

IMTP Development Process Final Internal Audit Report

June 2024

Cardiff & Vale University Health Board



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Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.

Acknowledgement

NHS Wales Audit and Assurance Services would like to acknowledge the time and co-operation given by management and staff during this review.

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Executive Summary

Purpose



The overall objective of the audit was to review the process undertaken for the development of the 2024/25 IMTP.

Overview

We have issued reasonable assurance on this area. The significant matters which require management attention include:

- At the point of submitting the MDS to Welsh Government, only £5.2M of schemes had been identified against the total £47.2M savings required.
- There was unreconcilable data within the Minimum Data Set (MDS) submitted to the Welsh Government (WG).
- We identified an error in the labelling of financial data within the Annual plan.
- The Strategy Development and Delivery Groups terms of reference had not been reviewed and were highlighted as draft.

Report Opinion

		Trend
Reasonable	Some matters require management attention in control design or compliance.	 2022/23
	Low to moderate impact on residual risk exposure until resolved.	

Assurance summary¹

Objectives	Assurance
1 Planning aligned to WG Planning Framework	Substantial
2 Measurable targets and actions	Reasonable
3 Critical enablers developed in the plan	Substantial
4 Appropriate governance arrangements	Limited
5 Lessons learnt undertaken	Substantial

¹The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

Key Matters Arising

	Objective	Control Design or Operation	Recommendation Priority
1	Plans not identified to fully deliver the financial savings requirement	2 Design	High
2	Unreconcilable data within Minimum Data Set submitted to WG	4 Design	High
3	The IMTP Financial data is labelled in error.	4 Design	Medium
4	Strategy Development and Delivery Group Terms of reference.	4 Design	Medium

1. Introduction

- 1.1 Our audit review of the IMTP Development Process was completed in line with the 2023/24 internal audit plan for Cardiff and Vale University Health Board (the 'Health Board').
- 1.2 The plan set out service delivery proposals reflecting the ministerial priorities and the financial recovery that will be delivered over the 3-year period.
- 1.3 The Health Board developed its IMTP for 2024/25 and delivered it to Welsh Government in March 2024 in line with the timescales set.
- 1.4 There is a risk detailed on the Board Assurance Framework for the 'Delivery of the IMTP 2023-26. The risk details that the Health Board will fail to deliver the commitments set out in the 2023/24 Annual Plan both in terms of service and financial commitments.
- 1.5 The Interim Executive Director of Strategic Planning is the lead for this review.

Audit Risks

- 1.6 The associated risks for the review were:
 - The failure to have a fully compliant plan could result in the Health Board being escalated to the next level of performance and escalation framework; and
 - Reputational damage to the Health Board is they do not deliver actions set out in the plan.

2. Detailed Audit Findings

Objective 1: The Health Board's planning process is aligned to the NHS Wales Planning Framework 2024 – 2027.

2.1 Ministerial Priorities

Welsh Government (WG) sent the Ministerial priorities and NHS Wales Planning Framework 2024-27 to all Health Boards on the 18 December 2023. The Health Board's Annual Plan included the detailed Ministerial templates within the appendices which included Enhanced Community Care, Primary Care, Urgent and Emergency Care, Planned Care and Mental Health. To ensure the IMTP alignment to the priorities, additional GAP analysis was undertaken.

2.2 Current context and priorities

"Delivering the Priorities" within section 2 of the Annual Plan provides detailed information on each priority area. It includes "actions we will take, detailed measurable objectives and delivery timeframes." The report also highlights the current financial constraints, the ambition to enhance digital capability, improve workforce retention and patient outcomes.

2.3 Cluster Planning

Cluster plans are highlighted as a key enabler in the WG NHS planning guidance, and plans were submitted by the nine Cardiff and Vale Clusters. The Cardiff and Vale Pan Cluster Planning Group (PCPG) consolidated the plans into a Partnership Delivery Plan. The consolidated plan had themed areas which included improved service efficiency and effectiveness, digital and information governance, workforce planning and capital development. The completed Cluster and Pan Cluster plans were published in Section 4 of the Annual Plan as appendices.

2.4 Financial Constraints

The WG has set a 2% cost improvement challenge against the total baseline expenditure in 2024/25 equating to c£40m. The Health Board has a financial plan ambition to deliver a £47.2m savings programme. The Annual Plan defines six key areas of focus to deliver the plan which include the WG NHS Planning Guidance key principles and essentials and are detailed below:

- Continued progress in reducing the reliance on high-cost agency;
- Ensuring strengthened 'Once for Wales' arrangements to key workforce enablers such as recruitment and digital;
- Maximising opportunities for regional working;
- Redistributing resources to community and primary care where appropriate;
- Reducing unwarranted variation and low value interventions; and
- Increasing administrative efficiency, to enable a reduction in administrative and management costs as a proportion of the spend base.

2.5 Statutory Requirements

The NHS Wales Planning Framework 2024-27 stipulated that all Health Boards and NHS Trusts have a statutory duty to produce an IMTP that sets out how they will secure compliance with their break-even duty over a rolling three-year period. Submissions should therefore include a narrative three-year plan, and the jointly agreed templates. This must align to the Minimum Data Set (MDS) which also complements the plan.

2.6 Our review established that the Health Board was unable to meet its statutory duty as it could not produce a balanced financial plan for 2024/25. It therefore submitted an Annual Plan 2024-2025 set within a three-year context, with a planned financial deficit of £15.9m including the delivery of a £47.2m cost improvement program.

2.7 The Annual Plan submission included the mandatory MDS which was designed as a local planning tool and to be a 'technical document' to accompany the plan.

2.8 Timetable

The 2024-2025 annual planning process for the Health Board began in May 2023. Our review found that the cycle was adequately planned and communicated to the participant parties. Stage gate objectives were clearly defined and set to align with the WG timeline to deliver by 29 March 2024.

Conclusion:

2.9 Our review established that the Health Board process aligned to the NHS Wales Planning Framework 2024-27. We have provided **Substantial Assurance** for this objective.

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

2.10 The Ministerial Priority List published as part of the NHS Wales Planning Framework 2024-27 included:

- Enhanced Community Care: Reducing delayed pathways to care;
- Primary Care: Improving access and shifting resources into primary and community;
- Urgent Emergency Care: Delivering the 6 goals programme;
- Planned Care: reducing the longest waits; and
- Mental Health: Delivery of the national programme.

2.11 Our review of the Annual Plan process noted that each of the priorities had been adequately addressed. Standard template questionnaires have been completed for each that include milestones, planned outcomes, priority areas, overarching metrics, risk/mitigation, critical enablers e.g. digital, and opportunities. The completed Ministerial Priority templates are published in section 4 of the IMTP as appendices.

2.12 Delivery of the ministerial priorities, along with the Health Board's objectives, is dependent on the Health Board having an appropriate financial plan in place. The MDS submitted to Welsh Government includes the worksheet 'F1 – Revenue Plan'. This sets out the movement from the brought forward underlying deficit of £60.9M to the 2024/25 planned year-end deficit of £15.9M. The movement includes the requirement for savings of £47.2M, however at the time the MDS was submitted at the end of March 2024 only £5.1M of amber and green savings schemes had been identified against the target. **(Matter Arising 1 – High Priority)**

Conclusion:

2.13 Our review established that the development of the Annual Plan was adequate and included clear measured targets and actions toward delivering the ministerial priorities. However, further work is required to ensure that schemes are in place to deliver the full financial savings required. We have provided **Reasonable Assurance** for this objective.

Objective 3: Critical enablers including digital, and capital were considered as part of the development of the plan.

- 2.14 The WG published the following core enablers as part of the NHS Planning Guidance on 18 December 2023:
- Transformation, innovation, partnership /regional working, and digital opportunities; and
 - Accelerated Cluster development, Primary and Community Care as a bedrock to IMTP.
- 2.15 Our review established that core enablers did form part of the planning process. Primary, Community, Urgent and Emergency, Planned and Mental Health Care. The plans can be viewed in Section 4 Appendices (A1 to A5) Ministerial Priority templates. These also include details for critical enables e.g., Finance, Workforce, and digital.
- 2.16 Infrastructure plans e.g., Local development plans and partnerships, together with estimated costs, are included in the appendices (A6 Infrastructure - Detailed Information).

Conclusion:

- 2.17 Our review established that the Annual Plan development process adequately covered the core enablers published by the WG. We have provided **Substantial Assurance** for this objective.

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

- 2.18 The Health Board Senior Leadership Board received a presentation of the Proposed Planning Approach for 2024/2025 Plan on 13 July 2023. The operational planning and oversight having been delegated to the Strategic Development and Delivery Group (SDDG). The plan included key activities and stage gates.
- 2.19 Our review established that the stage gate plan was executed successfully meeting the WG timeline of submission by 29 March 2024. Oversight included periodic review by the SDDG. In addition, plan progress was discussed with the SLB as follows:
- 21st September – to work through the Clinical Board Plans in detail;
 - 16th November - To agree organisational priority areas (service, workforce, finance, digital and estates)
 - 1st February – Part 1 workshop at SLB to finalise capital and revenue investment priorities;
 - 7th March – Part 2 workshop to finalise capital and revenue investment priorities; and
 - March – Sign off plan ahead of Finance & Performance Committee and Board.

- 2.20 IMTP planning began in May 2023 with a target delivery date of 28 March 2024. During this period the Board received regular quarterly updates and there were Board development sessions specifically on the plan in August, December and February. A review of the Annual Plan was also undertaken by the Finance and Performance Committee on the 20 March 2024 and the Board on the 28 March 2024 prior to submission to the WG.
- 2.21 Key data published in the Annual Plan should be accurate and reconcile throughout the plan. Our review noted that two embedded pie charts included in the "Our Financial Plan" section of the IMTP provided a breakdown of income 2023/24 and expenditure 2022/23. The charts were labelled for two different financial reporting periods. **(Matter Arising 3 – Medium Priority)**
- 2.22 The IMTP submission to the WG included Cluster population data (Section 4 A8 Cluster and Pan Cluster Plans) which is a key driver in resource planning. We reviewed the data for reasonableness against the MDS Vaccination and the Health Board publicly available data. We established that there were wide variances in total and individual cohort data. **(Matter Arising 2 – High Priority)**
- 2.23 The Strategy Development and Delivery Group have delegated authority to oversee the IMTP planning process. A review of the group's terms of reference noted that it did not comply with best practice and there were several key control deficiencies. This was also highlighted in our previous 2022/23 audit report. **(Matters Arising 4 – Medium Priority)**

Conclusion:

- 2.24 The Health Board has good governance arrangements in place to oversee the development of the Annual Plan which ensured that it was submitted in accordance with WG timeline. However, our review established that the governance process in place did not provide an adequate level of oversight, prior to the submission of mandatory data to the WG. We have provided **Limited assurance** for this objective.

Objective 5: Lessons learnt during the development of the 2024/25 IMTP are identified and form part of the continual improvement of the planning cycle.

- 2.25 The SDDG have delegated authority to oversee the annual planning process. Their terms of reference paragraph 4.1 stipulated that they will undertake an annual review of their performance. We noted that this was last undertaken in May 2023 following the 2023/24 planning cycle.

Proposed changes incorporated in the 2024/25 annual planning cycle included:

- Develop and own annual planning cycle;
- Revamp IMTP quarterly reporting process;
- Develop integrated planning process; and
- Prioritisation framework.

2.26 Questionnaires have been issued to SDDG members following the 2024/25 cycle requesting their views on the 2024/25 planning process.

Conclusion:

2.27 We established that the 2023/24 annual planning oversight included lessons learnt and the review recommendations have been implemented. A review of the 2024/25 process is also due to be undertaken. We have provided **Substantial Assurance** for this objective.

Appendix A: Management Action Plan

Matter Arising 1: Plans not identified to fully deliver the financial savings requirement (design)		Impact	
<p>The MDS submitted to Welsh Government alongside the Annual Plan at the end of March 2024, included a worksheet titled 'F1 – Revenue Plan'.</p> <p>The worksheet set out the financial movement during 2024/25 from the brought forward underlying deficit of £60.9M to the forecast outturn deficit of £15.9M. The movement includes total revenue uplift of £43.2M, total cost pressures of £46.4M and a savings requirement of £47.2M.</p> <p>We note that at the time of submitting the MDS, only £5.2M of green and amber savings plans had been identified against the £47.2M requirement. A further £42M of plans will therefore need to be identified and delivered during 2024/25 in order to achieve the forecast outturn deficit.</p>		<p>Potential risk:</p> <ul style="list-style-type: none"> Forecast financial outturn for 2024/25 is not achieved. Savings plans are not identified until later in the year which increases pressure on delivery. 	
Recommendations		Priority	
1.1	Management should ensure that in future plans are identified to deliver the full annual savings requirement at the point that the MDS is provided to Welsh Government.	High	
Agreed Management Action		Target Date	Responsible Officer
1.1	Stronger emphasis on savings plans up front in the planning process (July - September) and increased scrutiny of the plans earlier in the process (October).	September 2024	Deputy Director of Finance

<p>Matter Arising 2: Unreconcilable Data within Minimum Data Set (MDS) submitted to WG (Design)</p>	<p>Impact</p>
<p>The Health Board and Trusts were required to complete MDS spreadsheets as local planning tools. The MDS has several numeric fields for each of its tabulated areas which form the basis for the consolidated data. Nonnumeric entries in each Tab are highlighted by an error message. A Validation Tab consolidates the data fields and highlights any errors.</p> <p>Our review of a sample of submitted population data highlighted several variations between the data in the Annual Plan and MDS data which included:</p> <ul style="list-style-type: none"> • The Health Board’s Pan Cluster Planning Group (PCPG) Combined Delivery plan 2024/25 provided the following information for the Health Board’s population census for 2011 as 472,400/ 2021 494,200 an increase of 4.6% over ten years. Whilst the MDS Vaccination tab submitted to the WG on 29 March 2024 has the population set at 612,815 which is a 24% increase over three years. <p>We compared the vaccination numbers to the National Influenza Immunisation Summary (NIIS) 11 January 2024. The test compared two distinct population cohorts:</p> <ul style="list-style-type: none"> • Over 65 years of age - The MDS data stated the population as 73,344 whilst NIIS has the population as 87,950 which is a variance of 14,616. • 2 to 3 years of age – The MDS data stated the population as 61,827 whilst NIIS has the population as 10,162 which is a variance of 51,665. <p>Population estimates by local health boards and year (gov.wales)</p> <p>The above site lists the estimated population for the CAVHB as 505,851 as at mid-2022.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> • Quantitative data is not correct and results in poor decisions. • Reputational damage • Corrective action impacting limited resources. • Risks not being highlighted.

Recommendations		Priority
2.1	<p>Prior to resubmission of the IMTP and MDS to the WG the Board should undertake the following:</p> <ul style="list-style-type: none"> The IMTP/MDS data should be reconciled. Prior to submission to the Board, it should be reviewed and signed off by an appropriate delegated authority. The IMTP planning process should be revised to include appropriate reconciliation checks. 	High
Agreed Management Action	Target Date	Responsible Officer
2.1	September 2024	Head of Strategic Planning
<ul style="list-style-type: none"> Reconciliation checks - Arrange for an internal team independent of the core team that input the data and write the narrative plan to review the final MDS and reconcile back to the narrative before it is submitted in February/ March to SLB, Finance and Board. Delegated Authority - Finance and Performance Committee to be given delegated authority for the MDS submission - Proposal to Director of Corporate Governance and Committee Chair. 	September 2024	Head of Strategic Planning

Matter Arising 3: The IMTP Financial data does not reconcile and is labelled in error (Design) Impact

Financial data: Income and expenditure

There were two embedded pie charts (page 63) within the IMTP which provided a breakdown of income 2023/24 and expenditure 2022/23 which are two different financial reporting periods.

It was also evident that the underlying deficit value for 2023/24 changed value within the IMTP as follows:

Our Financial Plan (Slide 63 to 66)	
1 Deficit tracking table (slide 64)	
Underlying surplus/(deficit) 2023/24	(59.2)
2 Financial plan (slide 66)	
Draft b/fwd underlying Surplus/(Deficit)2023/24	(60.9)
Note the 2023/24 underlying deficits should reconcile	

Potential risk of:

- Poor data driving bad decisions.
- Risks are not accurately defined and as a result mitigating actions not effective.
- Incorrect published data results in reputational damage.

Recommendations Priority

- 3.1 Prior to resubmission of the IMTP to the WG the Health Board should undertake the following:
- Prior to submission to the Board, the Annual Plan/MDS should be reviewed and signed off by an appropriate delegated authority.
 - The annual planning process should be revised to include appropriate reconciliation controls.

Medium

Agreed Management Action	Target Date	Responsible Officer
3.1 <ul style="list-style-type: none">Management actions are as above in 2.1		


Matter Arising 4: Strategy Development & Delivery Group Terms of reference (Design)		Impact	
<p>It was identified in the previous audit (CVU-2223-37, July 2022) that the Strategy Development and Delivery Group terms of reference required a review. A review of the current terms of reference noted that it had not been updated since June 2021, did not comply with best practice and had several key control deficiencies:</p> <ul style="list-style-type: none"> The document is labelled as a draft and is undated. However, we were advised that the TOR is the final version. Paragraph 4.3 states that “these terms of reference were approved” but does not state when the approval process happened. Paragraph 2.4 stipulates that group members must attend 50% of meetings in a 12-month period. Currently no attendance register is maintained and reported to ensure compliance. 		<p>Potential risk:</p> <ul style="list-style-type: none"> Appropriate oversight has not been undertaken. Key participants have not been consulted. Risks are not reported and appropriately mitigated. 	
Recommendations		Priority	
4.1	<p>It is recommended that the Strategy Development and Delivery Group Terms of Reference state:</p> <ul style="list-style-type: none"> The date that they have been approved and who approved them. The date of next review and version number. A clearly defined review procedure including auditable approval documents e.g. meeting minutes. 	Medium	
Agreed Management Action		Target Date	Responsible Officer
4.1	<ul style="list-style-type: none"> Terms of Reference are under review and will be presented to and signed off by Senior Leadership Board. The approval date and approving body will be noted on the new terms of reference including the date of next review. 	1 st August 2024	Head of Strategic Planning

	<ul style="list-style-type: none">• The terms of reference will include a review procedure.• Auditable documents will include meeting papers and action and decision notes.		
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Appendix B: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	Unsatisfactory assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	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 Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



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