

Integrated Annual Plan

Final Internal Audit Report 2025/26

Cardiff & Vale University Health Board



Reasonable Assurance

Contents

Executive Summary1
Findings & Agreed Action Plan3
Appendix A10

Review Reference

CVU-2526-13

Fieldwork

June – July 2025

Executive Sign Off

August 2025

Audit Committee

September 2025

Executive Lead

Catherine Phillips, Executive Director of Finance

Audit Team

Ian Virgill, Head of Internal Audit
Lucy Jugessur, Deputy Head of Internal Audit

Executive Summary

Purpose

The overall objective of the audit was to review the processes undertaken for the development of the 2025/26 Integrated Annual Plan.

The Health Board submitted an Accountable Officer letter to Welsh Government on the 14 February 2025 stating that, due to ongoing sustainability challenges, the Health Board would be submitting an Annual Plan within a three-year context. The final Annual Plan was taken to the Board on the 27 March 2025 for approval for it to be submitted to Welsh Government by the 31 March 2025. It was recognised that the Annual Plan included a forecast financial deficit of £58.2 million, against a Target Control Total of £9.1 million.

The Annual Plan was developed through engagement with Clinical Boards and Corporate teams, Board development sessions and Planning Sessions with the Senior Leadership Team.

There is a Strategic Risk on the Board Assurance Framework in relation to Sustainability which states 'if the organisation cannot produce a balanced three year plan or a balanced IMTP in any year it will breach its statutory financial duty and will be limited in the ability to deliver on the strategy and to the services to the population that the organisation serves'.

Overview

We have concluded **reasonable assurance** overall on this area due to the robust governance processes the Health Board had in place to ensure its 2025/26 Annual Plan was developed and delivered in accordance with required timescales. We are however only able to conclude Limited assurance for objective 1, which reflects the fact that the Health Board failed in its statutory duty to produce a financially balanced plan. The Health Board's current escalation status along with the challenges in delivering the forecast financial deficit for 2025/26 and moving to a balanced underlying financial position, are further evidence of the significant ongoing challenges.

The significant matters requiring management attention include:

- Resolving the forecast financial deficit and meeting Welsh Government's financial constraints.
- Plans not identified to fully deliver the financial savings requirement.
- Unreconciled data within the Minimum Data Set (MDS).

Full details of matters arising are detailed within the Findings & Agreed Action Plan.

Scope & Assurance Summary

Objectives The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

Related Findings

Assurance

	Objectives	Related Findings	Assurance
1	The Health Board's Integrated Annual Plan planning process is aligned to: a. Welsh Government's required timescales; b. Welsh Government's Strategic Priorities, Delivery Expectations and Enabling Actions; and c. Financial constraints.	1, 2	Limited
2	The development of the Integrated Annual Plan includes clear and measurable targets and actions towards delivery of the ministerial priorities.	-	Substantial
3	There is a clear alignment from the Health Board's Strategy, Shaping Our Future Wellbeing to the Annual Plan.	-	Substantial
4	Appropriate governance arrangements are in place which provide effective oversight, scrutiny and review of the planning process prior to submission of the Integrated Annual Plan to Welsh Government.	3	Reasonable
5	Lessons learnt during the development of the 2025/26 Integrated Annual Plan are identified and form part of continual improvement.	-	Substantial

Management Actions

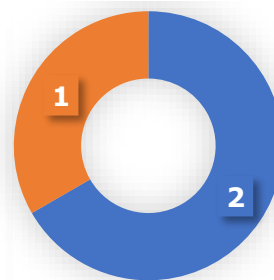


High Priority



Medium Priority

Themes



■ Finance Management & Control

■ Information, Data Quality & Data Accuracy

Risk Types

Public Perception & Reputational Risk

Legal & Regulatory Non-Compliance

Findings & Agreed Action Plan

Objective 1: The Health Board's IMTP Annual Plan planning process is aligned to:

- a. Welsh Government's required timescales;
- b. Welsh Government's Strategic Priorities, Delivery Expectations and Enabling Actions; and
- c. Financial constraints.

Limited

Overview / Summary of Observations

a. Welsh Government's required timescales

The NHS Wales Planning Framework 2025-28 was issued to NHS Chief Executives (CEOs) on the 20 December 2024 stating that the plan should be submitted by the 31 March 2025 and that an Accountable Officer letter should be submitted by the 14 February 2025 if the Health Board are unable to produce a balanced IMTP.

The Health Board submitted an Accountable Officer letter dated 13 February 2025 stating that they were unable to produce a balanced IMTP and would therefore be submitting an annual plan.

On 27 March 2025, the annual plan was presented to the Board for approval which was granted and was submitted to Welsh Government on the 31 March 2025 in accordance with the required timescale.

b. Welsh Government's Strategic Priorities, Delivery Expectations and Enabling Actions

The NHS Wales Planning Framework 2025-28 sets out five strategic priorities which must be addressed by the Health Board's IMTP / Annual Plan:

1. Timely Access to Care.
2. Population Health and Prevention.
3. Women's Health.
4. Building Community Capacity.
5. Mental Health Access.

These are supported by sixteen delivery expectations and 37 enabling actions, each of which must be addressed in the IMTP / Annual Plan.

We have confirmed that the Health Board's Annual Plan plus mandated technical templates were submitted to Welsh Government in line with this guidance.

c. Financial constraints

The Annual Plan submitted on the 31 March 2025 includes a forecast financial deficit of £58.2 million against a target control total of £9.1 million which confirms that the Health Board has not met the Welsh Government's financial constraints. There were four Health Boards in Wales that submitted financial plans for 2025/26 with forecast deficits.

Following submission of the plan, Welsh Government asked the Health Board to detail further actions to reduce the forecast deficit. In response the Health Board confirmed that progress in the identification of savings provided sufficient assurance to increase planned savings delivery by £2m which in turn reduced the forecast deficit to £56.2 million.

The Annual Plan includes supporting narrative which is consistent with the Financial Plan, and it was submitted with a cover letter setting out the Health Board's intentions regarding tackling the deficit. Furthermore, since submitting the Annual Plan, ongoing communication has taken place with Welsh Government regarding the next steps to resolving its forecast financial deficit.

Key Findings	Risk & Impact	Agreed Management Action
<p>1 Resolving the forecast financial deficit and meeting Welsh Government's financial constraints</p> <p>In June 2025 confirmation was received from Welsh Government that the Health Board had breached its financial and planning duties, which drew the planning process to a close to focus on delivery and improvement.</p> <p>The letter also set out the next steps the Health Board would be required to take around identifying detailed actions to reduce the deficit to an improved position.</p> <p>This work needs to be urgently undertaken to address the Health Board's underlying financial deficit of £56.2 million which does not meet Welsh Government's target control total of £9.1 million.</p> <p>Theme: Finance Management & Control</p>	<p>The financial outturn requirement is not achieved or savings plans are not identified until later in the year which increases pressure on delivery.</p> <p style="text-align: center;">High Priority</p> <p>Control Operation</p>	<p>Suggested Action:</p> <p>Management will work to identify plans that will enable the Health Board to make progress towards achievement of the WG target control total over an agreed timescale aligned to targeted intervention de-escalation.</p> <p>Expected Evidence of Implementation:</p> <p>De-escalation plan agreed and progressing with Welsh Government enabling the Health Board to meet Welsh Government's financial constraints and timelines</p> <p>Officer: Director of Planning and Finance</p> <p>Target Implementation Date: Q4 2025/26</p>
<p>2 Plans not identified to fully deliver the financial savings requirement</p> <p>The Minimum Data Set (MDS) spreadsheet submitted to Welsh Government alongside the Annual Plan at the end of March 2025 included a worksheet titled 'F1 – Revenue Plan'.</p> <p>The worksheet sets out the financial movement during 2025/26 from the brought forward underlying deficit of £59.9M to the forecast outturn deficit of £58.2M. The movement includes a total revenue uplift of £22.8M, total cost pressures of £51.1M and a savings requirement of £30.0M.</p>	<p>The financial outturn requirement is not achieved or savings plans are not identified until later in the year which increases pressure on delivery.</p>	<p>Suggested Action:</p> <p>Management will bring forward the planning process to September/October (Q3) to ensure earlier identification of schemes supporting delivery of the 2026/27 savings target.</p>

<p>We note that at the time of submitting the MDS, only £7.2M of green and amber savings plans had been identified against the £30.0M requirement and so a further £22.8M of plans needed to be identified and delivered during 2025/26 in order to achieve the forecast outturn deficit.</p> <p>The Health Board's Financial Report for Month 3 of the 2025/26 financial year confirms that the latest position is that £28.6m green and amber savings plans have been identified against the revised £32.0M savings target.</p> <p>The gap of £3.4m in identified schemes contributed to the Health Board reporting a financial deficit at Month 3 of £15.2m, which was £1.1m above the planned deficit.</p>	<p style="text-align: center;">High Priority</p>	<p>Expected Evidence of Implementation:</p> <p>Plans are identified to deliver the annual savings requirement and are further progressed at the point the MDS is submitted in 2026/27 compared to 2025/26</p>
<p>Theme: Finance Management & Control</p>		<p>Officer: Director of Planning and Finance</p> <p>Target Implementation Date: Q4 2025/2026</p>
<p>Control Operation</p>		

Objective 2: The development of the IMTP Annual Plan includes clear and measurable targets and actions towards delivery of the ministerial priorities.

Substantial

Overview / Summary of Observations

The IMTP Annual Plan details the five ministerial priorities which are supported by sixteen delivery expectations and 37 enabling actions.

We reviewed the Health Board's targets and actions for 2025/26 for one of the delivery expectations from each of the ministerial priorities and confirmed that they had been developed starting from information held for 2024/25 and setting out quarterly narrative objectives and supporting numerical targets that were clear and measurable.

Similarly, we reviewed five of the enabling actions and confirmed that the responses submitted were clear and measurable.

Objective 3: There is a clear alignment from the Health Board's Strategy, Shaping Our Future Wellbeing to the Annual Plan.

Substantial

Overview / Summary of Observations

The Health Board's Strategy to 2035, Shaping Our Future Wellbeing covers four strategic objectives which are Putting People First, Providing Outstanding Quality, Delivering in the Right Places and Acting for the Future.

These strategic objectives are linked to six Health Board strategic portfolios where:

- Putting People First (objective 1) links to People and Culture (portfolio 1).
- Providing Outstanding Quality (objective 2) links to Population Health and Places (portfolio 2), Quality and Value (portfolio 3) and Clinical Services (portfolio 4).
- Delivering in the Right Places (objective 3) links to Infrastructure (portfolio 5).
- Acting for the Future (objective 4) links to Future Generations (portfolio 6).

For each of the six strategic portfolios, we confirmed that they were comprehensively addressed within detailed sections of the Annual Plan.

For example, the strategic milestones (2027) under strategic objective 1 Putting People First cover eight areas including staff engagement, sickness and turnover, value based appraisals, equality and Welsh language. We confirmed that each area was covered consistently and comprehensively within the Annual Plan.

Objective 4: Appropriate governance arrangements are in place which provide effective oversight, scrutiny and review of the planning process prior to submission of the Integrated Annual Plan to Welsh Government.

Reasonable

Overview / Summary of Observations

There are multiple layers of governance arrangements involved in the development of the Integrated Annual Plan and submission to Welsh Government:

- A Core Planning Group comprising the Head of Strategic Planning, Director of Operational Planning and Performance, Deputy Director of Finance and Deputy Director of People and Culture, which maintained overall control of the process including oversight and review of the developed documentation.
- An Integrated Planning Group, formerly the Strategy Development and Delivery Group, comprising planning leads from operational planning and corporate functions.
- Oversight of the development of the Integrated Annual Plan was provided by the Senior Leadership Board (SLB) (Renamed the Strategic Leadership Team in May 2025) and ultimately the Board.

There was a lot of work involved in the development of the Integrated Annual Plan throughout the year, including the following:

- The process commenced with the production of a proposed timetable which was taken to the SLB on the 6 June 2024 detailing each of the planning phases, what was involved, the leads and when these phases needed to happen.
- The Senior Leadership Board endorsed planning guidance, developed by the Integrated Planning Group, regarding each stage of the process. This guidance was issued to Clinical Board Triumvirates and business partners, and to the Integrated Planning Group, whose members were responsible for pulling together the required underlying information.
- There was a series of Senior Leadership Board planning sessions to test, review and sign off plan assumptions and commitments throughout the year, including a Rapid Planning Event in December
- The Integrated Annual Plan was approved by the SLB on the 20 March 2025 and by the Board on the 27 March 2025 prior to submission to Welsh Government on the 31 March 2025.

The Integrated Planning Group's Terms of Reference has been updated and approved, as agreed following our previous audit.

Our testing of the Annual Plan against the Minimum Data Set (MDS) data confirmed that they were consistent. However, our follow up of the findings in our previous audit identified that the MDS included data that had not been sufficiently reconciled against published data.

Key Findings	Risk & Impact	Agreed Management Action
<p>3 Unreconciled data within the MDS</p> <p>The Health Board and Trusts were required to complete Minimum Data Set (MDS) spreadsheets as local planning tools which comprise multiple numeric fields for tabulated areas which form the basis for the consolidated data.</p> <p>As part of our testing, we compared the vaccination numbers within the published National Influenza Immunisation Summary (NIIS) data against the MDS for two groups:</p> <ul style="list-style-type: none"> Over 65 years of age: The MDS stated the population was 84,045 whereas the NIIS stated the population was 90,696 as at 30 January 2025 and 87,359 as at 27 March 2025. 2 to 3 years of age: The MDS stated the population was 61,827 whereas the NIIS stated the population was 10,305 as at 30 January 2025 and 10,040 as at 27 March 2025. <p>We compared the population total with the published population estimates by local health boards and year as at mid 2023. The MDS stated the population total was 327,179 whereas the published population estimate was 518,269.</p>	<p>Incorrect data resulting in poor decisions and / or reputational damage.</p>	<p>Suggested Action:</p> <p>Data included in the MDS spreadsheet will be checked for consistency with published sources of data.</p> <p>Expected Evidence of Implementation:</p> <p>Data included in the MDS spreadsheet is consistent with published sources of data.</p>
<p>Theme: Information, Data Quality & Data Accuracy</p>	<p>Medium Priority</p> <p>Control Operation</p>	<p>Officer: Director of Operational Planning and Performance</p> <p>Target Implementation Date: Q4 2025/26</p>

Objective 5: Lessons learnt during the development of the 2025/26 IMTP Annual Plan are identified and form part of continual improvement.

Substantial

Overview / Summary of Observations

Feedback was obtained on the 2024/25 plan's development process by issuing a survey in May 2024 to the Executive Team, Senior Leadership Board, Integrated Planning Group members and Directors of Operations. There were identified themes for improving the process which included:

- Stronger integration between Operations, Finance and Workforce; and
- Prioritisation of revenue and capital earlier in the process.

Following which lessons learnt were incorporated into the process for developing the 2025/26 plan as on the 16th of July there was an exceptional ODG (Operational Delivery Group) with the Director of Operations, Finance Business Partners and Heads of People and Culture to discuss the expectation and guidance for integrated planning.

Furthermore, there was a reflection on the Annual Plan Development 2025/2026 workshop held on the 4th of June 2025 comprising members of the Integrated Planning Group. This culminated in the production of a detailed and comprehensive document which covered the following points:

- What went well?
- What were the biggest challenges?
- What were the biggest pitfalls / wish done differently?
- How to better align and integrate operational, workforce and finance through the process?
- What was missing? Key enablers for planning success.
- What improvements could be made?

Learning from this exercise will be incorporated into the 2026/2027 approach with executive team and SLT. This is planned for discussion with Executives in August 2025.

Appendix A

Assurance Opinion

	Substantial	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	Unsatisfactory	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Advisory	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Findings

Priority	Explanation
High	Significant risk to achievement of a system objective OR evidence present of material loss, error, or misstatement. Poor system design OR widespread non-compliance.
Medium	Some risk to achievement of a system objective. Minor weakness in system design OR limited non-compliance.

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

Disclaimer

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Audit and Assurance Services and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Cardiff & Vale University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

The report is based on the review work undertaken and is not necessarily a complete statement of all weaknesses that exist or potential improvements. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, no complete guarantee or warranty can be given with regard to the advice and information contained.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management of the Cardiff & Vale University Health Board. Work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, or all circumstances of fraud or irregularity. Effective and timely implementation of recommendations is important for the development and maintenance of a reliable internal control system.

Public Sector Internal Audit Standards

Audit work undertaken by NHS Wales Audit and Assurance Services conforms with the International Standards for the Professional Practice of Internal Auditing and associated Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.

