

Operational Governance Arrangements

Final Internal Audit Report
2025/26

Hywel Dda University Health Board



Limited Assurance

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Review Reference

HDU-2526-02

Fieldwork

November 2025 – February 2026

Executive Sign Off

2 April 2026

Audit Committee

April 2026

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Executive Summary

Purpose

In April 2025 the Health Board implemented a new Clinical Care Group (CCG) model aimed at enhancing integration and ensuring consistency and clarity in service planning, delivery and monitoring. This audit has reviewed implementation of governance arrangements to support the new operational structure.

Overview

Operational governance arrangements are generally well designed but are not operating as intended:

- CCGs report directly to IQFPD and are therefore held to account by the Executive Team rather than the Chief Operating Officer.
- The associated administration of the meeting rhythm is onerous and there is insufficient governance resource assigned to facilitate it effectively. Whilst all CCGs have adopted the model arrangements, application is inconsistent. We experienced difficulty in accessing meeting papers, inconsistent record keeping arrangements and lack of transparency regarding discussion and coverage of key operational domains.
- Whilst CCGs do regularly report to IQFPD, items escalated via the AAA exception reports were not always documented within CCG meeting records due to gaps in meeting records. There is a risk of premature, inaccurate or unnecessary escalation which undermines the effectiveness of the governance structure. We also identified examples of delayed reporting/escalation to IQFPD due to CCG meetings not following the prescribed rhythm.
- There is duplication of reporting between operational governance structures and the internal escalation process, driven by the same domains being monitored through two separate frameworks. Links between escalation levels, associated actions and monitoring within the operational governance structure are unclear.

There is opportunity to streamline operational governance arrangements and escalation processes, place greater reliance on available dashboards to spotlight areas requiring focus and prioritisation, and as a source of assurance for areas not deemed as high risk/priority.

We have concluded **Limited** assurance on this area. Full details of matters arising are detailed within the Findings & Agreed Action Plan.

The findings of this review need to be considered in conjunction with the findings of the separate internal audit review of Internal Escalation: Level 3/4 Functions (ref HDU-2526-03).

Scope & Assurance Summary

Objectives	Related Findings	Assurance
1 Governance structures are clearly defined	1, 4	Reasonable
2 Governance arrangements are consistently applied and operating as intended	2, 3	Limited
3 Issues arising within key operational domains are appropriately monitored and addressed	3, 4	Limited
4 Information flows from the IGGs to the IQFPD and Health Board committees are timely, accurate and support escalation and assurance.	1, 2, 3	Limited

Management Actions



High Priority



Medium Priority

Themes



■ Governance

Risk Types

Quality or Safety Issues

Legal & Regulatory Non-Compliance

Financial Loss

Public Perception & Reputational Risk

Findings & Agreed Action Plan

Objective 1: Governance structures are clearly defined Reasonable

Operational Structure

A new operational structure was implemented in April 2025 with the establishment of six Clinical Care Groups (CCGs). The five clinical based groups have a triumvirate leadership model consisting of a Service Director, Associate Medical Director and Assistant Director of Nursing. The non-clinical group (Estates and Facilities CCG) has a Service Director and head of service. The structure was refined in November 2025 with the Primary Care CCG being amalgamated into the Community & Integrated Medicine (CIM) CCG.

Services are structured as Clinical Service Groups (CSGs) within each CCG, with a triumvirate leadership model consisting of a Clinical Director, Service Group General Manager and Head of Nursing. The new structure is set out within a framework document formally communicated to CCG Service Directors by the Chief Operating Officer in February 2025. To equip Service Directors in their new roles, the Corporate Governance Team developed an Operational Governance Standard Operating Procedure for each CCG (and their underpinning CSGs) setting out the operational structure and responsibilities of the triumvirate.

At the end of 2025 the operational structure was refined, with Primary Care CCG to become a CSG of the Community & Integrated Medicine CCG. We understand that further changes are expected in relation to Estates and Facilities.

Governance Arrangements

The Health Board’s expectations of the governance arrangements that will need to be put in place to support the establishment of the new operational structure were communicated in the Chief Operating Officer’s email to Service Directors.

Each CCG was required to establish an Integrated Governance Group (IGG) with a fortnightly meeting rhythm to focus on (i) Business, Planning, Performance (incl. finance) & People (BPPP); and (ii) Quality, Health & Safety (QHS). This same structure should be replicated at CSG level, reporting into the CCG IGG, which in turn reports into the Integrated Quality, Finance & Performance Delivery (IQFPD) Group – a group of the Executive Team. The arrangements have been clearly documented in a process map and schedule, and suite of templates developed to support consistent implementation and operation of the governance arrangements across all CCGs.

By design, the CCGs report directly to the IQFPD and are therefore held to account by held to account by IQFPD members (Executive Team) instead of the Chief Operating Officer (COO). **[Finding 1]**

The Health Board has a separate internal escalation process designed to drive improvement across seven key domains. There is significant overlap between the internal escalation process and operational governance arrangements resulting in duplication of reporting via both mechanisms. **[Finding 4]**

Key Findings		Risk & Impact	Agreed Management Action
1	<p>CCG Accountability</p> <p>By design, the CCGs report directly to the IQFPD and are therefore held to account by held to account by IQFPD members (Executive Team) instead of the Chief Operating Officer (COO).</p> <p>Senior Operational Leadership Team meetings are held monthly, these are operationally focused, sit outside the established CCG governance framework and do not align to the fortnightly CCG to IQFPD reporting rhythm. As a result, CCGs are escalating</p>	<p>Ineffective governance arrangements potentially resulting in delayed escalation of issues and concerns and/or failure to detect and</p>	<p>Agreed Action:</p> <p>Review of COO Operating System, Governance Arrangements and alignment to escalation policy to be undertaken</p> <hr/> <p>Expected Evidence of Implementation:</p>

<p>matters to IQFPD before they have been considered through the COO's senior leadership forum.</p>	<p>address poor performance.</p>	<p>Revised COO Operating System Agreed at Formal Executive Team and Implemented</p>
<p>Theme: Governance</p>	<p>High Priority</p> <p>Control Design</p>	<p>Officer: Chief Operating Officer</p> <p>Target Implementation Date: 31st May 2026</p>

<p>Objective 2: Governance arrangements are consistently applied and operating as intended</p>	<p>Limited</p>
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All CCGs have established an IGG and adopted the model Terms of Reference.

Meeting Rhythm

Guidance suggests that meetings be held on the Tuesday of week 1 (BPPP) and week 3 (QHS) to report into IQFPD on the Wednesday of week 2 (BPPP) and week 4 (QHS). Whilst all CCGs broadly follow a fortnightly rhythm many meetings were out of sequence resulting in delayed reporting / escalation to IQFPD. Some CCGs hold their IGG meetings on a Thursday allowing less than 24hrs for submission of papers for the next IQFPD. Nevertheless, there is evidence of regular reporting by each CCG to IQFPD. **[Finding 2]**

Meeting Administration

Meeting administration arrangements are inconsistent. Teams channels are successfully utilised for Executive Team groups - this approach has been adopted by the MHL D and Primary Care CCGs both of which demonstrated good organisation and accessibility of meeting records. We experienced significant difficulties in obtaining meeting papers for P&SC and to a lesser extent CIM in part due to the lack of central repository for meeting records and reliance on Service Director PAs for meeting administration rather than a dedicated governance resource. **[Finding 3]**

The model agenda templates are comprehensive serving as an aide memoire of all possible topics to be covered at BPPP and QHS, for CCGs to draw upon as appropriate. The templates have been adopted by AH&HS, CIM, P&SC and MHL D CCGs, but not by Primary Care or Estates & Facilities to which the standard areas are less applicable. In some cases the full model agenda template is used for every meeting and not tailored to reflect the actual agenda for the meeting. In such instances the actual content of the meeting wasn't always clear, particularly where there were no papers certain items or minutes to demonstrate items discussed. **[Finding 3]**

Some IGGs have a significant volume of papers – sometimes more than 30 items per meeting (twice monthly). We also observed examples of remarkably lengthy papers – slide packs and exception reports in excess of 30 pages. There is opportunity to improve efficiency and release resource through better use of live dashboards at IGG meetings. **[Finding 3]**

The approach to documenting IGG meetings is inconsistent both between and within CCGs. We observed a mixture of minutes, action notes, high level notes captured on agendas and in some cases no record at all. Guidance isn't prescriptive, although an action notes template has been provided and there is no specific requirement for minutes. Even where the action notes template was used it was rarely completed consistently and concisely. In some cases, it is used to capture a high-level summary of discussion of some but not all agenda items, regardless of whether there were any associated actions. **[Finding 3]**

Review of meeting notes/minutes (where available) also noted issues with attendance of core members (as identified within the respective terms of reference) with frequent apologies.

Key Findings	Risk & Impact	Agreed Management Action
<p>2 Fortnightly Meeting Rhythm</p> <p>The process map and schedule suggest that CCG IGG meetings are held on a Tuesday afternoon with submission of AAA reports by Friday for IQFPD on the following Wednesday. Whilst this arrangement is designed to facilitate rapid reporting and escalation of issues, the rigidity of the schedule restricts flexibility around operational pressures.</p> <p>Primary Care CCG combines the BPPP and QHS agendas into a single monthly meeting meaning that the BPPP report to IQFPD is always one month late (note that Primary Care is now a CSG of the CIM CCG, so future reporting will be via the CIM CCG IGG).</p> <p>Planned and Specialist Care meetings have been more erratic with meeting dates not in line with the IQFPD reporting schedule, two meetings not held, and a two BPPP and QHS meetings combined into monthly meetings, resulting in consistently delayed reporting to IQFPD.</p> <p>Theme: Governance</p>	<p>Ineffective governance arrangements potentially resulting in delayed escalation of issues and concerns and/or failure to detect and address poor performance.</p> <p style="text-align: center;">High Priority</p> <p>Control Operation</p>	<p>Agreed Action:</p> <p>Review of COO Operating System, Governance Arrangements and alignment to escalation policy to be undertaken</p> <p>Expected Evidence of Implementation:</p> <p>Revised COO Operating System Agreed at Formal Executive Team and Implemented</p> <p>Officer: Chief Operating Officer</p> <p>Target Implementation Date: 31st May 2026</p>
<p>3 Meeting Administration</p> <p>We experienced issues in accessing meeting papers for two CCGs due to a lack of central repository (such as SharePoint or Teams) for meeting papers. We were unable to obtain papers for five meetings (1 CIM, 4 P&S).</p> <p>Whilst model agenda templates had been adopted in most cases, in many cases they were not tailored to reflect the actual agenda for the meeting. Coupled with the absence of meeting minutes/notes and in some cases papers, it wasn't always clear which agenda items had/hadn't been covered in the meeting.</p> <p>Some IGGs have a significant volume of papers – in excess of 30, with many of those particularly lengthy – consuming significant resource in meeting preparation.</p>	<p>Ineffective governance arrangements potentially resulting in delayed escalation of issues and concerns and/or failure to detect and address poor performance.</p>	<p>Agreed Action:</p> <p>An updated SOP to support a revised operating system will be developed and implemented to provide clarity on the expectation.</p>

<p>The approach to documenting meetings is also inconsistent, with a mixture of minutes, action notes, high level notes captured on agendas and in some cases no record at all.</p> <p>It was often not clear what (if any) actions were arising from meetings, and what items (if any) were to be escalated to the IQFPD via AAA reporting.</p>		<p>Expected Evidence of Implementation:</p> <p>Updated SOP to support new Operating System</p>
<p>Theme: Governance</p>	<p style="background-color: red; color: white; text-align: center;">High Priority</p> <p>Control Operation</p>	<p>Officer: Deputy Chief Operating Officer</p> <p>Target Implementation Date: 31st May 2026</p>

Objective 3: Issues arising within key operational domains are appropriately monitored and addressed **Limited**

The model agenda templates for BPPP and QHS meetings are designed to ensure coverage of key operational domains. CIM, P&SC, AH&S and MHL D CCGs have all adopted the standard agenda. However, issues with the availability of meeting papers and consistency and completeness of meeting records (see objective 2) impedes our ability to give assurance that all issues arising within key operational domains are appropriately monitored and addressed. **[Finding 3]**

Where actions were identified within the action notes template, they were seldom SMART in nature and sometimes difficult to trace through to completion. The template is intended to be a cumulative/rolling record, but we identified examples where not all meetings were captured, and where actions had been removed from subsequent iterations. **[Finding 3]**

[Links to Internal Escalation Processes](#)

The Health Board’s internal escalation process focuses on CCG performance across seven key domains – quality & safety, governance, workforce, finance, strategy planning & fragile services, population health and performance. Domains in escalation level 3+ require targeted action to address issues identified. The internal escalation review found that links between operational governance arrangements and escalation were not clear – there was little evidence of monitoring at IGGs of escalation levels, actions and trajectories to address issues and achieve de-escalation. **[Finding 4]**

Key Findings	Risk & Impact	Agreed Management Action
<p>4 Internal Escalation</p> <p>As of December 2025, four of the six CCGs were in level 3 escalation for at least four of the seven domains (including finance, performance, strategy planning & fragile services, performance, quality & safety) necessitating monthly reporting on those domains to the Executive Recovery Meetings. This is separate and in addition to the fortnightly IGG meetings, which also cover those domains under the standard agenda template. Consequently, there is duplication of reporting to Executive Team via both mechanisms.</p>	<p>Ineffective governance arrangements potentially resulting in delayed escalation of issues and concerns and/or failure to detect and address poor performance.</p>	<p>Agreed Action:</p> <p>Review of COO Operating System, Governance Arrangements and alignment to escalation policy to be undertaken</p> <hr/> <p>Expected Evidence of Implementation:</p>

<p>Links between operational governance arrangements and escalation are not clear – there is little evidence of monitoring at IGGs of escalation levels, actions and trajectories to address issues and achieve de-escalation.</p>		<p>Revised COO Operating System Agreed at Formal Executive Team and Implemented</p>
<p>Theme: Governance</p>	<p style="background-color: red; color: white; text-align: center;">High Priority</p> <p>Control Design</p>	<p>Officer: Chief Operating Officer Target Implementation Date: 31st May 2026</p>

Objective 4: Information flows from the IGGs to the IQFPD and Health Board committees are timely, accurate and support escalation and assurance	Limited
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As highlighted under objective 2, whilst all CCGs broadly follow a fortnightly rhythm many meetings were out of sequence resulting in delayed reporting / escalation to IQFPD. Furthermore, the Chief Operating Officer’s senior leadership team meetings do not align to the fortnightly CCG to IQFPD reporting rhythm resulting in CCGs reporting directly to IQFPD and being held to account by IQFPD members (Executive Team). **[Finding 1 & 2]**

Reporting to IQFPD is via AAA (alert, advise, assure) exception reporting. Items for reporting should be identified as such within the action notes template. Two CCGs do not use the action notes template, and one had not updated the template to reflect recent meetings. Where the template had been used the AAA field had often not been properly completed to indicate whether an item was for reporting under AAA or not applicable. The template also includes a section to summarise items for escalation to IQFPD, but this was also often not completed.

Nevertheless, there is evidence of regular reporting by each CCG to IQFPD. Review of AAA reports confirmed that items are included on the exception reports even where they are not highlighted for reporting/escalation within meeting records. Whilst it is reassuring that items are being escalated despite poor meeting records, there is a risk that items are reported prematurely or unnecessarily in haste due to the rapid reporting schedule. **[Finding 3]**

Assurance reporting to Health Board committees is as determined, and following scrutiny of reports, by the IQFPD instead of directly from the service. This should ensure quality and appropriateness of reporting.

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.

