

Structured Assessment 2025

Digital Health and Care Wales

September 2025

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Audit snapshot

What we looked at

- 1 We looked at how well Digital Health and Care Wales (DHCW) is governed and whether it makes the best use of its resources. We looked at four areas in particular:
 - how well its board works;
 - how it keeps track of risks, performance, service quality, and recommendations;
 - how it produces key plans and strategies; and
 - how it manages its finances.
- 2 We also looked at DHCW's progress in implementing recommendations from:
 - previous structured assessment reports;
 - our 2024 report on cost savings; and
 - our 2023 report on workforce planning.

Why this is important

- 3 NHS bodies continue to face a wide range of challenges associated with the need to modernise and transform services to deal with constrained finances, growing demand, treatment backlogs, workforce shortages, and an ageing estate. It is therefore more important than ever for the boards of NHS bodies to have strong corporate and financial governance arrangements in place. This helps provide assurance to themselves, the public, and key stakeholders that they are taking the right steps to deliver safe, high-quality services and to use public money wisely.

What we have found

- 4 DHCW 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.
- 5 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.

What we recommend

- 6 We have made four recommendations to DHCW on:
 1. Ensuring the Programmes Delivery Committee prioritises areas where DHCW can directly influence outcomes.
 2. Ensuring performance reports clearly explain missed targets, corrective actions, and whether those actions are effective.
 3. Adopting a standard format for delivery plans.
 4. Ensuring IMTP updates to the Board clearly show how well current objectives are being met.

Key facts and figures

Within the Welsh Government's Escalation and Intervention framework, DHCW is currently at level 3 escalation (enhanced monitoring) for performance and outcomes related to the delivery of major programmes.

In 2024-25, DHCW met its financial targets by breaking even on both revenue and capital spending.

In 2024-25, DHCW aimed to save £1.5 million but ended up saving £2.7 million. However, £2.2 million came from staff vacancy savings.

The Welsh Government indicated in August 2025 that DHCW's 2025-28 Integrated Medium Term Plan has been assessed as 'satisfactory'.

DHCW's 2024-25 financial statements were submitted for external audit on time, and the Auditor General issued an unqualified audit opinion on 27 June 2025.

DHCW has fully implemented 3 outstanding recommendations since our last structured assessment report. 8 recommendations remain in progress, and 2 have been replaced by new recommendations made this year.

Our findings

Board effectiveness and openness

DHCW operates openly and transparently and actively seeks to improve how its Board and committees work

Public openness of board business

- 7 DHCW continues to demonstrate that it is being open and transparent about Board and committee activities:
- It continues to livestream and publish recordings of all public Board meetings on its website. It also publishes recordings of most committee meetings¹ on its website.
 - The public can ask to observe any public Board or committee meeting.
 - It provides live Welsh translation for each public Board meeting and offers British Sign Language (BSL) on request.
 - It publishes Board and committee papers a week before each meeting on its website and by email.
 - DHCW uses private sessions only when needed to discuss sensitive topics. It provides a short summary of the matters discussed in private session at the next public Board or committee meeting.
 - Discussions in Board and committee meetings remain open and transparent, especially when discussing challenges.

¹ DHCW does not publish recordings of the Local Partnership Forum or Remuneration and Terms of Service Committee due to their confidential nature.

Supporting effective board conduct

- 8 DHCW has clear and up-to-date governance arrangements that help the Board and its committees run effectively. These are set out in its Governance Assurance Framework, which now includes the Programmes Delivery Committee. The Executive Team, the Audit and Assurance Committee, and the Board review key governance and accountability documents each year to ensure they are current.
- 9 The Audit and Assurance Committee ensures key governance controls are in place and followed. This includes overseeing compliance with Standing Orders, Standing Financial Instructions, and the Scheme of Reservation and Delegation. The committee received updates on these areas in October 2024 and January 2025, which found no major issues with the controls in place.
- 10 In August 2024, Internal Audit looked at how DHCW manages declarations of interest. It gave a substantial level of assurance and suggested three low-priority improvements. DHCW has also improved how it manages policies, reducing the number of out-of-date internal policies from 25 to 10 since our last structured assessment report.

Board and committee meeting effectiveness

- 11 DHCW's Board and committees work effectively. Their terms of reference, business cycles, and work plans are all up to date. However, DHCW could update these further to reflect its duties under the Well-being of Future Generations (Wales) Act 2015 to ensure the Act's requirements are fully embedded in its governance arrangements.
- 12 Committee chairs make good use of the Board Assurance Framework (BAF) to help shape meeting agendas. Meetings are well-led, with all members able to contribute to key issues. Board members observe good meeting etiquette and provide proper scrutiny and challenge. Issues are shared between committees and, where needed, escalated to the Board. But the actions that need to be taken in response to issues escalated to the Board could be clearer.

- 13 DHCW has strong processes in place to make sure Board and committee papers are timely, well-structured, and highlight key risks and decisions. The Corporate Governance Team runs workshops to help improve report writing and it checks all papers before they are published online.
- 14 DHCW is working on several important digital programmes that carry high risks. These include the Radiology and the Laboratory Information Systems, the Cancer Informatics Programme, and 'Connecting Care'. The Programmes Delivery Committee has improved how it oversees these programmes and now meets more often due to the increased escalation level for major programmes delivery. At the May 2025 meeting, we saw committee members providing strong review and challenge. However, we found that reports to the committee often focus too much on problems outside of DHCW's control. Instead, DHCW should focus more on the issues it can control and what it can do to influence partners to make progress.

Hearing from staff / service users

- 15 DHCW continues to engage staff effectively through newsletters, 'Board insights' articles, TenTalks, and conferences. Board development sessions also include slots for teams to showcase their work. However, there is still room for DHCW to make more use of staff stories at public Board meetings. This would provide important feedback as the organisation implements its new product operating model, which will change how staff work.
- 16 Board meetings include a 'listening and learning' section that focuses on programme and service delivery. Past meetings have covered the Welsh Nursing Care Record and digital inclusion. Board members are also visiting frontline services in health boards to see digital systems in operation and to understand the challenges frontline staff face in using them.

Board cohesion and continuous improvement

- 17 DHCW has a stable Board, with all Executive Team roles filled. Over the last year:
 - A new Director of People and Organisational Development started.

- Responsibility for corporate services moved to the Board Secretary, who is also leading on DHCW's response to its escalation by Welsh Government (see **paragraph 5**).

- 18 At the July 2025 Board meeting, the Vice Chair of DHCW shared that the Chair would be stepping down at the end of his term in September 2025. DHCW will need to put plans in place to support leadership continuity and Board continuity during this transition.
- 19 The Board and its committees conduct yearly self-assessments to review how well they are working. The results of latest review were mostly positive, with no major changes needed.
- 20 DHCW supports routine Board development sessions that cover a range of topics. Recent sessions have covered the National Target Architecture, outcomes from the Welsh Government Digital Data and Technology Governance review, the Performance Management Framework, and lessons from digital services in the Republic of Ireland. The Board also uses these sessions to discuss new strategies, including its draft Integrated Medium-Term Plan for 2025–2028, prior to approval.

Providing board assurance

DHCW has reasonably effective approaches to providing assurance to the Board and committees on risks, performance and quality, but it could strengthen them further.

Managing strategic and corporate risks

- 21 DHCW has a comprehensive Board Assurance Framework (BAF), reviewed twice a year by the Board. It captures key strategic risks which are aligned with DHCW's long-term strategy and mapped against the seven national wellbeing goals. As noted earlier, DHCW uses the BAF to help shape Board and committee agendas. As a result, all committees conduct deep dives on strategic and corporate risks. These sessions are working well, with update papers clearly explaining the risks and showing what progress is being made. We have observed committees using this information to provide strong oversight and have useful discussion.
- 22 DHCW has strong corporate risk management arrangements in place supported by clear policies. The Corporate Risk Register (CRR) is routinely reviewed through the governance structure and lists the main operational risks and actions to manage them, the risk owner, and the responsible committee. It includes a 'heatmap' to show how risks are changing, and updates show escalation of risks, removal of risks, and risk score adjustments. However, DHCW could strengthen the CRR further by clearly explaining the controls already in place to manage and mitigate risks.

- 23 The Board also receives a helpful annual report on risk trends aligned to DHCW's strategic goals. The latest report in January 2025 shows fewer risks overall, which suggests that DHCW's risk processes are working well notwithstanding the fact there are still significant risks against a number of major programmes. The report gives a clear picture of how risks are moving but does not explain why they changed or how the actions taken have helped. DHCW could improve the report by linking it more closely with the BAF and CRR. This would help ensure consistency, support learning, and guide decisions.

Monitoring performance

- 24 DHCW approved its updated Performance Management Framework in January 2025. The framework is based on seven core principles² and aligns performance indicators to the organisation's strategic objectives. It clearly explains how DHCW manages and oversees performance and sets out key roles and responsibilities.
- 25 The updated integrated organisational performance report now includes Statistical Process Control charts and clear explanations which help Board members to better understand performance and inform their decision-making. The report also links DHCW's performance to Health and Care Quality Standards. While the report covers key indicators well, it does not include all services in full, like primary, community, and mental health digital services. The report also includes a performance scorecard, which DHCW is refining to better align it to its strategic objectives.

² The Performance Management Framework's seven core principles are: strategic focus and future orientation, connectivity of information, materiality, conciseness, reliability and completeness, consistency and comparability, and stakeholder relationships.

- 26 DHCW should be clearer about the actions it takes when services are underperforming. While the May 2025 Integrated Operational Performance Report shows that many services are meeting or improving performance, it also highlights worrying trends in some areas. These areas include staffing levels, turnover, and availability, and how major incidents are resolved. These issues are not clearly explained in the report, and there is little detail on what actions are being taken by DHCW or how effective they are.
- 27 Board scrutiny and challenge on performance remains strong. But the recent change in DHCW's escalation status by Welsh Government means the Board must stay focused on closely monitoring how the organisation is performing.

Monitoring quality and safety

- 28 DHCW's strategy includes a commitment to embedding quality in its objectives. This includes delivering high-quality digital services and being a trusted, inclusive, and ambitious organisation.
- 29 DHCW has a clear framework for quality and regulatory governance. It sets out roles, responsibilities, and how accountability works. The framework includes policies on quality, incident reporting, and complaints. It is supported by an annual plan that outlines key quality priorities. The plan includes actions, timelines, and measures to track progress and support improvement. DHCW also has a strong process to check that its digital systems meet clinical safety and compliance standards.
- 30 DHCW is working to embed the Health and Social Care (Quality and Engagement) (Wales) Act 2020. It is rolling out training to all staff this year. But it faces challenges as a non-patient-facing body because it needs to apply patient centred quality standards and processes to a digital context.

- 31 DHCW's 'Always On' reports are part of its commitment to the Duty of Quality. These reports aim to provide readily available information about the quality of DHCW's services, ensuring continuous monitoring and improvement. It has drafted these reports for 2024-25 but they remain unapproved and unpublished while decisions are being made about their format.
- 32 The Audit and Assurance Committee and the Digital Governance and Safety Committee continue to play a key role in overseeing quality, compliance, and clinical safety. DHCW's second Annual Quality Report, presented to the Audit and Assurance Committee in July 2025, is clear and well-structured. It aligns with the Duty of Quality, the Duty of Candour, and the Health and Care Standards. The report highlights a strong commitment to improvement, using real examples and measurable results.

Tracking and monitoring recommendations

- 33 DHCW has reasonable arrangements for monitoring and tracking audit recommendations. It keeps its 'audit action log' up to date to track and monitor actions. Executive Directors review the log, particularly when many actions are still open. Officers regularly update the Audit and Assurance Committee on progress and the audit action log shows steady improvement.
- 34 An Internal Audit follow-up review of this area gave a substantial assurance rating on the recommendation tracking process. It showed that DHCW monitors and tracks Internal Audit recommendations well. However, we found that some recommendations from past structured assessment reports are still beyond their completion date. This suggests that DHCW's approach to following up and implementing outstanding actions could be stronger.

Preparing strategies and plans

DHCW has a clear long-term strategy and medium-term plan, but it needs to improve its arrangements for obtaining assurance on delivery, outcomes, and impact

Producing key strategies and plans

- 35 DHCW's 2024-2030 strategy sets out a clear vision and six main goals. These focus on using digital tools to improve care, join up services, and raise quality. The strategy fits well with national plans and strategies, such as A Healthier Wales and the Digital and Data Strategy for Health and Social Care. It also supports key Welsh Government priorities, including delivering the NHS App and developing digital standards to improve communication between systems.
- 36 Welsh Government escalated DHCW to Level 3 (Enhanced Monitoring) in March 2025 because of its concerns around the delivery of major national digital programmes. DHCW responded by naming the Director of Corporate Affairs / Board Secretary as the lead and producing a plan with 42 milestones. The Programmes Delivery Committee, which now meets more often, monitors progress closely. With key milestones due in autumn 2025, DHCW will need to maintain progress and manage risks carefully if it wants to be de-escalated. This also includes managing the risks associated with milestones that require input from outside partners.

- 37 DHCW began working on its 2025-28 Integrated Medium-Term Plan (IMTP) in October 2025, before it was escalated by Welsh Government. It worked with staff and external partners to agree on priorities. This included discussions with Independent Members in December 2024. On 14 March 2025, DHCW also received a remit letter from the Welsh Government. It confirmed DHCW's financial allocation for 2025-26 and set out the priorities that Welsh Government expect to be delivered during the year. The Board approved the IMTP at its public meeting in March 2025, subject to DHCW aligning its plans to the remit letter requirements. The IMTP was then submitted to Welsh Government on time. DHCW received confirmation that Welsh Government has 'accepted' the IMTP in August 2025. The delivery of remit letter requirements is subject to a separate Auditor General for Wales review which will begin in September 2025.
- 38 DHCW's IMTP sets out a clear vision, goals, and key actions for 2025-26. It includes missions, portfolios, expected results, and risks. Like DHCW's main strategy, the IMTP aligns well to national strategies and priorities. It also covers health and digital trends, supports national well-being goals, and follows the five ways of working and the Wellbeing of Future Generations Act. For each mission, the IMTP outlines objectives, drivers and outcomes, but it lacks clarity on whether priorities are fully resourced. The key actions for year-one are clear, but the details for years two and three in some instances aren't fully formed.
- 39 Internally, DHCW is making progress with delivering its Building Our Futures Programme and new product-focussed structure and processes (product model). However, its progress has been slower than planned due to unexpected issues, such as the collapse of a GP system supplier which caused a temporary pause to the roll out of the new operating model structure in the Primary, Community and Mental Health Directorate. Work has now restarted, and DHCW expects completion by October 2025. But it also faces risks to delivery going forward. These include the scale of the transformation, possible staff resistance to change, and limited resources.

- 40 DHCW also needs to focus on meeting and planning for the needs of its external partners. Our separate review of how DHCW works with stakeholders highlighted the need for it to have a shared plan with health boards on digital transformation. We recommended that DHCW should clearly explain its plans, risks, and actions, and involve stakeholders more closely in its own planning, and better understand NHS Wales's digital priorities. This will help create better digital solutions that meet everyone's needs.

Monitoring delivery of strategies / plans

- 41 DHCW's arrangements for overseeing its corporate strategy and plans are reasonably effective. It has underpinned the IMTP with a business plan, with clear milestones. Progress is tracked through routine performance reporting and a mid-year update report to Board. However, the latest mid-year report in September 2024 on progress against 2024-27 goals focused more on future planning and accountability than progress against existing commitments. This made it hard for Board to see how well DHCW progressed against its 2024-27 goals or to spot any delays, actions taken, or changes to timelines. While officers provide updates on key strategies and programmes, they are mostly written as narrative summaries that miss important detail. For example, they often do not clearly show what is off track, what actions DHCW is taking, or if timelines have changed.
- 42 The IMTP, People and Organisational Development Plan, and Strategic Equality Plan all have clear executive leads and links to strategic goals. While they include priorities, actions, and timelines, they do not always name who is responsible for each action. While supporting business plans give more detail, they aren't prepared in a standard format. As a result, the way officers report progress to the Board can vary.
- 43 DHCW has set up a Strategy Assurance Group to improve how it oversees its strategic direction. The group checks progress against key goals, reviews and aligns strategies, and makes sure language and priorities are consistent. It also gives advice to strategy owners on how to improve their plans.

Managing finances

DHCW manages its finances well, but there are still risks relating to short-term funding require on-going management

Financial objectives

- 44 DHCW met its financial targets for 2024-25, breaking even on both revenue and capital spending. At the start of the year, it reported an underlying deficit of £2.7 million. Through actions taken during the year, DHCW managed to reduce this to £0.9 million.
- 45 As of 30 June 2025, DHCW was reporting small underspends of £180,000 on revenue and £1.4 million on capital. It is still forecasting to stay within its budget by the end of the 2025-26 financial year.

Financial planning

- 46 DHCW's financial planning is strong and supports its strategic priorities. For 2025-26, it has identified some unavoidable risks, like rising pay costs and inflation. It also faces extra costs from strategic projects, such as cloud transition, cancer informatics, and running the NHS App.
- 47 The Board approved DHCW's 2025-26 Financial Plan in March 2025 as part of the IMTP approval process. The plan assumes funding of £174 million, of which:
- £149.7 million relates to funding from Welsh Government, NHS Services Level Agreement, and All Wales Digital Licencing.
 - £21.4 million Annual National Priorities funding from Welsh Government and NHS Wales contributions.
 - £2.9 million funding for GP system migration.

- 48 This year, Welsh Government introduced the Annual National Priorities Fund, which replaces the Digital Priorities Investment Fund. It also gave DHCW more flexibility to move money between programmes. While this funding supports programme delivery, the funding is not long-term. As we have highlighted in previous years, this makes it harder for DHCW to plan over the medium term and hire staff on long term contracts.
- 49 DHCW has a good approach to finding savings and overachieved against its 2024-25 recurring savings target. This has helped it to reduce its underlying deficit. But meeting these savings targets still brings risks to long-term financial stability. For example, in 2024-25, DHCW exceeded its £1.5 million savings goal by a further £1.2 million. Most of the savings (£2.2 million) came from not filling vacant roles.
- 50 The 2025-26 Financial Plan includes a savings target of £4.9 million of which around £0.8 million relates to pay/vacancy savings. By June 2025, DHCW had already delivered £1.5 million in recurrent savings. Of the remaining £3.4 million, it had identified £1.8 million savings that it is confident it can deliver. It aims to deliver the remaining £1.6 million through directorate budgets, with savings plans to be agreed through the budget delegation process. DHCW forecasts that it will achieve £4.2 million savings, of which £3.4 million will be recurrent.
- 51 As part of its wider efficiency approach, DHCW's 'Finding More Value' programme has identified and continues to identify savings including £2.5 million by moving systems onto hosted digital services (the cloud). The team is also planning areas of disinvestment so that it relies less on vacancy savings and instead makes long-term cost improvements. There is opportunity to improve the readability, accessibility and presentation of value programme and savings reports. These should present targeted savings and efficiencies. While DHCW has identified £47.9m potential savings opportunities, it is not easy to determine exactly what this consists of, the proportion that is likely to be delivered, or how this would likely affect capital and revenue finances for the future.

- 52 DHCW is developing a new approach which is focussing on delivering and demonstrating greater value. As part of this approach, it has drafted a value statement showing the benefits delivered by each directorate across four areas: stakeholder and quality, people, internal processes, and finance. This work will continue through 2025, along with efforts to measure benefits and better understand the value created.

Financial management

- 53 DHCW has a strong approach to financial oversight. The Audit and Assurance Committee receives regular updates on counter-fraud activity, with no issues reported. The counter fraud work plan aligns with government standards and includes proactive and reactive work. Reports on high-value purchases and single tender actions are consistently clear and compliant. Losses and special payments are also covered through regular verbal updates.
- 54 DHCW has a good understanding of what drives its costs. Its 2025-26 Financial Plan highlights both risks and opportunities. These include moving to the cloud, the new product operating model, the data integration hub, and reducing its estate costs. While health bodies mostly accept costs set by DHCW in service level agreements, ongoing monitoring is still needed because of wider financial risks and pressures across NHS Wales.
- 55 DHCW's 2024-25 financial statements were submitted for audit in May 2025. It prepared these to a good standard and corrected all misstatements above the trivial threshold. The Audit and Assurance Committee considered the revised financial statements on 26 June 2025, and the Board approved them on the same day. The Auditor General issued an unqualified (clean) audit opinion on 27 June 2025.

Monitoring financial performance

- 56 Officers report financial performance directly to the Board, with reports giving enough detail for proper review and challenge. The reports also clearly explain how DHCW is delivering savings.

- 57 The Audit and Assurance Committee regularly looks in depth at key financial issues. These include areas such as DHCW's financial health, savings plans, and the 'Finding More Value' workstream. The papers clearly explain financial risks and help support open and useful discussions.
- 58 Our observations of public Board meetings found that Board members continue to provide a strong focus on DHCW's financial performance and savings. Finance officers give clear and detailed answers to Board member questions. Their reports, along with active involvement from both officers and Board members, help support good decisions and financial accountability.

Recommendations

59 The following table details the recommendations arising from our work.

- | | |
|-----------|--|
| R1 | The Programmes Delivery Committee should focus more on DHCW's actions to address programme delivery issues that are either within DHCW's direct control or ability to influence. (Paragraph 14) |
| R2 | DHCW should make its Integrated Organisational Performance Report clearer. It should explain why key targets are being missed, what actions are being taken to address this, and how well those actions are working. (Paragraph 26) |
| R3 | DHCW should make sure future Board updates on IMTP progress clearly show how well current objectives are being met. (Paragraph 41) |
| R4 | DHCW should use a standard corporate template and style for supporting delivery plans to improve the consistency and quality of plan reporting. (Paragraph 42) |

Appendices

1 About our work

Scope of the audit

We looked at the following areas for the period January 2025 to July 2025:

- How well the board works.
- How well the board oversees risks, performance, and the quality and safety of services and tracks recommendations.
- How well the body prepares key strategies and plans.
- How well the body manages its finances.

We did not look at the body's operational arrangements.

Audit questions and criteria

Questions

Our audit addressed the following questions:

- Does the Board conduct its business appropriately, effectively, and transparently?
- Is there a sound corporate approach to managing risks, performance, and the quality and safety of services?
- Is there a sound corporate approach to producing strategic plans and overseeing their delivery?
- Is there a sound corporate approach to financial planning, management, and performance?

Criteria

Our audit questions were shaped by:

- Model Standing Orders, Reservation and Delegation of Powers.
- Model Standing Financial Instructions.
- Relevant Welsh Government health circulars and guidance.
- The Good Governance Guide for NHS Wales Boards (Second Edition).

Methods

We reviewed a range of documents, including:

- Board and committee papers and minutes.
- Key governance documents, including Standing Orders and Standing Financial Instructions.
- Key strategies and plans, including the IMTP.
- Key risk management documents, including the Board Assurance Framework.
- Annual Report, including the Annual Governance Statement.
- Relevant policies and procedures.
- Reports prepared by other relevant external bodies.

We interviewed the following key stakeholders:

- Chief Executive,
- Chair of DHCW's Board,
- Director of Corporate Affairs / Board Secretary,
- Head of Governance,
- Executive Director of Finance and Business Assurance,
- Executive Director of Strategy,
- Chair of the Audit and Assurance Committee / Independent Member,
- Chair of the Digital Governance and Safety Committee / Independent Member,
- Chair of the Programme Delivery Committee / Independent Member, and
- An Independent Member.

2 Previous audit recommendations

Outstanding recommendations from previous structured assessment reports

The table below sets out the progress made by DHCW in implementing recommendations from previous structured assessment reports.

Recommendation	Status
2022 Recommendation 1 Whilst the IMTP 2022-25 and associated Business Plan are supported by clear target dates and milestones, this information is not available for other corporate plans and strategies. DHCW, therefore, should ensure that all corporate plans and strategies are underpinned by detailed delivery plans that include target dates and milestones to facilitate effective progress monitoring and ensure appropriate Board-level assurance and scrutiny. Target completion date: December 2023	Not fully implemented (see paragraphs 38 to 40) This recommendation has been replaced by recommendations 3 and 4 from this year's Structured Assessment review.

Recommendation	Status
2023 Recommendation 2 Board meetings continue to include an agenda item on listening and learning, which gives Board members some insights into the impact of digital on clinical service users. However, opportunities remain to strengthen these arrangements further. DHCW, therefore, should engage with other health bodies or Llais Wales, to explore options for Board members to hear directly from citizens and clinical service users. Target completion date: Listening and learning annual report by March 2024 and citizen and clinical engagement by March 2025	Not fully implemented (see paragraph 15)
2023 Recommendation 3 DHCW is experiencing resource challenges to deliver its IMTP priorities, and the scope of its planned transformational work may require significant Welsh Government investment at a time of considerable financial constraint across the NHS in Wales. In light of these challenges, DHCW should: a) progress its 'value proposition' work at pace to demonstrate the impact of digital across NHS Wales; and	

Recommendation	Status
b) develop plans as soon as possible that carefully consider its own internal and stakeholder priorities and what it is able to deliver within its resource envelope. Target completion date: September 2024	a) In progress (see paragraph 51 and 52) b) In progress (see paragraphs 51, 52 and 54)
2023 Recommendation 4 Whilst some corporate strategies and plans are underpinned by clear business/delivery plans, this is not case for all of them. Furthermore, there is scope to improve the quality and frequency of the strategy update reports presented to Board. DHCW, therefore, should: a) ensure that all corporate plans and strategies are underpinned by detailed business/delivery plans that include target dates and milestones to facilitate effective progress monitoring and ensure appropriate Board level assurance and scrutiny; and	a) Not fully implemented (see paragraphs 41 and 42) This recommendation has been replaced by recommendation 4 from this year's Structured Assessment review. b) In progress (see paragraph 41)

Recommendation	Status
b) improve the quality of strategy update reports to Board and increase the frequency of oversight to provide assurance to the Board that corporate strategies and plans are achieving the desired impact and benefits. Target completion date: March 2024	
2024 Recommendation 1 Strengthen the Programmes Delivery Committee's Programme Overview Report by ensuring that it provides a clearer assessment of the risks facing partners and other stakeholders where there are significant programme delivery challenges. Target completion date: March 2025	In progress (see paragraph 14)
2024 Recommendation 2 Ensure that committee highlight reports to Board provide clearer narrative on actions required from the Board where it has been alerted to issues. Target completion date: November 2024	In progress (see paragraph 12)
2024 Recommendation 3	Complete (see paragraphs 22 and 23)

Recommendation	Status
Strengthen the Board Assurance Framework (BAF) by: • clearly reporting the impact of actions that DHCW is taking to mitigate principal risks; • reflecting the risks to achievement of its wellbeing objectives, now that the organisation is subject to the requirements of the Well-being of Future Generation (Wales) Act 2015; and • better utilising the BAF and ongoing strategic risk assessment to inform committee work programmes and agenda setting. Target completion date: November 2024	
2024 Recommendation 4 Ensure that the corporate risk register clearly identifies and distinguishes between existing controls to reduce likelihood and new mitigating actions to reduce severity of corporate risks. Target completion date: January 2025	In progress (see paragraph 22)
2024 Recommendation 5	In progress (see paragraph 38)

Recommendation	Status
Ensure that future Integrated Medium-Term Plans provide greater clarity on the priorities the organisation intends to deliver in the second and third year of those plans. Target completion date: March 2025	
2024 Recommendation 6 Develop an approach to periodically review the effectiveness, impact and possible challenges of its long-term strategy delivery. Target completion date: March 2025	Complete (see paragraph 41)
2024 Recommendation 7 Quantify the tangible efficiencies and value the organisation is hoping to generate from its 'Finding more Value' workstream to enable it to monitor the achievement of benefits from the programme and to demonstrate improved internal efficiency to its key stakeholders. Target completion date: March 2025	Complete (see paragraph 51)

Recommendations from our 2024 Review of Cost Savings Arrangements

We did not make any recommendations for DHCW as part of this review.

Recommendations from our 2023 Review of Workforce Planning Arrangements

We made four recommendations for DHCW as part of this review. As of August 2025, DHCW is reporting that it has implemented all of them.

3 Key terms in this report

Term	Description
Board Assurance Framework	A Board Assurance Framework sets out the risks linked to the organisation's strategic objectives, and the controls and assurances in place to manage those risks.
Building our futures programme	Building our Future is an organisation-wide initiative aiming to develop an empowered and workforce to deliver high-quality products and services. Building our Future aims to modernise ways of working, tools and processes.
Corporate Risk Register	A Corporate Risk Register sets out the organisation's significant risks (either those with high scores or organisation-wide impact) and the actions in place to manage them.
Counter Fraud	Counter fraud refers to the activity undertaken by the organisation to prevent, detect, and investigate fraud, bribery, and corruption. This work is led by the NHS Counter Fraud Service (CFS) Wales, which operates under the NHS Wales Shared Services Partnership.
GP System Migration	DHCW is supporting a planned transition of GP Practices in Wales from the Vision clinical system (provided by INPS, to EMIS, the remaining approved support of GP systems.
Integrated Medium-Term Plan	An Integrated Medium-Term Plan is a three-year plan that sets out how the organisation will deliver its services, manage its workforce, and meet its financial duties to break even. The organisation submits its plan to Welsh Government for approval.

Losses	Losses include things like theft, fraud, overpayments, or damage to property.
Product model	DHCW is aiming to move from a project to a product-based approach to delivering digital services. This will create teams focussed on supporting the full lifecycle of a digital product (not just procurement through to implementation). However, it will require ongoing funding rather than a short-term funding model.
NHS App	The NHS App is a secure digital platform that allows patients to access a range of NHS services conveniently via mobile devices or web browsers.
Quality Governance	Quality governance is the combination of structures, processes, and behaviours used by an organisation, particularly its board, to lead on and ensure high-quality performance, including safety, effectiveness, and patient experience.
Register of Interests	The Register of Interests helps ensure transparency by recording any personal or business interests of Board members and staff that could influence decisions.
Remit Letter	The Welsh Government remit letter, issued in March 2025 sets out delivery expectations for DHCW for the 2025-26 year.
Scheme of Reservation and Delegation	The Scheme of Reservation and Delegation sets out which responsibilities stay with the Board and which are passed to committees and executives, along with reporting arrangements to ensure proper oversight.

Single Tender Action	A Single Tender Action is when an organisation buys goods or services from one supplier without going through a competitive process, usually because there's only one suitable option or urgent need.
Special Payments	Special payments are one-off payments made in unusual situations - like compensation or goodwill gestures - that fall outside of the organisation's normal business activity.
Standing Financial Instructions	Standing Financial Instructions set out the financial responsibilities, policies, and procedures adopted by the organisation.
Standing Orders	Standing orders set out the rules and procedures by which the organisation operates and make decisions.
Statistical Process Control	An SPC (Statistical Process Control) chart is a tool used to monitor and control a process through statistical methods. It helps in understanding the variability of the process and identifying any unusual patterns that may indicate issues or areas for improvement.
Ten talks	TenTalks are 30-minute, live events held on specific topics, for example, counter fraud, organisational behaviour, and Board member introductions.
Well-being of Future Generations Act (2015)	This Act requires public bodies in Wales to work sustainably and collaboratively to improve well-being across social, economic, environmental, and cultural areas, by setting long-term goals (called well-being objectives), involving citizens, and making decisions that consider the impact on future generations.

4 Management response to audit recommendations

Recommendation	Management response	Completion date	Responsible officer
R1 The Programmes Delivery Committee should: 1.1 Focus more on DHCW's actions to address programme delivery issues that are either within DHCW's direct control or ability to influence. 1.2 Ensure sufficient oversight and challenge on the smaller digital programmes and initiatives, particularly those currently reported or which should be reported in its "Other Projects and Programmes" agenda item to the Programmes Delivery Committee.	Future reporting to the PDC to be clearer on the issues that DHCW can directly control or influence and be explicit where the delivery issues cannot be directly controlled, and escalation reports to the Board to focus on areas within DHCW's direct control or ability to influence.	May 2026	Director of Corporate Affairs / Board Secretary
R2 DHCW should make its Integrated Organisational Performance Report clearer. It should explain why key targets are being missed, what actions are being taken to address this, and how well those actions are working.	The DHCW Performance Team are reviewing the approach to the organisational performance report and as part of this process will be more explicit why targets are missed, when they are missed, the actions taken to address and how effective they are being.	May 2026	Deputy Chief Executive / Executive Director of Finance

Recommendation	Management response	Completion date	Responsible officer
R3 DHCW should make sure future Board updates on IMTP progress clearly show how well current objectives are being met.	The DHCW IMTP sets out a hierarchy of strategic missions, delivery portfolios, annual objectives and delivery milestones. Board updates on IMTP progress show how delivery milestones have been achieved, throughout the year. Progress reporting will show how progress against delivery milestones contributes to achieving annual objectives.	July 2026	Executive Director of Strategy
R4 DHCW should use a standard corporate template and style for supporting delivery plans to improve the consistency and quality of plan reporting.	The DHCW IMTP describes objectives and delivery milestones which align to DHCW strategies. A standard reporting template will be developed showing which annual objectives and milestones are aligned to each strategy, and this will be included in strategy updates to the Board through the Strategy Assurance Group.	May 2026	Executive Director of Strategy.

About us

The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

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galwadau ffôn yn Gymraeg a Saesneg.