

Digital Health and Care Wales – Annual Audit Summary 2025

Date issued: April 2026



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Foreword



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Annual Audit Summary for the Special Health Authority (the SHA). It summarises the main findings from my 2025 audit work undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004 and the Well-Being of Future Generations (Wales) Act 2015.

I provided opinions on whether the accounts were properly prepared and gave a true and fair view, in all material aspects, and whether expenditure and income have been used for the purposes intended and in accordance with the authorities which govern you.

My audit team has also assessed whether the SHA has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and acted in line with the sustainable development principle. In doing so, my audit team has undertaken my annual structured assessment work and also reviewed stakeholder engagement arrangements. As set out in my audit plan, these reviews have been carried out in line with the [International Organisation of Supreme Audit Institutions \(INTOSAI\) standards](#).

At the time of publishing this summary, the SHA was escalated to Level 3 for performance and outcomes related to delivery of major programmes under the [Welsh Government's escalation and intervention arrangements](#).

The detailed audit findings for each of my reviews are set out in the respective reports which my audit team have presented to the Audit and Assurance Committee throughout the year. The performance audit reports are available on the [Audit Wales website](#) and further links are available in the summary.

The Annual Audit Summary should be shared with the Board. I will then make the summary available to the public on the [Audit Wales website](#).

I would like to extend my gratitude to the SHA's staff for their help and cooperation throughout my audit.

Your audit at a glance



I received the draft accounts in line with the statutory deadline of 2 May 2025. The quality of the draft accounts and working papers was good.



In advance of the statutory deadline of 30 June 2025, I issued an unqualified true and fair opinion and an unqualified regularity opinion.

There were no uncorrected misstatements in the accounts.

There were no other significant issues to report.



My performance audit work found that SHA has strong governance, financial management, and a clear long-term plan, though short-term funding poses risks. However, DHCW needs stronger performance reporting and strategy tracking, while stakeholder engagement requires better alignment, resources, and better use of feedback.



My audit team made several recommendations to the SHA to strengthen governance and oversight, improve performance reporting and delivery planning, and enhance stakeholder and clinical engagement to support strategic objectives and digital priorities.



There is still some work outstanding from my Audit Plan dated April 2025. My team expects the majority of this work to be complete by March 2026.

Audit of accounts findings

Preparing annual accounts is an essential part of demonstrating the stewardship of public money. The accounts show the organisation's financial performance and set out its net assets, net operating costs, gains and losses, and cash flows. My annual audit of those accounts provides opinions on whether the accounts are properly prepared and give a true and fair view, in all material aspects, and the proper use ('regularity') of public monies.

My responsibilities in auditing the accounts are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

The draft accounts were presented for audit on 2 May 2025. This was in line with the deadline set by the Welsh Government. The quality of the draft accounts presented for audit was generally good.

My audit opinions

I must report issues arising from my work to those charged with governance for consideration before I issue my audit opinion on the accounts. I reported these issues within my Audit of Accounts Report to the Audit and Assurance Committee on 26 June 2025.

True and fair

A number of changes were made to the draft accounts arising from my audit work. There were no uncorrected misstatements and there were no other significant issues to report.

My work did not identify any material weaknesses in internal controls (as relevant to my audit), and I made no recommendations.

I concluded that the SHA's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them.

Regularity

The SHA is only allowed to receive income and incur expenditure in ways that follow the rules set by the authorities that govern it. Further, where an SHA does not achieve financial balance, its expenditure exceeds its powers to spend and so I must qualify my regularity opinion.

The SHA met its first financial duty as it achieved financial balance for the year ending 31 March 2025. All other material financial transactions were in accordance with authorities and used for the purposes intended, so I have issued an unqualified opinion on the regularity of the financial transactions within the SHA's 2024-25 accounts. The SHA met its second financial duty to prepare and submit a financially balanced three-year plan to the Welsh Government.

Whole of Government Accounts

I also undertook a review of the Whole of Government Accounts return and I concluded that the counterparty consolidation information was not consistent with the SHA's financial position at 31 March 2025. Specifically, expenditure recorded in the Whole of Government Accounts return relating to employer pension and social security costs was incomplete. As a result, I was unable to conclude that the return was prepared fully in accordance with the Treasury's instructions.

Performance audit findings

Structured Assessment

My team looked at how well the SHA is governed and whether it makes the best use of its resources.

I found that the SHA has an effective Board supported by good governance arrangements. It has strong financial management processes and a clear long-term plan, including the Integrated Medium-Term Plan (IMTP). However, its reliance, in part, on short-term funding and savings from job vacancies continue to present some financial risks.

DHCW's corporate governance systems are effective, and current actions are helping to reduce key risks. The Programmes Delivery Committee is rightly focused on major digital programmes, but it should concentrate more on what DHCW can control and work better with partners to support wider delivery. While DHCW is responding positively to its recent escalation by Welsh Government, stronger performance reporting and better tracking of organisational strategies would help it to assess and demonstrate its impact and value to partners.

I made four recommendations which focused on:

- ensuring the Programmes Delivery Committee prioritises areas where DHCW can directly influence outcomes;
- ensuring performance reports clearly explain missed targets, corrective actions, and whether those actions are effective;
- adopting a standard format for delivery plans; and
- ensuring IMTP updates to the Board clearly show how well current objectives are being met.

Eight recommendations are still outstanding from previous years' structured assessment work.

Review of Stakeholder Engagement Arrangements

My team looked at whether the SHA has an effective approach to stakeholder engagement, in line with its strategic aims.

I found that the SHA has a clear stakeholder engagement strategy and engages its stakeholders reasonably well. However, it needs to use engagement as a means of aligning its priorities with its stakeholders, ensure sufficient engagement resources and improve learning and reporting on stakeholder feedback.

I made six recommendations focused on:

- ensuring there are sufficient resources within the Engagement and Strategic Partnership Team;
- ensuring effective clinical engagement on all key digital programmes;
- building resilience into stakeholder engagement arrangements;
- strengthening alignment with key stakeholders IMTP digital requirements and clearly communicating delivery plans, risks and mitigating actions;
- providing assurance to the Board on the SHA's response to stakeholder feedback; and
- updating the Board on stakeholder engagement strategy delivery.

Performance audit work still underway

At the time of reporting, the following reviews from the 2025 Audit Plan were still underway at the Health Board:

- digital transformation;
- estates management; and
- arrangements to deliver 2025-26 remit letter requirements.

Audit quality

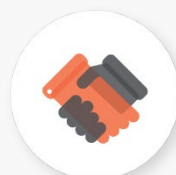
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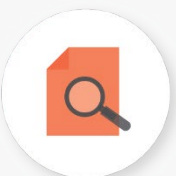
- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

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- Themed reviews
- Cold reviews
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