh Government's ministerial priorities and 14 enabling portfolios outlining the work required to support its vision. This year, the IMTP includes three new portfolios, namely: data platform and reference services; open architecture and interoperability; and urgent and emergency care.

84 The draft IMTP 2023-2026 was discussed and approved by the Board in March 2023 and submitted to the Welsh Government within the required timeframe. At the time, DHCW was projecting a financial deficit position for each of the financial years during the lifetime of the plan. This led the Welsh Government to initially reject the IMTP 2023-2026 and ask DHCW to submit a balanced annual plan. As a result, DHCW identified several mitigating actions and savings proposals to deliver a balanced position for 2023-24, which led to the Welsh Government formally approving the IMTP 2023-2026. We discuss DHCW's financial position in more detail in **paragraph 99**.

85 The IMTP 2023-2026 is a shorter and more concise plan compared to previous ones. It clearly articulates the DHCW's priorities, timescales for delivery, outcomes, and risks. However, a significant number of priorities have not been resourced, which highlights a deliverability risk for the organisation. This is further compounded by the concern of some Board members that DHCW commits to work outside of its agreed IMTP, which inevitably impacts on its available resources. The internal and external challenges facing DHCW will require it to further enhance its engagement with partners during future IMTP development processes to better understand digital priorities across the healthcare system in Wales, to ensure they can be considered and resourced appropriately in corporate strategies and plans.

86 DHCW is introducing a new product-focussed operating model to support the delivery of its strategic objectives and IMTP priorities. The new approach is anticipated to bring several benefits, such as better resource alignment,

sustainable funding streams, cost efficiencies, and product value outcomes. However, there are also some significant change, workforce, and investment risks that the organisation will need to carefully manage as part of its implementation. DHCW has not yet set a 'go live' date for the new operating model as work is still in the development phase.

- 87 Positively, DHCW is making good progress in developing its long-term strategy. Several Board Development Sessions have been held giving Board members opportunities to collectively input into the development of the strategy and discuss the implementation approach. The Board plans to formally approve the strategy at its meeting in March 2024.
- 88 DHCW is entering a key phase in realising its vision to provide 'world leading digital services.' As noted earlier, the organisation is experiencing clear resource issues to deliver on its priorities, and the scope of its transformational work may require considerable Welsh Government investment at a time of significant financial constraint across the wider NHS in Wales. Board members are fully aware of the significant risks associated with this. As a result, DHCW has begun some work to develop its 'value proposition' to demonstrate the impact of digital across NHS Wales and its role as a 'trusted digital partner.' However, progress has been slow to date, and this work still does not guarantee receipt of additional investment. DHCW, therefore, needs to plan for this scenario should the risk of not securing additional resources materialise (**Recommendation 3**).
- 89 The process for developing wider corporate strategies and plans, such as the Primary Care Strategy 2023-26 and DHCW's long-term strategy, is effective. Corporate strategies and plans are shared with Independent Members to provide feedback or are collectively discussed as part of Board Development Sessions, or at various committees and advisory groups prior to receiving formal approval at public Board meetings. We also found evidence that they are shared with internal and external stakeholders to maximise input.

Corporate approach to overseeing the delivery of strategies and plans

- 90 We considered whether DHCW has a sound corporate approach to overseeing and scrutinising the implementation and delivery of corporate plans. We were specifically looking for evidence of:
- corporate plans, including the IMTP, containing clear strategic priorities/objectives and SMART⁷ milestones, targets, and outcomes that aid monitoring and reporting; and
 - the Board appropriately monitoring the implementation and delivery of corporate plans, including the IMTP.

⁷ Specific, measurable, achievable, relevant, and time bound.

- 91 We found that **whilst DHCW has effective arrangements for overseeing the delivery of its IMTP, its arrangements for overseeing the delivery of other corporate strategies and plans require strengthening.**
- 92 The 2023-26 IMTP, Strategic Equality Plan, and Communication Strategy approved by the Board during 2023 have clear Executive Director ownership and demonstrate alignment to DHCW's overarching strategic objectives. They contain clear and understandable strategic objectives, which are underpinned by high-level priorities. They also continue to be supported by appropriate governance, delivery, and reporting arrangements.
- 93 DHCW has effective arrangements for overseeing and scrutinising the implementation and delivery of corporate strategies and plans. The IMTP 2023-26 continues to be underpinned by a clear Business Plan containing target dates and milestones. DHCW's IOPR continues to provide a quarterly update of progress against delivery of the organisation's strategic objectives. The Report's 'plan on a page' provides a useful overview of progress against each portfolio aligned to DHCW's four strategic missions. This is supported by a more detailed narrative update commenting on delivery, intended impact, and situations of note. We also note that the Board is due to receive a IMTP half-year progress report in November 2023.
- 94 We also note some improvement in the level of information provided in wider corporate strategies and plans, such as the Communications Strategy which is underpinned by a detailed delivery plan. However, this level of information does not appear to be available for some other corporate strategies and plans, such as the Strategic Equality Plan and People and Organisational Development Strategy (see **Appendix 2, R1 2022**). We also found opportunities to improve the quality of the update reports and frequency of Board oversight on the delivery of the People and Organisational Development Strategy. Internal Audit's review on embedding the Stakeholder Strategy also identified areas for improvement relating to developing and implementing a performance framework and an effective tracking process to report and monitor progress in the delivery of actions detailed in the plan. There is also scope to enhance the organisation's arrangements for providing assurance to the Board that corporate strategies and plans are achieving the desired impact and benefits. DHCW indicates that work is ongoing across the organisation to secure improvement in this area (**Recommendation 4**).

Corporate approach to managing financial resources

- 95 We considered whether DHCW has a sound corporate approach to managing its financial resources.
- 96 We found that **DHCW continues to have a generally effective approach to financial planning, monitoring, and reporting. However, increasing financial**

challenges and an over reliance on non-recurrent savings could impact on its future financial sustainability.

Financial objectives

- 97 We considered whether DHCW has a sound corporate approach to meeting its key financial objectives. We were specifically looking for evidence of:
- the organisation meeting its financial objectives and duties for 2022-23, and the rolling three-year period of 2020-21 to 2022-23; and
 - the organisation being on course to meet its objectives and duties in 2023-24.
- 98 We found that **DHCW met its financial objectives for 2022-23 and is forecasting a breakeven position for 2023-24. However, there are uncertainties around its financial position in future years.**
- 99 DHCW met its financial objectives to break even for both revenue and capital expenditure in 2022-23. In the latest finance report presented to Board in September 2023, DHCW was reporting revenue and capital underspends of £0.152 million and £0.069 million respectively for the period to 31 August 2023, and forecasted a breakeven end-of-year position. However, in **paragraph 103**, we comment on revenue funding gaps which may potentially create a deficit position in subsequent years.

Corporate approach to financial planning

- 100 We considered whether DHCW has a sound corporate approach to overseeing and scrutinising financial planning. We were specifically looking for evidence of:
- clear and robust corporate financial planning arrangements in place;
 - the Board appropriately scrutinising financial plans prior to their approval;
 - sustainable, realistic, and accurately costed savings and cost improvement plans in place which are designed to support financial sustainability and service transformation; and
 - the Board appropriately scrutinising savings and cost improvement plans prior to their approval.
- 101 We found that **DHCW has a reasonably effective approach to financial planning and is clear on its financial challenges. However, it continues to place over-reliance on vacancies to deliver savings targets, which is not sustainable in medium to long term.**
- 102 The Board approved DHCW's Financial Plan in March 2023 as part of the IMTP approval process. The plan assumes funding of £162.4 million, of which:
- £118.9 million relates to funding from the Welsh Government, NHS Service Level Agreements, All Wales Digital Licencing, and other miscellaneous income;

- £8 million funding from the Welsh Government for its COVID-19 response; and
 - £35.5 million funding as part of the Digital Priorities Investment Fund (DPIF).
- 103 Whilst there have been slight increases in some funding streams, the initial plan identified a revenue funding gap of approximately £1.9 million, £3 million, and £2 million for the financial years 2023-24, 2024-25, and 2025-26 respectively. This is due to several unavoidable cost increases such as general inflation, supplier cost increases, growth to support core operations, increasing cyber threats, and DPIF funding initiatives transitioning to live services which now require core funding. Furthermore, DHCW is now required to absorb energy costs within its own activities, which will have a significant impact on available funds to address service provision pressures. Also, COVID-19 funding will now only cover operational costs going forward and the funding allocation for 2023-24 was slightly less than DHCW has requested.
- 104 In last year's structured assessment report, we commented on the issues around the complexity of the DPIF funding model. While these issues remain, we understand that DHCW and the Welsh Government are working closely to agree a more sustainable national and local funding model. We also note that the Board Assurance Framework now includes the funding model as a risk and articulates some high-level controls and mitigating actions (see **Appendix 2, R2 2022**).
- 105 DHCW's approach to identifying savings is reasonably effective but delivering those savings presents risks to the organisation's future financial sustainability. The Financial Plan articulates a savings target of £2.4 million. Since its initial approval, the savings target was increased by £1.9 million to a breakeven position and then further increased by £0.726 million in response to the Welsh Government's request that all health bodies identify actions to support the overall financial position of NHS Wales in 2023-24. DHCW's Financial Plan now includes an overall savings target of £4.978 million. The September 2023 Finance Report to Board indicated that of this target £3.5 million in savings had been delivered to date.
- 106 Whilst DHCW has made progress in addressing the balance of recurrent and non-recurrent savings, it still places a high reliance on vacancies (£1.764 million) to achieve its overall savings target (see **Appendix 2, R2 2022**). This remains a risk should the organisation recruit to these vacancies. Considering the forecast deficit positions for 2024-25 and 2025-26, DHCW will need to provide more focus and rigour to increase the amount of recurrent savings and place less reliance on non-recurrent (vacancy) savings to minimise the risk to its financial sustainability. **(Recommendation 5)**. The Auditor General will be commenting further on DHCW's approach to identifying, delivering, and monitoring financial savings in a separate piece of work that we will report in 2024.

Corporate approach to financial management

- 107 We considered whether DHCW has a sound corporate approach to overseeing and scrutinising financial management. We were specifically looking for evidence of:
- effective controls in place that ensure compliance with Standing Financial Instructions and Schemes of Reservation and Delegation;
 - the Board maintaining appropriate oversight of arrangements and performance relating to single tender actions, special payments, losses, and counter-fraud;
 - effective financial management arrangements in place which enable the Board to understand cost drivers and how they impact on the delivery of strategic objectives; and
 - the organisation's financial statements for 2022-23 were submitted on time, contained no material misstatements, and received a clean audit opinion.
- 108 We found that **DHCW has generally effective arrangements for overseeing and scrutinising financial management.**
- 109 DHCW has a reasonably effective approach to overseeing and scrutinising financial management. During 2023-24, Internal Audit Service reviews of financial sustainability and a recently implemented IT stock management system gave reasonable assurance ratings. The Audit and Assurance Committee continues to receive good quality reports on losses and special payments, high value purchase orders, procurement activity, local counter fraud, and compliance with Schemes of Delegation and Standing Financial Instructions. We continue to note appropriate scrutiny and oversight of the information presented.
- 110 DHCW has a good understanding of its cost drivers. The Financial Plan outlines several necessary investments such as the Data Centre move and national cyber investments and highlights the increase to Service Level Agreement costs to Health Boards and Trusts to ensure financial sustainability of digital services. This increase has resulted in some health bodies initially refusing to agree to the uplift in funding requirements. While we understand the situation is now resolved, this risk may materialise in future years depending on the significant financial risks facing NHS Wales. DHCW, therefore, will need to continually horizon scan its internal and external environment to ensure it is adequately prepared should this financial risk materialise. Also, as noted previously, it is crucial that the organisation is clear on its priorities and what is achievable with its available resources (**see paragraph 84**).
- 111 DHCW's financial statements were prepared to a good standard and submitted for audit on 4 May 2023. Our audit identified two material misstatements, which DHCW corrected, and the revised financial statements were considered by the Audit and Assurance Committee on 17 July 2023. We issued an unqualified audit opinion on the financial statements on 28 July 2023.

Board oversight of financial performance

- 112 We considered whether the Board appropriately oversees and scrutinises financial performance. We were specifically looking for evidence of:
- the Board receiving accurate, transparent, and timely reports on financial performance, as well as the key financial challenges, risks, and mitigating actions; and
 - the Board appropriately scrutinising the ongoing assessments of the organisation's financial position.
- 113 We found that **there is appropriate financial scrutiny and oversight at present, but this might need to be increased in light of the financial challenges facing the organisation.**
- 114 Financial performance is reported directly to the Board. Finance reports provide sufficient information to enable scrutiny and challenge, including detailed commentary on savings schemes delivery. A deep dive of financial risks was undertaken by the Audit and Assurance Committee in October 2022, which resulted in good scrutiny, discussion, and debate, and provided an additional layer of assurance to the Board on financial risks.
- 115 Board members acknowledge the challenging financial position that DHCW is facing. Through our observations of Board meetings during 2023, we have found an increase in the level of scrutiny of DHCW's financial performance and savings delivery in particular. Whilst there appears to be confidence that DHCW will achieve financial balance this year, it may wish to consider introducing a standing agenda item at Audit and Assurance Committee meetings to discuss financial performance and risks on a more frequent basis.

Appendix 1

Audit methods

Exhibit 2 below sets out the methods we used to deliver this work. Our evidence is limited to the information drawn from the methods below

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

Element of audit approach	Description
Interviews	<p>We interviewed the following Senior Officers and Independent Members:</p> <ul style="list-style-type: none"> • Chair of DHCW; • Chief Executive; • Board Secretary; • Head of Corporate Governance; • Executive Director of Strategy; • Executive Director of Operations; • Executive Director of Finance; • Independent Member/Chair of Audit and Assurance Committee; and • Independent Members x 2.

Appendix 2

Progress made on previous-year recommendations

Exhibit 3 below sets out the progress made by DHCW in implementing recommendations from previous structured assessment reports

Recommendation	Description of progress
<p>Target dates and milestones in corporate plans and strategies</p> <p>R1 Whilst the IMTP 2022-25 and associated Business Plan are supported by clear target dates and milestones, this information is not available for other corporate plans and strategies. DHCW, therefore, should ensure that all corporate plans and strategies are underpinned by detailed delivery plans that include target dates and milestones to facilitate effective progress monitoring and ensure appropriate Board-level assurance and scrutiny.</p>	<p>The 2023-26 IMTP continues to be underpinned by a clear Business Plan containing target dates and milestones. We also note some improvement in the level of information provided in wider corporate strategies and plans such as the new Communications Strategy which is underpinned by a detailed delivery plan. However, this level of information does not appear to be available for some existing corporate strategies and plans, such as the Strategic Equality Plan and People and Organisational Development Strategy.</p> <p>In Progress</p>

Recommendation	Description of progress
<p>Financial sustainability</p> <p>R2 Arrangements for managing medium to long-term funding and savings risks need to be more visible at Board level. DHCW, therefore, should put arrangements in place to:</p> <ul style="list-style-type: none"> a) demonstrate, via its Board Assurance Framework, that it is actively managing the medium and long-term risks associated with the sustainability of the Digital Priorities Investment Funding model; and b) provide greater assurance to the Board on the development and delivery of recurrent savings in the medium to long term to strengthen the future financial sustainability of the organisation. 	<p>Whilst the issues around the complexity of the DPIF funding model remain, we understand that DHCW and Welsh Government are working closely to agree a more sustainable national and local funding model. We also note that the Board Assurance Framework includes the funding model as a risk and articulates some high-level controls and mitigating actions.</p> <p>There has also been some progress in addressing the balance of recurrent and non-recurrent savings, but there is still an over-reliance on holding open vacancies (£1.764m) to achieve the overall savings target. This continues to represent a risk should the organisation recruit to the vacancies.</p> <p>In Progress</p>

Recommendation	Description of progress
<p>Management of physical assets</p> <p>R3 Aside from Internal Audit reports in this area, the Board or its committees do not receive other assurances over the management of DHCW's physical assets. DHCW, therefore, should periodically provide assurance reports to the Board or the relevant committee that its physical assets (over a certain value and/or at risk of misappropriation) are being well managed.</p>	<p>Estate and compliance reports continue to be a standing item at Audit and Assurance Committee. DHCW undertakes annual validations of all current capital assets and will provide twice yearly reports to the Audit and Assurance Committee highlighting additions and disposals of assets.</p> <p>In Progress</p>

Appendix 3

Organisational response to audit recommendations

Exhibit 4: Digital Health and Care Wales response to our audit recommendations

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	The Chair of Board is intending to chair the new Programme Delivery Committee. Whilst this is a positive development, given the Committee's infancy and remit, this arrangement should be time-limited to free up the Chair's capacity, and support independent and effective flows of assurance. DHCW should seek to appoint a chair for the Committee from the wider cohort of Independent Members. (High Priority)	The Chair of the Board chaired the first Programme Delivery Committee, to ensure the establishment of the Committee whilst in its infancy. This arrangement is a time-limited arrangement to ensure a smooth transition to the new governance arrangements. The plan from early 2024 is to transition the Chair of the Committee to an Independent Member.	April 2024	DHCW Chair

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R2	Board meetings continue to include an agenda item on listening and learning, which gives Board members some insights into the impact of digital on clinical service users. However, opportunities remain to strengthen these arrangements further. DHCW, therefore, should engage with other health bodies or Llais Wales, to explore options for Board members to hear directly from citizens and clinical service users. (Medium Priority)	<p>Priority is being given to ensure the listening and learning Board item includes hearing directly from clinical services and where possible citizens, this input is monitored.</p> <p>Arrangements to hear more directly from citizens and clinical service users are being explored, however, it should be noted these opportunities DHCW are not able to take forward in insolation, and co-operation and agreement from partner bodies and citizens is required. Citizen voice feedback to be prioritised once the NHS Wales App has been launched publicly (Spring 2024).</p>	<p>March 2024 – the Shared Listening and Learning Annual Report will include an assessment of input from partners/service users.</p> <p>March 2025</p>	Board Secretary

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R3	<p>DHCW is experiencing resource challenges to deliver its IMTP priorities, and the scope of its planned transformational work may require significant Welsh Government investment at a time of considerable financial constraint across the NHS in Wales. In light of these challenges, DHCW should:</p> <p>a) Progress its ‘value proposition’ work at pace to demonstrate the impact of digital across NHS Wales. (High Priority)</p> <p>b) Develop plans as soon as possible that carefully consider its own internal and stakeholder priorities and what it is able to deliver within its resource envelope. (High Priority)</p>	<p>A) Work alongside Welsh Government and the Directors of Digital Peer Group to complete the national value proposition for digital work.</p> <p>B) Priorities and resource constraints are considered as part of the annual IMTP development cycle. The Board approved an update on the stakeholder engagement strategy in November 2023, the Welsh Government issued an updated IMTP Framework and financial allocations in December 2023. These will be used to plan delivery within our forecast resource envelope. Delivery will be reviewed against in-year priorities and pressures throughout the year, with regular updates to the Board.</p>	<p>September 2024</p> <p>September 2024</p>	<p>Deputy CEO/Executive Director of Finance</p> <p>Executive Director of Strategy</p>

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R4	<p>Whilst some corporate strategies and plans are underpinned by clear business/delivery plans, this is not case for all of them. Furthermore, there is scope to improve the quality and frequency of the strategy update reports presented to Board. DHCW, therefore, should:</p> <p>a) Ensure that all corporate plans and strategies are underpinned by detailed business/delivery plans that include target dates and milestones to facilitate effective progress monitoring and ensure appropriate Board-level assurance and scrutiny. (Medium Priority)</p> <p>b) Improve the quality of strategy update reports to Board and increase the frequency of oversight to provide assurance to the Board that corporate strategies and plans are achieving the desired impact and benefits. (Medium Priority)</p>	<p>A) New corporate strategies and plans going to Board will have business/delivery plans including target dates and milestones and agree frequency of reporting to Board or a Committee of the Board (if not captured via the IMTP) and be added to the relevant Forward Work-plan.</p> <p>B) All existing corporate strategies and plans will be mapped to the Board or sub-committee of the Board to assess frequency of reporting and Forward-Work-plans updated where necessary with a focus on achieving milestones to delivery impact and benefits. This will be via the IMTP if tracked via this mechanism, otherwise they will be presented via an action plan.</p>	<p>March 2024</p> <p>March 2024</p>	<p>Board Secretary</p>

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R5	<p>Whilst DHCW has made some progress in addressing the balance of recurrent and non-recurrent savings, it still places an over-reliance on vacancy savings to achieve its overall savings target. This continues to represent a risk should the organisation recruit to the vacancies, particularly considering the forecast deficit positions for 2024-25 and 2025-26. DHCW, therefore, should provide greater assurance to the Board on the development and delivery of recurrent savings in the medium to long term to strengthen the future financial sustainability of the organisation.</p> <p>(High Priority)</p>	<p>The short-term deficit position from digital inflation and energy is acknowledged in our funding allocation. Working alongside the Welsh Government we are designing a funding and DHCW operating model that enables a product and cloud enabled service catalogue. This will exploit our digital competencies and knowledge and creates system value or improved operational efficiencies. It is planned that this arrangement would be in place for the IMTP in 2025-26.</p>	March 2025	Deputy CEO/Executive Director of Finance



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