

# Structured Assessment 2024 – Health Education and Improvement Wales

Audit year: 2024

Date issued: January 2025

Document reference: 4644A2024

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# Summary report

## About this report

- 1 This report sets out the findings from the Auditor General's 2024 structured assessment work at Health Education and Improvement Wales (HEIW) Special Health Authority. 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. Our review of HEIW's corporate approach to setting new well-being objectives in accordance with the sustainable development principle is being undertaken to help discharge the Auditor General's duties under section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 2 Our 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.
- 3 The key focus of the work has been on HEIW'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 HEIW'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 guides

We undertook our work between August and November 2024. The methods we used to deliver our work are summarised in **Appendix 1**. Our work was conducted

in accordance with the auditing standards set by the International Organization of Supreme Audit Institutions.

- 5 We also provide an update in this report on HEIW's progress in addressing outstanding recommendations identified in previous structured assessment reports in **Appendix 2**.

## Key findings

- 6 Overall, we found that **HEIW's arrangements for governance, assurance, planning and financial management continue to be robust. However, opportunities exist to strengthen these arrangements further, particularly in relation to hearing student and trainee voices at Board and identifying and demonstrating the benefit and impact of key corporate strategies and plans.**
- 7 We considered whether HEIW conducts its business appropriately, effectively, and transparently. We found that the Board and its committees are cohesive and continue to operate effectively and transparently. However, opportunities exist to strengthen the arrangements for hearing from students and trainees and ensure the committee structure remains fit for the future.
- 8 We considered whether HEIW has a sound corporate approach to managing risks, performance, and the quality and safety of services. We found that HEIW has a dynamic approach to risk management and robust arrangements in place to oversee performance and track audit recommendations. There are also well-developed arrangements to ensure that commissioned education is of the appropriate quality.
- 9 We considered whether HEIW has a sound corporate approach to producing strategies and corporate plans and overseeing their delivery. We found that HEIW's approach to strategy and plan development is comprehensive and inclusive. However, there is a need for an increased focus on whether plans are delivering their intended outcomes.
- 10 We considered whether HEIW has a sound corporate approach to managing its financial resources. We found that there continues to be a good approach to financial management and assurance.

## Recommendations

11 **Exhibit 1** details the recommendations arising from our work. HEIW's response to our recommendations is summarised in **Appendix 3**.

### Exhibit 1: 2024 recommendations

#### 2024 Recommendations

- R1 HEIW should aim to include a regular agenda item at its board meetings on student/ trainee 'stories' to help members understand the learner experience. (**Paragraph 37**)
- R2 While committees are allocated strategic risks in the Board Assurance Framework, HEIW should clarify the role of the 'assuring committee' to ensure they discharge their responsibilities. (**Paragraph 49**)
- R3 HEIW should ensure that corporate risks have clear and consistent risk titles which allow the reader to immediately identify the risk being presented to them. (**Paragraph 55**)
- R4 HEIW should clearly identify and articulate the impact and benefits the actions are intended to have, in its plans. (**Paragraph 81**)

# Detailed report

## Board transparency, effectiveness, and cohesion

- 12 We considered whether the Board conducts its business appropriately, effectively, and transparently.
- 13 We found that **the Board and its committees are cohesive and continue to operate effectively and transparently. However, opportunities exist to strengthen the arrangements for hearing from students and trainees and ensure the committee structure remains fit for the future.**

## Public transparency of Board business

- 14 We considered whether the Board promotes and demonstrates a commitment to public transparency of board and committee business. We were specifically looking for evidence of Board and committee:
  - meetings that are accessible to the public;
  - papers being made publicly available in advance of meetings; and
  - business and decision-making being conducted transparently.
- 15 We found that **HEIW continues to have arrangements that support appropriate public transparency in the conduct of its board and committee business.**
- 16 Board and committee meetings continue to be accessible online to the public. Members of the public can either attend online meetings as virtual observers or subsequently view recordings online. The relevant pages on HEIW's website are clear and accessible, with agendas and unconfirmed minutes uploaded in a timely manner (**See Appendix 2 2022 Recommendation 1a**). Historic meeting agendas and minutes are also accessible. As we discuss in **paragraph 31**, senior officers rigorously quality check the papers for Board and committee before publication.
- 17 HEIW endeavours to conduct as much of its business in open session as possible. Our observations found that HEIW only conducts a small number of items in closed session, and meetings are closed appropriately in line with legislation and business need. A report detailing the key decisions which were made at closed meetings appears on the following agendas of public meetings, which promotes transparency and openness.

## Arrangements to support the conduct of Board business

- 19 We considered whether there are proper and transparent arrangements in place to support the effective conduct of Board and committee business. We were specifically looking for evidence of formal, up-to-date, and publicly available:
- Reservation and Delegation of Powers and Scheme of Delegation in place, which clearly sets out accountabilities;
  - Standing Orders (SOs) and Standing Financial Instructions (SFIs) in place, along with evidence of compliance; and
  - policies and procedures in place to promote and ensure probity and propriety.
- 20 We found that **Board and Committee business continues to be supported by appropriate and up-to-date Standing Orders, Standing Financial Instructions, schemes of delegation, and policies and procedures on probity and propriety.**
- 21 The Audit and Assurance Committee (AAC) continues to review Standing Orders and Standing Financial Instructions annually prior to approval by the Board. These are publicly available on the website (**See Appendix 2 2022 Recommendation 1b**). Going forward, HEIW intends to adopt a risk-based approach to reviewing its Financial Control Procedures to ensure efficient use of committee time.
- 22 Organisational policies are updated by HEIW and subsequently reviewed annually by the AAC. A summary of the Declarations of Interest Register is also reviewed annually by the AAC and is publicly available on the website (**See Appendix 2 2022 Recommendation 1b**). HEIW has gone one step further and requires those members of the Deans and Deputies Group, budget holders, members of staff at Grade 8C or above and those who influence procurement decisions to also make annual declarations. In June 2024, HEIW developed and published a policy to ensure systems are in place to maintain and review policies and protocols (**See Exhibit 3 – 2023 Recommendation 1**). In addition, in October 2024, the AAC included an update on the policies that have passed their review date and the approach for reviewing them. While there are 12 policies due for review, action has or is being taken to address these (**See Exhibit 3 – 2023 Recommendations 2 and 3**).

## Effectiveness of Board and committee meetings

- 23 We considered whether Board and committee meetings are conducted appropriately and effectively. We considered whether the Board and committees receive timely, high-quality information that supports effective scrutiny, assurance, and decision making. We were specifically looking for evidence of clear and timely Board and committee papers that contain the necessary/appropriate level of information needed for effective decision making, scrutiny, and assurance.



- 24 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; and
  - committees receiving and acting on required assurances and providing timely and appropriate assurances to the Board.
- 25 We found that **Board and committee meetings are well chaired, conducted properly, have balanced agendas, and are supported by good quality papers. However, opportunities exist to keep the committee structure ‘under review’ as the organisation develops and embeds its future ambitions.**
- 26 The current committee structure is appropriately aligned with the remit and strategic aims of the organisation, with the AAC providing governance oversight and the Education, Commissioning, and Quality Committee (ECQC) overseeing arrangements for commissioning and delivering quality education systems. HEIW reviews the terms of reference of these committees annually, which it updates where appropriate. However, they are also ‘live documents’ which are adjusted on an ongoing basis to accommodate any required changes.
- 27 HEIW regularly reflects on the appropriateness of the current committee structure and conversations are taking place about how best to maintain oversight of the organisation’s future priorities. As HEIW undertakes longer-term strategic planning, it will need to consider whether its current committee structure and associated corporate governance team resources are sufficient to meet its future needs. This will be essential to deliver on its operational governance responsibilities, whilst ensuring any change is proportionate for the organisation.
- 28 Officers review Board and committee agendas and work programmes to ensure agendas and papers are balanced and correctly focus on the areas of ‘strategic’, ‘decision making’, and ‘assurance’. Whilst some items on AAC agendas are standing items, we were told that the committee’s workplan is flexible enough to allow for items to be brought forward or slipped to a later meeting if required. This was demonstrated recently when an important item was added at short notice for discussion in a closed session. The item received a substantial level of scrutiny at the meeting, despite not being on the forward work programme.
- 29 Board and committees are well chaired, and effective scrutiny is promoted. Meetings are generally kept to time and meeting etiquette is adhered to, with Chairs encouraging members to ask questions and challenge in a polite but persistent manner. Independent Members are experienced and use a good mix of

styles and approaches to provide an appropriate balance of support, scrutiny, and challenge.

- 30 Reports to Board and committee are timely and appropriate. Independent Members are sufficiently thorough, ensuring that they gain the assurance they may need on an item. However, one area which should be kept under review is the limited oversight which may occur when committee meetings are at the minimum quorate levels. Only two Independent Members need to be present for a meeting to be quorate (of at least the Chair and Vice Chair). The Remuneration and Terms of Service (RATS) committee terms of reference state the committee requires three members for a meeting to be quorate. On these occasions, those present need to work harder to provide an appropriate level of scrutiny and oversight.
- 31 Board and committee papers are produced and published in a timely way. The Executive Board discuss papers in advance of meetings, which helps to refine their content and develop relevant questions ahead of meetings. Papers also include clear cover reports with key points for consideration. Papers are quality assured by both the Chief Executive and the Board Secretary with an expectation that each report has a clear purpose. However, this practice may not be sustainable or proportionate if committee structures and agendas change in the future. We heard how Board and committee members have observed a continuous improvement in papers. This includes:
- adding cost and financial information in reports where relevant;
  - expanding its use of data analytics to enrich information in papers; and
  - reviewing the frequency of some papers, such as the recent decision to move from quarterly to bi-monthly performance reporting reflects organisational requirements.

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

- 32 We considered whether the Board promotes and demonstrates a commitment to hearing from patients/service users and staff. We were specifically looking for evidence of the Board using a range of suitable approaches to hear from a diversity of patients/service users, the public and staff.
- 33 We found that **the Board remains committed to hearing from students and staff in a range of ways but more student and trainee stories at Board and committees would add depth to the Board's understanding of their experience.**
- 34 HEIW uses a range of mechanisms to hear from a diversity of staff and students. The national NHS staff survey yields a high response rate within HEIW of around 86.6% (compared to around 21.8% in health boards). There is also effort to give operational staff more exposure at Board to present aspects of their work. HEIW also has monthly staff forums in place where the Executive Team can speak to staff. The recently appointed Director of Education, Strategy, and Transformation is

also reflecting on how capturing the voice of students and trainees can continue to be reviewed and improved.

- 35 Our previous 2022 report identified that HEIW was not meeting its 85% target for Performance Appraisal and Development Review (PADR) and should report actions to improve this. Performance reporting in November 2024 shows significant improvement with a compliance rate of 86% up from 70% in 2022. HEIW has also undertaken additional performance reviews, although this data is not yet entered into the system (**See Appendix 2 2022 Recommendation 4**).
- 36 Feedback from service users and students includes, but is not limited to, Stakeholder Reference Groups, the independently run National Student Survey, student forums and the General Medical Council survey, the results of which feed into the ECQC. In addition, HEIW has adapted its contracts with organisations to enable HEIW to better understand student experience.
- 37 Historically, the Board has benefited from student/trainee stories to help members understand the learner experience. However, none have been to Board so far this calendar year. The Board, therefore, should consider whether this can feature as a regular item on its agenda to bring greater understanding of the day-to-day student/trainee experiences (**See Exhibit 1 – 2024 Recommendation 1**).

## **Board cohesiveness and commitment to continuous improvement**

- 38 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.
- 39 We found that **there remains a cohesive and supportive Board, and Independent Member turnover has been well-managed.**
- 40 HEIW has effectively managed changes to Board membership over the last 12 months. It has appointed a new Director of Education, Strategy and Transformation, ensured Acting Medical Director cover for a secondment, and appointed new chairs for both the AAC and ECQC. HEIW has managed this transition well and continues to ensure high-calibre leadership at a Board level. Feedback from staff and Independent Members regarding the induction process has been overwhelmingly positive and this is reflected in the substantial assurance rating given by Internal Audit for the 'Managing Change of Independent Members' review (**See Exhibit 3 – 2023 Recommendation 4**).

- 41 HEIW uses board briefings to brief Board members on specific technical areas, for example genomics workforce planning. This is an efficient way of upskilling Board members on emerging topics which can then be more effectively considered in future discussions.
- 42 The Board and committees undertake comprehensive annual self-assessments, which also feature evaluation on the impacts of actions. The Board and committees then use these to inform discussion and consider further improvement. Usefully, HEIW develops and appends an action plan linked to the findings in the self-assessments with actions, owners, and implementation dates. Change arising from the self-assessments includes updates to committee handbook and improved succession planning for the ECQC committee. This demonstrates transparent self-reflection and an intention to drive continuous improvement in the coming year.
- 43 A recent Workforce Race Equality Standard Update Report 2024 highlighted four areas for impact for HEIW, one of which was a low rate of ethnic minority Board membership compared to staff composition. This has triggered a proposal to establish an advisory role for an individual from a minority ethnic background to act as an advisor to the Board. The aim of this is to integrate perspectives of a diversity of groups within decision making and strategy development.

## Corporate systems of assurance

- 44 We considered whether HEIW has a sound corporate approach to managing risks, performance, and the quality and safety of services.
- 45 We found that **HEIW has a dynamic approach to risk management and robust arrangements in place to oversee performance and track audit recommendations. There are also well-developed arrangements to ensure that commissioned education is of the appropriate quality.**

## Corporate approach to overseeing strategic risks

- 46 We considered whether HEIW has a sound corporate approach to identifying, overseeing, and scrutinising strategic risks to the delivery of strategic priorities/objectives. 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; and
  - the Board actively owning, reviewing, updating, and using the BAF to oversee, scrutinise, and address strategic risks.
- 47 We found that **the BAF is a live tool which is reviewed appropriately by the Board. Whilst the organisation has good corporate grip on its strategic risk, the links to strategic aims and the role of 'assuring committees' could be more explicitly set out in the BAF.**

- 48 The AAC reviewed the BAF and strategic risks in June 2024. This was followed by Board approval in July 2024. The Strategic Risk Control Framework, which maps the risks to assurances and controls, was last reviewed and approved by the AAC in April 2024 (**See Exhibit 3 – 2023 Recommendation 8**). The BAF, which comprises the Core Framework and Strategic Risk Control Framework, clearly focusses on strategic risks which may threaten the achievement of the organisation’s priorities. It creates a clear distinction between strategic risks and corporate risks and outlines the control framework which is based on a three-line of assurance model.
- 49 Changes to the BAF over the last 12 months demonstrate a greater emphasis on the risks associated with HEIW as an enabler for wider NHS Wales improvement and also the quality of education (**See Exhibit 3 – 2023 Recommendation 7**). The Strategic Risk Control Framework usefully sets out the risk owner, forms of assurance, and any gaps in assurance. It also includes an agreed action plan with RAG (Red, Amber, Green) statuses. In addition, whilst each strategic risk has been allocated to an ‘assuring committee’, it is unclear what the role of the assuring committee is in relation to the risk and what it must do discharge its responsibilities and provide assurance on behalf of the Board. (**See Exhibit 1 – 2024 Recommendation 2**).

## Corporate approach to overseeing corporate risks

- 50 We considered whether HEIW has a sound corporate approach to identifying, overseeing, and scrutinising corporate risks. We were specifically looking for evidence of:
- an appropriate and up-to-date risk management framework in place, which is underpinned by clear policies, procedures, and roles and responsibilities;
  - the Board providing effective oversight and scrutiny of the effectiveness of the risk management system as well as corporate risks.
- 51 We found that **HEIW has a good and dynamic approach to corporate risk management**.
- 52 HEIW has a good approach to corporate risk management. This includes a clear Risk Management Policy and a live Corporate Risk Management Register, which is presented to the AAC on a quarterly basis and to the Board twice yearly. The Risk Management Policy was updated and approved by Board in November 2024. The policy is a live tool, and the recent update includes amendments and additional guidance in assessing the impact and likelihood of a risk, which is helpful to staff. Escalation processes are also set out within the policy. HEIW is keen to demonstrate compassionate leadership, and this is evident within the Risk Management Policy. The policy reminds the reader that not being able to manage a risk is not a reflection on the lack of capability, but that the risk may need to be managed at a higher level.

- 53 HEIW makes good use of independent assurance mechanisms to provide insight into potential risk impacts. For example, changes made by the Welsh Government to the rules around the uptake of bursaries and grants could potentially have an impact on the number of commissioned education places that the Welsh Government supports HEIW to provide. To anticipate some aspects of this risk, HEIW asked Internal Audit to undertake a piece of work in relation to the issue which will be delivered in 2025.
- 54 The Corporate Risk Register is not static, and risks are added and removed accordingly. An example of this is the inclusion of the financial risks facing higher education providers and any potential impact on the delivery of health education programmes in Wales. The Executive Board discusses and actively uses the Corporate Risk Register to identify actions to mitigate risks. During Board meetings, the Chair asks Board Members to reflect on the Corporate Risk Register to determine if any discussions which have taken place necessitate change to it. This is a useful way of regularly considering how the meetings impact the Corporate Risk Register.
- 55 To strengthen arrangements further, corporate risks would benefit from having consistent risk titles to make it easier for the reader to identify the risk (**See Exhibit 1 – 2024 Recommendation 3**). Another area which could be developed further is the nuance within the RAG ratings. For example, cyber risk is red and will likely remain red due to the inherent risk impact. However, clarifying the impact of the risk on HEIW and the controls it can put in place to mitigate the risk to HEIW could be beneficial.

## Corporate approach to overseeing organisational performance

- 56 We considered whether HEIW 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.
- 57 We found that **HEIW has good arrangements for overseeing organisational performance, with Board members providing effective oversight, scrutiny, and challenge.**
- 58 The Board approved the Integrated Performance Framework in March 2023, which sets out the roles and responsibilities of various parts of the organisation in relation to performance including escalation and accountability stages. The Board approved its Annual Performance Report for 2023-24 in July 2024, following AAC scrutiny, before HEIW submitted it to the Welsh Government. The content of the report is accessible with useful key facts and a mix of narrative and infographics. It

uses trend information to show the impact of HEIW on areas such as nurse commissioning since its establishment. However, as mentioned in **paragraph 37**, some case studies from students/trainees and staff would enhance the report further.

- 59 Many national performance metrics are not relevant to HEIW as it is not a healthcare provider. Instead, HEIW appropriately reports relevant specific key performance indicators (KPIs) and tracks progress over time in its performance dashboard and integrated performance reporting to the Board. The dashboard KPIs appropriately cover core aspects of HEIW's business. These relate to training and education and corporate functions including social media presence, compliance with legislative duties, and financial and workforce performance. There is also high-level but clear narrative reporting on aspects of finance, digital, decarbonisation, and workforce.
- 60 The Board receives the integrated Performance Report quarterly (soon to be bi-monthly). The performance report is constantly developing, and new Executives have suggested recent improvements to it. We heard how the increased use of data and the use of Power BI has had significant impact on how performance is reported and used within the organisation. Independent Members provide high quality oversight and scrutiny of performance and ask a range of appropriately challenging questions. Integrated Performance Report cover reports highlight key issues for ease, and RAG ratings and narratives are used to update the reader on the organisation's Integrated Medium Term Plan (IMTP) aims and progress against them.
- 61 The presentation of the Integrated Performance Report has improved after significant changes to the structure and format of it over the last year. The narrative provides a better evaluation of the impact of improvement actions than versions of the report we reviewed last year. HEIW will need to continue its approach to better understand the impact of its work. (**See Exhibit 3 – 2023 Recommendation 6**).

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

- 62 We considered whether HEIW has a sound corporate approach to overseeing and scrutinising the quality and safety of services. We were specifically looking for evidence of:
- the Board providing effective oversight and scrutiny of the effectiveness of the quality governance framework;
  - 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.

- 63 We found that **there continues to be a clear and mature approach for monitoring and scrutinising the quality of commissioned education and HEIW is continuing to develop its role in relation to the Duty of Quality.**
- 64 HEIW's quality remit is largely and appropriately focussed on the quality of the education and training that it commissions. HEIW has been reflecting on the impact of the Duty of Quality since its introduction in 2023. This has led to the development of a Quality Plan for 2024-25 and the recruitment of an Assistant Director of Quality. HEIW has also incorporated the Duty of Candour requirements into the Complaints Handling Policy (**See Exhibit 3 – 2023 Recommendation 12**). HEIW has embedded aspects of the Quality Plan within the IMTP for 2024-27. The Quality Plan outlines the organisation's quality commitments, including how quality will be enabled and delivered internally. HEIW is embedding quality standards and culture throughout the organisation, but its Quality Plan pushes the organisation one step further by ensuring the standards are considered when commissioning and delivering services (**See Exhibit 3 – 2023 Recommendation 11**). The plan also recognises wider challenges within the wider NHS environment. The next step for HEIW is to create a mechanism which uses that wider intelligence to develop relevant actions within the organisation.
- 65 There is effective Board and committee quality oversight. Updated quality assurance papers show a better and broader focus on the quality of education commissioning compared with previous years (**See Exhibit 3 – 2023 Recommendation 10**). ECQC quality reports focus across specific specialisms (medical/dental/pharmacy/nursing and health professionals). Reports contain sections on quality management and governance within each service, including quality improvement sections where relevant. These reports include recruitment and retention figures and feedback from various trainee surveys with relating actions.
- 66 Reports to the ECQC also usefully include examples of targeted visits to various learning environments by HEIW and include resulting action plans. HEIW officers also update the committee on actions it has taken to improve and drive quality. This includes introducing Primary Care Practice Education Facilitators, which has led to dedicated engagement with General Practice providers and resulted in increased placement capacity. Key Issues Reports are presented to Board outlining the activity of the AAC and ECQC committees for assurance.

## **Corporate approach to tracking recommendations**

- 67 We considered whether HEIW 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.
- 68 We found that **there remain appropriate systems in place for tracking audit recommendations.**



- 69 HEIW continues to have effective arrangements for tracking progress against audit recommendations. The Audit Tracker report is presented at each AAC meeting. The committee has a clear role in approving the removal (or refusing to approve the removal) of those recommendations which management consider to be complete. This provides an important additional layer of oversight and quality assurance. However, HEIW might want to better reflect the committee's role on the accompanying cover paper for this item, as it currently notes the Audit Tracker is presented for 'information' rather than 'approval' or 'assurance'.
- 70 HEIW is also encouraging staff to engage with auditors when recommendations are drafted, to ensure staff are clear on the recommendations being made and can respond with meaningful actions to address the issue. The revised process for internal audit reports is that recommendations are agreed in consultation with the audit team which then populates the report right before it is finalised. This is now in place but was not at the time the original fieldwork was undertaken.

## Corporate approach to planning

- 71 We considered whether HEIW has a sound corporate approach to producing strategies and corporate plans and overseeing their delivery.
- 72 We found that **HEIW's approach to strategy and plan development is comprehensive and inclusive. However, there is a need for an increased focus on whether plans are delivering their intended outcomes.**

## Corporate approach to producing strategies and plans

- 73 We considered whether HEIW has a sound corporate approach to producing, overseeing, and scrutinising the development of strategies and corporate plans including well-being objectives. We were specifically looking for evidence of:
- a clear Board approved vision, appropriate strategic objectives (and well-being objectives) and a 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.
- 74 We found that **HEIW has a sound corporate approach to developing future focussed strategic and corporate plans.**
- 75 The Board approved HEIW's IMTP for 2024-27 in March 2024. The vision, purpose, and aims of the plan are clear, and the objectives are future focussed on health and care needs, including the strategic aim of 'Building the Future Workforce'. Despite HEIW not being subject to the Well-being of Future

Generations (Wales) Act 2015 until June 2024, the organisation has developed plans which are 'in the spirit' of the act. The IMTP for 2024-27 also includes examples of how it aligns to each of the five ways of working<sup>1</sup> which make up the Sustainable Development Principle within the Act. Going forward, HEIW will need to demonstrate and publicise how it continues to use and record the Sustainable Development Principle in its decision making and planning. This will need to include the ongoing consideration of the Sustainable Development Principle when updating strategic objectives/refreshing well-being objectives (**See Exhibit 3 – 2023 Recommendation 5**).

- 76 HEIW undertakes horizon scanning informed by increasing use of data, to develop a picture of future needs. This includes consideration of climate change, social demographics, and technology. It also includes the risks that might prevent achievement of its strategic aims. The IMTP for 2024-27 includes objectives for the next three years, but HEIW recognises that a radical approach is needed for longer-term workforce sustainability, which cannot be achieved within the current three-year planning cycle. Discussions with HEIW demonstrate an appetite to think in the long term, but balance that with shorter-term requirements. This is important because the external environment is facing increasing challenges. For example, University and wider education provider ability to make courses financially viable, the ability of Health Bodies to support training places whilst they face service pressures and the consequences of late approval from the Welsh Government of the Education and Training Plan (ETP).
- 77 The Board approved the Education and Training Plan 2025-26 in July 2024. The plan outlines the recommended commissioning numbers for the following financial year alongside existing commitments. Development of the plan involved extensive collaboration with health boards, stakeholder reference groups, and the Board. HEIW developed its ETP for 2025-26 following several workshops to consider various commissioning options. This included workforce analysis and demand modelling and an analysis of trends and planned changes within each relevant organisation.
- 78 The Board and its committees appropriately scrutinised the IMTP for 2024-27 and ETP for 2025-26, both in formal and informal meetings. The Board considered a range of costed options to inform decision making. For example, the draft recommendations for the ETP for 2025-26 included several options on commissioning levels ('Do Minimum', 'Maintain Numbers', and 'Recommended'). The ETP for 2025-26 includes trend data for commissioned numbers for the previous three years, which reflects the recommended commissioned places, and the requested commissioned places informed by health board IMTPs. This usefully shows an increasing risk appetite to commission more training placements to help

<sup>1</sup> The Five Ways of Working are: Long-term, Collaboration, Integration, Prevention and Involvement

meet future NHS workforce needs despite Welsh Government funding not being finalised.

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

79 We considered whether HEIW 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 SMART<sup>2</sup> milestones, targets, and outcomes that aid monitoring and reporting; and
- the Board appropriately monitoring the implementation and delivery of corporate plans, including the IMTP.

80 We found that **HEIW has generally effective arrangements in place for monitoring and overseeing the development of its strategies and plans, but measures could benefit from being refined and clearer on the intended impact.**

81 HEIW has clear quarterly milestones for actions which link to the organisation's strategic aims. HEIW is developing benefits and measures of success for each strategic objective. Board members have discussed the balance between strategic and operational actions and recognise this is an area which can be developed further in order to improve Board assurance on the delivery of outcomes. Whilst these actions contain SMART elements, they would benefit by strengthening how intended impact and benefits are described (**See Exhibit 1 – 2024 Recommendation 4**).

82 HEIW's Board and committees oversee and scrutinise the development, implementation, and delivery of corporate plans and strategies. Board members are involved in the development and monitoring of the corporate plans. This is evident in engagement at all phases of the corporate plan cycle and the broad level of challenge which is provided on both strategic and operational information where required.

## Corporate approach to managing financial resources

83 We considered whether HEIW has a sound corporate approach to managing its financial resources.

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

84 We found that **there continues to be a good approach to financial management and assurance.**

## Financial objectives

85 We considered whether HEIW 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 2023-24; and
- the organisation being on course to meet its objectives and duties in 2024-25.

86 We found that **HEIW met its financial duty to break even for 2023-24 and is likely to meet its objectives in 2024-25, if it can successfully manage its financial risks.**

87 The organisation met its statutory financial objectives in 2023-24. HEIW ended the 2023-24 financial year with a £1.27 million underspend. During 2023-24, HEIW achieved its public sector payment policy requirements to deliver an improved performance of 95.7% of non-NHS creditors paid within 30 days of delivery against a Welsh Government target of 95%.

88 For the 2024-25 financial year, HEIW initially reported a year-end overspend of £0.549 million, as it is experiencing greater financial risks. These include:

- overcommitment of the GP training and foundation doctor training budgets;
- higher than expected student travel, subsistence, and relocation costs;
- additional work requested by the Welsh Government which includes the Band 4 registered nursing associate development programme;
- Welsh Government policy change on the NHS bursary, which may result in increased uptake, with associated financial implications; and
- commissioning underspends that are predicted to be lower than in previous years.

89 However, HEIW is proactively managing these risks and, as of Month 7 2024-25, it forecasted a year-end breakeven position. Nevertheless, the financial risks are greater than in previous years, and the impact of these on the organisation remains uncertain. HEIW is likely to both meet public sector payment policy requirements and its capital resource limit in 2024-25.

## Corporate approach to financial planning

90 We considered whether HEIW 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.

91 We found that **the organisation has a good approach for financial planning, with an improved focus on savings.**

92 HEIW's IMTP for 2024-27 clearly sets out the organisation's Financial Plan. The Financial Plan is forecast over a five-year period and heavily linked to financial commitments relating to the ETP and associated education contracts. HEIW demonstrates continued good level of oversight of the corporate financial planning arrangements, with clear scrutiny at Board and committee levels. There is an open sharing and discussion of financial risk to Financial Plan delivery, which is primarily linked to education commissioning ambition and fulfilment.

93 The Board discusses and provides some increasing challenge to financial risk appetite/tolerance. This was particularly noted on discussions for potentially over-commissioning education and training funded placements on the basis that course attrition may result in underspends later in the year. Whilst this could result in greater levels of training to help address workforce gaps in Wales, it would also increase financial risk in the organisation and possibly reduce the levels of cost savings that HEIW can deliver. For example, our 2024 [Review of Cost Improving Arrangements](#) found that HEIW has sound arrangements for identifying, delivering, and monitoring its cost improvement opportunities. However, the organisation's scope to secure cost improvements is largely determined by the volume of training places that it needs to commission, the extent that places are filled, course attrition, as well as internal vacancy levels.

## Corporate approach to financial management

94 We considered whether HEIW 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 2023-24 were submitted on time, contained no material misstatements, and received a clean audit opinion.

95 We found that **HEIW has a sound corporate approach to overseeing and scrutinising financial management.**

- 96 HEIW continues to regularly and sufficiently review its Standing Financial Instructions and Scheme of Delegation at appropriate intervals. There are appropriate budgetary delegation arrangements in place, which are reviewed annually. The AAC continues to provide effective and appropriate oversight of financial controls assurances. To help manage and provide continuity resulting from the change in committee chair, the outgoing chair returned to attend the June AAC meeting for the annual reporting on the accounts. HEIW submitted its draft financial statements for external audit on time. They contained no material misstatements, and we issued a clean (unqualified) audit opinion. The committee effectively reviews HEIW's financial accounts, and associated audit reports and associated annual reporting.
- 97 The committee regularly receives, discusses, and where required, questions officers on updates on losses and special payments, counter fraud, and public sector payment policy. Last year we made a recommendation (**Recommendation 13, 2023**) for Counter Fraud Services to review its policy to enable a more bespoke and tailored approach to considering local fraud risks. While the service has not updated its policy, it has addressed the issue that we identified by adopting an improved counter fraud risk assessment approach which focusses on local HEIW risks.
- 98 There is generally good reporting and discussion of single tender actions to the Audit and Assurance Committee. However, there is opportunity to strengthen analysis further to show total values of single tender actions, trends and costs, and /or comparisons with previous years. The overall levels of Single Quotation Actions and Single Tender Actions (STA) are reasonably low compared to other NHS bodies in Wales, although the values for some STAs are reasonably high, associated in part with high education contract values.

## Board oversight of financial performance

- 99 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.
- 100 We found that **the Board has appropriate and effective arrangements to oversee financial performance.**
- 101 The Board meets every two months and routinely receives a financial report. The report is sufficiently focussed on the overall financial position, its likely expected year-end position, and the financial environment and associated risks that it faces. The Board is appropriately sighted on the causes of financial overspends and the financial risks that may impact on the year-end financial position. The Board is satisfied that the governance around financial planning and management is robust and additional governance sessions are held to discuss specific financial issues or

concerns when needed. Board members have indicated to us that they are satisfied with the quality of reporting and the level of discussion on the financial position, financial plans, linked to the ETP for 2025-26. The Board continues to appropriately scrutinise the organisation's financial position with an increasing focus on the consequences of any underspend associated with underfilled places.

# Appendix 1

## Audit methods

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

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



Element of audit approach	Description
Interviews	<p>We interviewed the following Senior Officers and Independent Members:</p> <ul style="list-style-type: none"><li>• Chief Executive Officer;</li><li>• Chair of Board;</li><li>• Vice Chair of Board;</li><li>• Chair of the Audit and Assurance Committee;</li><li>• Chair of the Education Commissioning Quality Committee;</li><li>• Deputy Chief Executive and Director of Planning Finance and Performance;</li><li>• Board Secretary; and</li><li>• Director of Education Strategy and Transformation.</li></ul>

# Appendix 2

## Progress made on previous-year's recommendations

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

Recommendation	Progress update
<p><b>2022 Recommendation 1</b></p> <p>We found that elements of HEIW's website are not updated in a timely fashion. This relates to unconfirmed minutes of Board and committee meetings, recordings of committee meetings, Standing Financial Instructions, and Board declarations of interest. To further enhance public transparency of Board business, HEIW should ensure:</p> <ul style="list-style-type: none"><li>a) unconfirmed Board and committee minutes and/or meeting recordings are published on HEIW's website within 14 days of a meeting taking place; and</li><li>b) the most recent version of key governance documents underpinning the organisation's arrangements, such as Standing Financial Instructions and Board declarations of interest, are publicly available on the website.</li></ul>	<p><b>1a – Complete</b> – see paragraph 16</p> <p><b>1b – Complete</b> – see paragraphs 21 and 22</p>
<p><b>2022 Recommendation 4</b></p> <p>We found that HEIW is not meeting its target for PADR compliance. At the end of 2021-22, compliance was 70% against a target of 85%. HEIW should report the specific actions it is taking to improve this target in its integrated performance report, with a view to achieving 85% by March 2023.</p>	<p><b>Complete</b> – see paragraph 35</p>

Recommendation	Progress update
<p><b>2023 Recommendation 1</b> Introduce a review process to routinely identify policies reaching expiry.</p>	<p><b>Complete</b> – see paragraph 22</p>
<p><b>2023 Recommendation 2</b> Review and approve updates to policies identified as requiring review.</p>	<p><b>Complete</b> – see paragraph 22</p>
<p><b>2023 Recommendation 3</b> Provide short policy update reports at six monthly periods to the Audit and Assurance Committee to ensure there is appropriate oversight of the policy lifecycle.</p>	<p><b>Complete</b> – see paragraph 22</p>
<p><b>2023 Recommendation 4</b> Prepare a plan to manage the transition of responsibilities in key independent member roles.</p>	<p><b>Complete</b> – see paragraph 40</p>
<p><b>2023 Recommendation 5</b> HEIW should review the organisation’s strategic objectives as part of the setting of well-being objectives.</p>	<p><b>Ongoing</b> – see paragraph 75</p>
<p><b>2023 Recommendation 6</b> HEIW should revise reporting of progress on key plans to ensure they are evaluative in the way they assess the impact of delivery.</p>	<p><b>Ongoing</b> – see paragraph 61</p>

Recommendation	Progress update
<p><b>2023 Recommendation 7</b></p> <p>Following completion of recommendation 4, HEIW should undertake a review of the strategic risks and use this opportunity to achieve a better balance between internally focussed and externally focussed risk. For example, by articulating the impact on the wider NHS in Wales if HEIW failed to adequately deliver its services.</p>	<p><b>Complete</b> – see paragraph 49</p>
<p><b>2023 Recommendation 8</b></p> <p>Following completion of recommendation 7, HEIW should review the strategic risk control framework. This should also involve identifying the specific assurances required, the frequency they are required and adopt a Red, Amber, Green (RAG) rating of the risk.</p>	<p><b>Complete</b> – see paragraph 48</p>
<p><b>2023 Recommendation 9</b></p> <p>HEIW should formally report the risks that sit within the Education Commissioning and Quality Committee terms of reference to that committee.</p>	<p><b>Superseded by 2024 Recommendation 2</b></p>
<p><b>2023 Recommendation 10</b></p> <p>HEIW should strengthen quality assurance reporting for dental, pharmacy and optometry presented to the Education Commissioning and Quality Committee to ensure they are as clear and well-structured as the equivalent Medical and Nursing and Health Professionals versions.</p>	<p><b>Complete</b> – see paragraph 65</p>

Recommendation	Progress update
<p><b>2023 Recommendation 11</b> Review, revise and approve the quality management framework to ensure that the organisation complies with the Health and Social Care (Quality and Engagement) (Wales) Act 2020.</p>	<p><b>Complete</b> – see paragraph 64</p>
<p><b>2023 Recommendation 12</b> Prepare a process document to ensure that if the Duty of Candour were triggered, the organisation has a clear and agreed process to follow (high priority).</p>	<p><b>Complete</b> – see paragraph 64</p>
<p><b>2023 Recommendation 13</b> HEIW should review the Counter Fraud Policy to ensure that it focusses specifically on HEIW and local risks.</p>	<p><b>Complete</b></p> <p>While Counter Fraud Services have not updated their policy, they have addressed the underpinning issue by tailoring their risk assessment approach so that it focusses specifically on HEIW-related risks. See paragraph 97.</p>

# Appendix 3

## Organisational response to audit recommendations

Exhibit 4: Health Education and Improvement Wales' response to our audit recommendations

Ref	Recommendation	Organisational response	Completion date	Responsible officer
R1	HEIW should aim to include a regular agenda item at its board meetings on student/trainee 'stories' to help members understand the learner experience.	We will update our Forward Work Programme and Board agenda to include a regular agenda item 'story' from students or trainees to help members understand the learner experience.	28 February 2025	Board Secretary
R2	While committees are allocated strategic risks in the Board Assurance Framework, HEIW should clarify the role of the 'assuring committee' to ensure they discharge their responsibilities.	Clarification of the role of the 'assurance committee' in respect of strategic risk will be included in the annual review of the Board Assurance Framework.	31 May 2025	Board Secretary

Ref	Recommendation	Organisational response	Completion date	Responsible officer
R3	HEIW should ensure that corporate risks have clear and consistent risk titles which allow the reader to immediately identify the risk being presented to them.	The Corporate Risk Register will be updated to include short titles for ease of reference.	28 February 2025	Board Secretary
R4	HEIW should clearly identify and articulate the impact and benefits the actions are intended to have, in its plans.	Impact and benefits of actions to be identified within IMTP 2025-2028 and associated performance reporting arrangements.	31 May 2025	Director of Finance, Planning and Performance



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