Archwilio Cymru
Audit Wales

Powys Teaching Health Board – Annual Audit Summary 2025

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Contents

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Foreword

Adrian Crompton

Auditor General for Wales

I am pleased to share my Annual Audit Summary for Powys Teaching Health Board the Health Board. 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 Health Board 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, reviewed planned care services and digital transformation, and followed up quality governance work. 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 Health Board was escalated to Level 4 for finance, strategy and planning 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 Risk 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 Health Board'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. Generally, the quality of the draft accounts and working papers was good, but there were issues with the supporting documentation for Continuing Healthcare accruals.

I issued an unqualified true and fair opinion, and a qualified regularity opinion on 1 August 2025, after the statutory deadline of 30 June 2025, I also issued a substantive report on the accounts.

There was one significant issue to report, relating to the Health Board's accounting of Continuing Healthcare accruals, which resulted in the delay of the audit opinion.

My performance audit work found that the Board operates effectively and transparently, has clear strategic intent for digital transformation, and a commitment to quality, engagement and improvement.

The Health Board needs to strengthen the consistency of scrutiny, improve clarity in planning and risk management, strengthen its focus on commissioned services, address its significant financial challenges, and develop a clear plan to meet rising demand for planned care.

My audit team made several recommendations to the Health Board which focus on further strengthening governance arrangements, risk and reporting frameworks, financial transparency and controls, including continuing healthcare accruals, the management of clinical risk, oversight of commissioned services, digital assurance and advancing longer-term planning, demand and capacity, efficiency and productivity work.

There is still some work outstanding from my Audit Plan dated February 2025. My team expects to complete this work by the end of June 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 and 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 of 2 May 2025 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 Board on 30 July 2025.

True and fair

Several changes were made to the draft accounts arising from my audit work.

There were two uncorrected misstatements. One relating to an overstatement in Continuing Healthcare accruals, and the other being a misclassification within trade payables. Both were immaterial.

I reported one significant issue in relation to Continuing Healthcare accruals where, in some cases, appropriate information was not factored into calculation of the accruals. In other cases, Continuing Healthcare accruals were misclassified as payables.

My work did not identify any material weaknesses in internal controls, but I made one recommendation on Continuing Healthcare accruals. Progress against the recommendation will be monitored during the 2025-26 audit.

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

Regularity

The Health Board is only allowed to receive income and incur expenditure in ways that follow the rules set by the authorities that govern it.

Further, where a Health Board does not achieve financial balance, its expenditure exceeds its powers to spend and so I must qualify my regularity opinion.

The Health Board did not achieve financial balance for the three-year period ending 31 March 2025, which I deem to be outside its powers to spend, so I issued a qualified opinion on the regularity of the financial transactions within the Health Board's 2024-25 accounts. The Health Board breached its resource limit by spending £34.7 million over the amount that it was authorised to spend in the three-year period 2022-2023 to 2024-2025.

Alongside my audit opinion, I placed a substantive report on the Health Board's accounts to highlight the failure to achieve financial balance and the failure to have an approved three-year plan in place.

Whole of Government Accounts

I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Health Board's financial position at 31 March 2025 and the return was prepared in accordance with the Treasury's instructions.

Performance audit findings

Structured assessment

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

I found that the Board and its committees run effectively and transparently. Meetings are well managed, and information continues to be of a good standard. There remains a continued commitment to hearing from patients and service users and Board walkarounds have developed positively. However, the Health Board could do more to ensure the level of scrutiny at meetings remains at a consistently high standard to address the challenges the Health Board faces.

Performance reporting continues to be good and escalation arrangements have worked well for services which have been subject to them. Producing plans and strategies remains a collaborative effort and the Health Board is mapping partnership working more effectively. The Health Board would benefit from ensuring the Integrated Quality Report presents a clearer narrative and ensuring greater clarity on the links between corporate plans. Although the Health Board has recently developed its risk management process, the current risk register arrangements would benefit from review to ensure a clearer distinction between strategic and operational risks.

The Health Board's financial position continues to be of concern. A substantial year-end deficit is forecast for 2025-26 and delivery of the Health Board's current savings plan remains a challenge. The Health Board continues to have a good understanding of its cost pressures but moving to a more affordable service model is being affected by delays with the implementation of the 'Better Together' transformation model due to complexity and resource capacity.

I made seven recommendations focused on:

- referrals in committee action logs;
- strategic and organisational risk registers;
- the format of the Integrated Quality Report;
- linking corporate plans;

- actual savings to date in finance reports;
- activity and impacts of financial working groups; and
- financial training for Independent Members.

The Health Board has fully implemented seven out of 16 outstanding recommendations from past structured assessment reports. Six are partially implemented, with three where no action has been taken.

Managing planned care

My team looked at the progress the Health Board is making in tackling its planned care challenges and reducing its waiting list backlog.

I found that following some early success, performance against some ministerial priorities has plateaued and the overall number of patients waiting has continued to rise. The Health Board's service demand is increasing. It needs a plan to meet current and future service needs, which considers its strategic commissioning environment and maximises local service efficiencies.

I made four recommendations focused on longer term planning and costing, demand and capacity planning, efficiency and productivity and managing clinical risks associated with long waits.

Quality governance

My team looked at the progress the Health Board is making in implementing my 2021 quality governance audit recommendations. The review also looked at the progress made to review and implement corporate arrangements to meet the new Duties of Quality and Candour requirements, and related oversight and scrutiny.

The Health Board has made some progress against my previous audit recommendations. New frameworks are in place to better articulate the arrangements for commissioning services, supported by improved monitoring of quality and safety measures. The Health Board has also met its statutory and mandatory training compliance target.

However, the Health Board still needs to set out its expected standards of care for commissioned services, and to ensure it produces regular Commissioned Services Performance Reports. These should include oversight of complaints about commissioned services, which is still a gap.

Although the Health Board has made some progress to improve access to data, analytical capacity is also a gap, and the Health Board would still benefit from having a quality dashboard. The Health Board also needs to ensure appropriate corporate staff have received DATIX training.

The Health Board has made reasonable progress in embedding the duties of quality and candour. There was a clear implementation plan, and the Board receive regular updates on compliance. However, oversight of the uptake of relevant training needs to improve.

I made six recommendations, of which four replace recommendations outstanding from my 2021 review. These recommendations focus on

- performance measures and outcomes for commissioned services;
- oversight of complaints about commissioned services;
- DATIX training;
- data analytics;
- the Commissioned Services Performance Reports; and
- oversight of duty of quality e-learning.

Digital transformation

My team looked at how the Health Board's approach to digital transformation is supporting service improvement.

The Health Board has a clear Digital Strategic Framework that is aligned to national priorities and supports long-term service improvement. The Health Board has strengthened its governance arrangements for digital transformation, and a structured programme of digital projects is in place. However, weaknesses in financial planning, benefits realisation, and assurance reporting limit the Board's ability to fully understand progress, risks, and impact. While digital infrastructure and cyber controls have improved, assurance over long-term resilience remains limited, particularly in relation to capital planning, legacy systems, and disaster recovery.

Although the Health Board recognises the potential of Artificial Intelligence (AI), governance arrangements remain underdeveloped. The Digital Strategic Framework sets out high-level ambitions but lacks clarity on implementation, resourcing, risk management, and oversight. At the same time, the organisation does not yet have a comprehensive understanding of its digital skills and workforce capacity, with low uptake of self-

assessment tools, no co-ordinated training plan, and reliance on small numbers of specialists creating resilience risks.

Engagement with staff and service users has supported some positive digital developments, but approaches are inconsistent and lack formal structure, including the absence of a Board-approved digital engagement or inclusion plan. Overall, the Health Board is progressing a range of digital initiatives and shows commitment to transformation. However, gaps in strategic risk management, workforce planning, benefits evaluation, and long-term investment planning weaken assurance that digital investment will consistently deliver sustained improvements in service quality, efficiency, and accessibility.

I made seven recommendations focused on:

- the Digital Roadmap;
- digital transformation risks;
- an annual plan to comply with the NIS 2018 Cyber Assessment Framework;
- arrangements for the safe use of AI;
- the approach to assessing and developing digital skills;
- leadership for digital inclusion; and
- post-implementation reviews.

Performance audit work still underway

At the time of reporting, the following reviews from previous audit plans were still underway at the Health Board

- agency staffing;
- urgent and emergency care; and
- estates management.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

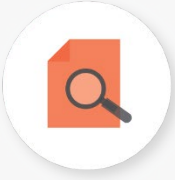
We use three lines of assurance to show how we achieve this. We have set up an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our Audit Quality Report 2024.

Our People

- 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

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Further information

Audit Wales has a range of other information to support the scrutiny of Welsh public bodies and to continue to improve the services provided to the people of Wales.

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Our publications which cover our audit work at public bodies.

Information on our upcoming work and forward work programme for performance audit.

Data tools to help you better understand public spending trends.

Details of our Good Practice work and events including the sharing of emerging practice and insights from our audit work.

Our newsletter which provides you with regular updates on our public service audit work, good practice, and events.

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.