

# Health and Wellbeing Directorate – Financial Planning

## Final Internal Audit Report

December 2024

Public Health Wales NHS Trust

## Contents

|   |    |
|---|----|
| Executive Summary .....   | 4  |
| 1. Introduction.....  | 6  |
| 2. Detailed Audit Findings.....                                 | 7  |
| Appendix A: Management Action Plan.....                         | 11 |
| Appendix B: Assurance opinion and action plan risk rating ..... | 15 |

|                               |  |
|-------------------------------|--|
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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 the course of this review.

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## Executive Summary

### Purpose

To review financial planning arrangements within the Health and Wellbeing Directorate.

### Overview

We have issued reasonable assurance on this area. The matters requiring management attention include:

- Absence within the Directorate of budgetary management training and awareness of written Finance budgetary guidance available to budget holders.
- Review and consider disaggregating the projects within the central cost centre.
- Absence of Qlikview awareness and training provision to Programme/project budget holders.

Other recommendations / advisory points are within the detail of the report.

## Report Opinion

### Reasonable



Some matters require management attention in control design or compliance.

**Low to moderate impact** on residual risk exposure until resolved.

## Assurance summary<sup>1</sup>

| Objectives   | Assurance   |
|--|-------------|
| 1 Non-compliance with the Trust's budgetary control policies, procedures and scheme of delegation  | Reasonable  |
| 2 There are robust forecasting arrangements in place that support sound financial management within the Directorate and its Divisions.                                 | Substantial |
| 3 Budgetary responsibility is clearly identified and appropriately delegated to those with control, both for ongoing budget management and subsequent re-forecasts.    | Substantial |
| 4 Sufficient, relevant and reliable information is available to budget holders for monitoring and review which also facilitates the identification of high-risk areas. | Reasonable  |
| 5 There is a clear line of sight between Directorate Leadership Team and budget holders to enable financial oversight and controls                                     | Substantial |

<sup>1</sup>The 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                   | Financial planning procedure awareness and Budgetary Management Training      | 1         | Operation                   | Medium                  |
| 2                   | Transparency of financial transactional information coded to Cost Centre PH11 | 1         | Operation                   | High                    |
| 4                   | Provision of QlikSense training to budget holders                             | 4         | Operation                   | Medium                  |

## 1. Introduction

- 1.1 Our audit review in relation to the financial planning arrangements within the Health and Wellbeing Directorate (the 'Directorate') was completed in line with the 2024/25 Internal Audit Plan for Public Health Wales NHS Trust (the 'Trust') and it sought to review the financial management and financial planning process relating to work and activities of the Directorate.
- 1.2 The Directorate consists of the following unit and divisions, each with its own remit and scope:
- **Wider Determinants of Health Unit** – Key workstreams include influencing how work and education can improve health and equity and strengthening the capabilities of public health systems to influence the wider determinants of health.
  - **Primary Care Division** – This is organised into two teams: the Primary Care Development and Innovation Hub; and the Dental Public Health Team. The Primary Care Development and Innovation Hub supports organisations in the delivery of national plans for the transformation of primary and community care in Wales, and also helps co-ordinate the approach to 'prevention' in primary and community care. The Dental Public Health team focus on supporting and leading oral health and dental services improvement in Wales.
  - **Health Improvement Division** – A key goal of the division is to promote healthy behaviours in Wales, though the leadership and delivery of work programmes such as reducing harm from tobacco and promote behavioural change.
- 1.3 Our fieldwork involved discussions with key staff, and reviewing of documentation. We also looked at a sample of work programmes. These were:
- Healthy Working Wales Cost Centre PH71,
  - Educational Settings Cost Centre PH11,
  - 'Just Be' Operational Delivery Cost Centre PH12,
  - 'Help me Quit' - Cost Centre PH11,
  - Tobacco Control Programme PS01,
  - Wider Determinants of Health – Cost Centre PA04.
- 1.4 The potential risks considered for this review were as follows:
- Non-compliance with the Trust's budgetary control policies, procedures and scheme of delegation.
  - Failure to deliver the financial plan and deliver services within allocated resources.

- Reputational damage to the Trust as a result of inefficient use of financial resources leading to outcomes not being achieved.

1.5 The relevant lead for the review is the National Director of Health and Wellbeing.

## 2. Detailed Audit Findings

**Objective 1: There are adequate and consistent budgeting arrangements in place that align to Directorate and organisational strategic and delivery objectives and are operating in line with Trust policies and guidance.**

2.1 Formal directorate and divisional budget and spending workplans are in place which implement strategic and delivery objectives for the financial year 2024/25, and these are underpinned by the Directorate's budget booklet 2024/25. The booklet summarises the strategic investment, budget phasing, budgetary control, savings plans and financial governance arrangements in place.

2.2 We confirmed that the budget and spending plans were compiled in alignment with the requirements of the Trust's Standing Financial Instructions (SFIs), scheme of delegation and budgetary control procedure.

2.3 The Trust's finance team provide budgetary control guidance and training, which is available to staff via the Finance intranet SharePoint site. However, we identified that budget holders across the Directorate had not undertaken budgetary control training. Additionally, our fieldwork appeared to identify a lack of awareness of the Trust's budgetary control procedure (PHW - STP11) and the 'Finance Budget Holder Report Guide', both of which are available on the Finance intranet SharePoint site.  
**(Matter Arising 1 – Medium Priority)**

2.4 Our review of the 2024/25 budget and spending plans for the Directorate's divisions programmes and projects confirmed that they aligned to the Directorate's operational structure and, operational and strategic objectives. We confirmed that budget control delegation, including authorisation limits, was assigned in accordance with the Trust's scheme of delegation. While the Directorate's budget and spending plans provided detail of the programmes and projects, we note one cost centre, sitting within the health improvement divisional budget, with a budget of just under £1m, which includes costs for a number of projects. As such, expenditure specifically related to these projects is not clearly identifiable, making project cost monitoring difficult. **(Matter Arising 2 – High Priority)**

### Conclusion:

2.5 Our review concluded that the budgetary control arrangements within the Health and Wellbeing Directorate and its divisions are operating in line with Trust policies and operating procedures. Our analysis indicates that the cost centre structure aligns with the strategic and operational plan for the Directorate (programmes and projects), enabling budgetary control decision making and oversight. However, there is a lack of transparency with one centralised cost centre, which is used for transactions for a number of programmes/projects. There is also scope to undertake a financial training needs analysis of budget holders to ensure that the

relevant skills are up to date. We have provided reasonable assurance for this objective.

**Objective 2: There are robust forecasting arrangements in place that support sound financial management within the Directorate and its Divisions.**

- 2.6 We saw monthly programme and project budget forecasting at Programme Consultant budget holder is being undertaken with the assistance of the business managers during their programme lead meetings. As part of this exercise, expenditure within programme and project cost centres are reviewed. Forecasted expenditure is recorded within divisional expenditure tracker reports maintained by the business managers and programme consultants.
- 2.7 Forecasting is also undertaken at each monthly divisional business meeting (with the finance business partner in attendance) where programme highlight reports are presented by the programme consultants. divisional operational plans are then updated to reflect revised forecasting positions accordingly.
- 2.8 Directorate level forecasting is informed by the reporting of monthly divisional forecasting information to the directorate leadership team, which in turn is reported as part of the Directorate's financial position to the business executive team.

**Conclusion:**

- 2.9 Formal monthly recording, monitoring, and reporting of budgetary forecasting is undertaken at all levels of budgetary responsibility within the Directorate and is used to update operational plans and inform the Directorate forecasting position. We have provided substantial assurance for this objective.

**Objective 3: Budgetary responsibility is clearly identified and appropriately delegated to those with control, both for ongoing budget management and subsequent re-forecasts.**

- 2.10 There are prescribed organisational budgetary hierarchies and delegated financial limits in place that outlines and enables the Directorate, and its devolved divisional budget holders, to deliver their programme and project objectives within the allocated resources available.
- 2.11 Our meetings with the respective divisional directors of health improvement and primary care and a sample of their programme consultant budget holders, supported by our review of their local management processes in place, confirmed that there is a clear system of delegation of budgetary responsibility in operation which also confirms the appropriate implementation of the scheme of delegation requirements.

**Conclusion:**

- 2.12 Budgetary responsibility is clearly identified and there is full devolution of operational management and oversight of programme/project budgets to Trust



consultants supported by divisional management and finance business partner oversight. We have provided substantial assurance for this objective.

**Objective 4: Sufficient, relevant and reliable information is available to budget holders for monitoring and review which also facilitates the identification of high-risk areas.**

- 2.13 Finance provide the Directorate Leadership Team (DLT) with monthly directorate summary budgetary reports relating to headline divisional activity, as an appendix, these reports include some content, such as invoices on hold.
- 2.14 Our testing identified routine expenditure items that had been attributed to financial codes that were not relevant to the expenditure incurred, because no appropriate coding has been created. **(Matter Arising 3 – Low Priority)**
- 2.15 There is a management expectation that programme consultants use Qlikview to access their budgetary information. Qlikview is a management information reporting tool. However, our testing identified that programme consultants do not always use Qlikview. Our discussion with a sample of programme consultants identified that they have not received Qlikview training and so are less likely to use the reporting tool. **(Matter Arising 4 – Medium Priority)**

**Conclusion:**

- 2.16 Relevant, regular and reliable information and support is available to Programme budget holders that allows monitoring and review. Although wider awareness and training relating to Qlikview should be implemented to help programme consultants to access their budgets in real time. We have provided reasonable assurance for this objective.

**Objective 5: There is a clear line of sight between Directorate Leadership Team and budget holders to enable financial oversight and controls.**

- 2.17 Both divisions hold monthly business meetings which are attended by their respective programme consultants and the finance business partners. These meetings are used to update divisional operational plans and spending plans which are reported to the monthly DLT meetings.
- 2.18 Business Managers also review activity, actions taken and the associated spend on an expenditure subjective line-by-line basis, and also ensure that the Programme expenditure (and any changed identified during the meeting) is accurately reflected on the Divisional expenditure tracker report databases and that it reconciles to the ledger on Qlikview and the Operational Plan.
- 2.19 Where financial risks are identified these are documented in RAID/Risk Logs that are then reviewed and updated at subsequent Business Meetings. RAID/Risk Logs which also act as action logs for any financial issues raised that require attention or escalation. Our review of the Divisional RAID/Risk Logs did not identify any significant or material financial risks.

2.20 Monitoring is undertaken at the monthly meetings held at both DLT, Divisional Business Meetings and individual Programme Team level ensure that any risk of overspend/underspend is identified, minimised and where possible managed.

**Conclusion:**

2.21 Monthly budgetary management and decision making is monitored and reported at all levels of the Directorate, and the outcomes of which are further reported to senior management to ensure they are fully appraised of the financial position. We have provided substantial assurance for this objective.

## Appendix A: Management Action Plan

| <b>Matter Arising 1: Budgetary management training (Operation)</b>  |  | <b>Impact</b>   |  |
|---|--|---|--|
| <p>Budgetary management training is available to Health &amp; Wellbeing Directorate budget holders via regular Finance team training sessions. However, we have not seen evidence of directorate staff undertaking this training.</p> <p>Our fieldwork identified that there appeared to be limited awareness within the Directorate of the 'Budgetary Control Procedure (PHW - STP11) or the 'Budget Holder Report Guide', which are accessible on the finance section of the Trust's intranet.</p> <p>Furthermore, our review of the Finance Budget Training Schedule, which records budgetary management training to Trust staff, did not identify Health &amp; Wellbeing Directorate staff attending this training.</p> |  | <p>Non-compliance with the Trust's budgetary control policies, procedures and scheme of delegation resulting in cost variances and possible failure to deliver project.</p> |  |
| <b>Recommendations</b>  |  | <b>Priority</b>   |  |
| 1.1   | <p>Directorate and Divisional management should liaise with Finance Business Partners to ensure that their Programme budget holders receive budgetary management training and are made aware or have access to the Budgetary Control Procedure (PHW - STP11) and Finance Budget Holder Report Guide.</p> | <b>Medium</b>   |  |
| <b>Agreed Management Action</b>   |  | <b>Target Date</b>  | <b>Responsible Officer</b>   |
| 1.1   | <p>Finance Business Partner to circulate the Budgetary Control Procedure (PHW - STP11) and Finance Budget Holder Report Guide to all Budget Holders within Health and Wellbeing Directorate. Training dates to be circulated for Health and Wellbeing budget holders to attend.</p>                      | 31 December 2024  | <p>Chris Orr (Head of Operations)<br/>Karen Jenkins (Finance Business Partner)</p> |

| Matter Arising 2: Cost centre management (Operation)   |   | Impact   |   |
|--|---|--|---|
| <p>Divisional programme and projects budgets are aligned with their respective operational structures, the Trust's scheme of delegation and its associated expenditure authorisation limits, and costs are appropriately recorded. Projects and programmes within the Directorate have a specific financial cost centre where the relevant staff and non-staff costs attributable to the work undertaken are recorded. However, we identified that Cost Centre PH11 is a central code for a number of individual projects and programmes which do not have their own cost centre. As such, there is a lack of clarity in terms of costs associated with individual projects.</p> |   | <p>Potential risk of non-compliance with the Trust's budgetary control policies, procedures and scheme of delegation.</p> <p>Variance against budget with individual projects may not be clear leading to over or underspends.</p> |   |
| Recommendations  |   | Priority   |   |
| 2.1  | To ensure transparent, precise and specific recording and reporting of activity, budgets within the centralised cost centre should be disaggregated.  | <b>High</b>  |   |
| Agreed Management Action   |   | Target Date  | Responsible Officer   |
| 2.1  | As part of the development of the financial plans for 2025/26 that will be developed in December 2024 an exercise will be undertaken to disaggregate PH11 in line with our forecasted expenditure to improve clarity of spend within specific areas. This will be in place for 2025/26. | 31 March 2025  | <p>Julie Bishop (Director of Health Improvement Division)</p> <p>Chris Orr (Head of Operations for Health and Well-being Directorate)</p> <p>Karen Jenkins (Finance Business Partner)</p> |






| <b>Matter Arising 3: Ledger subjective codes (Operation)</b>   |   | <b>Impact</b>   |  |
|--|---|---|--|
| Our testing identified some expenditure items such as social media and website design costs which were not coded to clearly identifiable ledger codes. |   | Potential risk of non-compliance with the Trust’s budgetary control policies, procedures and scheme of delegation |  |
| <b>Recommendations</b>   |   | <b>Priority</b>   |  |
| 3.1  | Management to discuss with finance the best way to ensure that expenditure is clearly coded into an appropriate ledger code.  | <b>Low</b>  |  |
| <b>Agreed Management Action</b>  |   | <b>Target Date</b>  | <b>Responsible Officer</b>   |
| 3.1  | Head of Operations to work with Finance Business Partner to agree how future expenditure on social media and website design costs are coded and communicate this to relevant requisitioners and budget holders to ensure consistency going forward. | 31 December 2024  | Chris Orr (Head of Operations for Health and Well-being Directorate)<br><br>Karen Jenkins (Finance Business Partner) |

| <b>Matter Arising 4: Provision of Qlikview training to Programme Consultant budget holders (Operation)</b>  |  | <b>Impact</b>   |  |
|---|--|---|--|
| <p>We understand that whilst Programme Consultants have access to their budgetary information and reports via the Qlikview application, our fieldwork identified that Qlikview was not in regular and /or routine use. Our discussions with them identified that they had not been provided with training in its use or have been signposted as to where to receive training.</p> |  | <p>Potential risk of non-compliance with the Trust’s budgetary control policies, procedures and scheme of delegation.</p> |  |
| <b>Recommendation</b>   |  | <b>Priority</b>   |  |
| 4.1   | <p>Refresher training should be provided to all Directorate budget holders on the use of Qlikview as means of ‘at a glance’ and real time review of their respective Programme Cost Centres.</p> | <b>Medium</b>   |  |
| <b>Agreed Management Action</b>   |  | <b>Target Date</b>  | <b>Responsible Officer</b>   |
| 4.1   | <p>QlikSense has subsequently replaced Qlikview and is currently being rolled out across Public Health Wales. Training dates for budget holders to be circulated.</p>                            | 31 December 2024  | Chris Orr (Head of Operations for Health and Well-being Directorate) |

## 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:

|  |                                 |  |
|--|---------------------------------|--|
|    | <b>Substantial assurance</b>    | Few matters require attention and are compliance or advisory in nature.<br><b>Low impact</b> on residual risk exposure.  |
|    | <b>Reasonable assurance</b>     | Some matters require management attention in control design or compliance.<br><b>Low to moderate impact</b> on residual risk exposure until resolved.  |
|    | <b>Limited assurance</b>        | More significant matters require management attention.<br><b>Moderate impact</b> on residual risk exposure until resolved.   |
|   | <b>Unsatisfactory assurance</b> | Action is required to address the whole control framework in this area.<br><b>High impact</b> on residual risk exposure until resolved.  |
|  | <b>Assurance not applicable</b> | Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate.<br>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.<br>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.<br>Some risk to achievement of a system objective.  | Within one month*    |
| Low            | Potential to enhance system design to improve efficiency or effectiveness of controls.<br>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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