

Financial Management

Final Internal Audit Report

2025/26

Public Health Wales NHS Trust



Substantial Assurance

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Review Reference

Fieldwork

Executive Sign Off

Audit Committee

Executive Lead

Audit Team

PHW-2526-03

October – December 2025

13th February 2026

March 2026

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Executive Summary

Purpose

The overall scope of the review was to consider the financial management arrangements with respect to the production and monitoring of monthly spending plans across a sample of three directorate: Health and Wellbeing; Policy and International Health; and People and Organisational Development.

Overview

Financial management is a core component of the Trust’s governance and assurance framework, underpinning the delivery of its statutory duties and strategic objectives as set out in its Integrated Medium-Term Plan (IMTP).

The Trust’s financial governance is structured around its Standing Financial Instructions (SFIs), Standing Orders, and the Budgetary Control Procedure (PHW-STP11), which collectively define the responsibilities, controls, and processes for managing public funds. These documents establish a clear framework for financial accountability across the organisation.

Directorates within the Trust are assigned a budget holder, who is accountable for managing services within their delegated budget. Budget holders are responsible for:

- Setting realistic budgets in collaboration with finance partners;
- Monitoring expenditure and income on a monthly basis;
- investigating and addressing variances;
- Ensuring compliance with the Trust’s financial policies and procedures;
- Maintaining financial discipline in line with the IMTP; and
- Ensuring that all posts are properly funded and approved through the establishment control process.

To support the above, directorates are required to develop and monitor spending plans in line with budgetary control procedures, to ensure alignment with the Trust’s financial objectives and statutory requirements.

We considered how effectively these responsibilities are being discharged within the sampled directorates. We have concluded substantial assurance on this area. We have identified no matters for reporting in our review.

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
1	Directorates have developed and maintain monthly spending plans that align with approved budgets and IMTP priorities.	-	Substantial
2	Procurement decisions are timely, well informed and undertaken in line with the agreed spending plans.	-	Substantial
3	Compliance with the Trust’s budgetary control procedures and financial governance framework.	-	Substantial
4	Effective financial oversight, support and challenge provided by the finance team to directorates.	-	Substantial
5	Financial risks and budget variances are identified, investigated, escalated, and addressed through appropriate management actions.	-	Substantial

The financial results as at Month 8 show that the Trust's YTD financial performance is in line with its budget:

Directorate	Annual Budget £000s	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s
Health & Wellbeing	22,081	13,809	13,767	-42
People & Organisational Development	3,294	2,165	2,159	-6
Policy and International Health	6,251	3,759	3,753	-6

Findings & Agreed Action Plan

Objective 1: Directorates have developed and maintain monthly spending plans that align with approved budgets and IMTP priorities. **Substantial**

Overview / Summary of Observations

Budgets are prepared for each directorate during the preceding year alongside development of the Trust’s IMTP. This process is led by a designated Finance Business Partner and the directorate’s responsible director, who then formally accepts ownership of the budget via email.

A budget booklet is produced for each directorate, outlining its total budget by income and expenditure category for the year and is formally accepted by the director. We reviewed the budget booklets for three directorates, Health & Wellbeing, People & Organisational Development and Policy & International Health, and confirmed they had been appropriately completed and included detailed information on pay and non-pay expenditure and staff WTE (Whole Time Equivalent) information, along with guidance on Budget Phasing, Budgetary Control, and Financial Governance.

Monthly spending plans are developed by the finance business partners in conjunction with the directors and maintained for each directorate using detailed spreadsheets that run from the start of the financial year. These are monitored and updated by finance business partners and directors throughout the year. The spending plans profile forecast expenditure by month, enabling the timing and nature of expected activity and associated costs to be clearly understood. We reviewed monthly spending plans for the sample directorates and confirmed they include actual results to date, forecast spending for remaining months, and we saw evidence of ongoing monitoring and updates to guide any required action.

The Trust’s annual IMTP process includes a routine financial mapping exercise that aligns resources to strategic priorities. This provides assurance that directorate spending plans are built within a clear framework that supports delivery of the IMTP.

Objective 2: Procurement decisions are timely, well informed and undertaken in line with the agreed spending plans. **Substantial**

Overview / Summary of Observations

Our findings have concluded that procurement decisions are timely, well-informed, and aligned with agreed spending plans.

Monthly procurement meetings have been established across all directorates, and are attended by finance, business support, and procurement teams, providing a structured forum for oversight and collaboration. The meetings were introduced at the start of 2025 and have generally been appropriately attended.

The procurement meetings use procurement workplans as agendas and include updates on procurement related process improvements, and progress on commitments. Evidence from each directorate’s finance report and supporting emails confirms that procurement activity is being monitored regularly and spending plans are being updated to reflect the latest procurement updates.

Overview / Summary of Observations

Annual break-even budgets which reflect all income and expenditure for the year are developed for each directorate with responsibility resting with its director. Monthly directorate finance reports are produced which include financial performance by division which includes annual budget, year to date budget, actual and variance plus narrative key highlights. They are discussed at monthly directorate leadership team meetings where movements and forecast positions are considered and decisions are taken where necessary.

In-Directorate virements are addressed with comments by finance business partners and directors within the directorate spending plans. There is very little budget movement between directorates and any funds not required will revert to the chief executive.

Overview / Summary of Observations

Directorate finance reports are discussed at monthly directorate leadership team meetings and are also submitted each month to the chief executive.

The directorate finance reports include an action log which sets out who is responsible, deadline, update and status. For our sample of directorates, all were appropriately completed with the necessary information and no actions were overdue.

There are designated Finance Business Partners who work with each directorate on all aspects of financial management.

A monthly board report is presented by the interim executive director of operations and finance which includes an overview summary from the directorate finance reports, along with consideration of outstanding allocations receivable and any financial risks of delivering activities.

Objective 5: Financial risks and budget variances are identified, investigated, escalated, and addressed through appropriate management actions.

Substantial

Overview / Summary of Observations

Budget variances and financial risks are identified and investigated by the finance business partners and directors using the monthly spending plans and, as noted previously, at the monthly directorate leadership team meetings. In addition, each directorate reviews and manages its own risk register and the monthly Board report highlights any financial risks.

An overview of financial performance in the monthly board reports summarises each directorate's financial performance, including year to date variance against budgets which, at the time of our review showed a small overall surplus made up of break even or small surplus across each of the directorates. Furthermore, the board report includes outstanding allocations and financial risks which considers income allocations receivable by the Trust and any financial risks of delivering activities.

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](#)

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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.

