

Commissioning – Long Term Agreements

Final Internal Audit Report

2025/26

Hywel Dda University Health Board



Reasonable Assurance

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Review Reference HDU-2526-09

Fieldwork August – September 2025

Executive Sign Off 23 September 2025

Audit Committee October 2025

Executive Lead Lee Davies, Director of Strategy & Planning

Audit Team James Johns, Head of Internal Audit

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Executive Summary

Purpose

The overall objective of this review was to assess and provide independent assurance on the management and monitoring arrangements of commissioned long-term agreements (LTAs) for services provided by other NHS bodies to the Health Board.

Overview

The Health Board has approved LTAs for commissioned services with several NHS Wales bodies for 2025-26 that outline roles and responsibilities, quality and performance monitoring arrangements, and financial and service planning details including activity volumes, unit and total costs. Financial and performance monitoring arrangements are established with providers submitting regular monthly statement including supplementary minimum dataset information. Meetings take place between Hywel Dda and the larger LTA providers throughout the year with staff communicating with all other providers when issues or queries arise.

An established governance structure is in place with the Finance and Performance Committee and the Strategy and Planning Committee providing assurance on LTA commission, whilst a new operational group – Commissioning & Contracting Oversight Group – has recently been created to oversee regional agreements and specialised services. Health Board representation was also evident at other All Wales groups and meetings.

We identified one key matter requiring management attention regarding Hywel Dda not receiving regular quality and safety reports from any LTA provider organisations, with the exception of one provider, whose reports also lack some key detailed narrative on the subsequent actions taken and no reporting of patient experience [*High Priority*].

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

Scope & Assurance Summary

Objectives	Related Findings	Assurance
1 Agreements are in place that establish the basis of the commissioning arrangements, including processes in place for the development of agreements with NHS bodies and with roles and responsibilities clearly defined	-	Substantial
2 Appropriate financial management, performance and quality measure arrangements are in place between the Health Board and other NHS bodies to ensure services provided meet the required standards	1	Reasonable
3 There are sufficient levels of monitoring, challenge and scrutiny to ensure the services provided meet the standards required, with an escalation process in place where services fall short of performance and quality requirements	-	Substantial

Management Actions



High Priority



Medium Priority

Themes



■ Quality, Safety & Patient Experience

Risk Types

Quality or Safety Issues

Findings & Agreed Action Plan

Objective 1: Agreements are in place that establish the basis of the commissioning arrangements, including processes in place for the development of agreements with NHS bodies and with roles and responsibilities clearly defined

Substantial

Overview / Summary of Observations

Hywel Dda have approved commissioning and provider long term agreements (LTAs) with NHS organisations across Wales for 2025-26. LTAs are developed through the rolling forward of the previous year's agreement with confirmed accurate adjustments made for inflationary costs and services changes. The commissioned and provider values of each agreement are also accurately reflected in the Health Board's Annual Plan 2025-26.

The commissioning process for LTAs is due to change in 2026-27 from the 'roll forward' process that has historically been utilised when developing LTAs with the communicated intention across Wales for a 'rebasement' of LTAs within the financial funding available to organisations. A review of the potential savings and opportunities available around schemes in place across the organisation, including a review of LTAs, is currently ongoing.

The agreements in place for commissioned services followed a set template with key details such as roles and responsibilities, quality and performance monitoring arrangements evident, whilst financial and service planning details were outlined by activity volumes, unit and total costs. The agreements also have dedicated sections detailing the escalation process of any disputes and a force majeure for non-performance.

Objective 2: Appropriate financial management, performance and quality measure arrangements are in place between the Health Board and other NHS bodies to ensure services provided meet the required standards

Reasonable

Overview / Summary of Observations

The commissioning of services is managed through a framework of LTAs that outline the volume of activity, associated funding and the financial monitoring arrangements for both parties. Service providers are required to submit monthly statements of activity volumes delivered to allow Hywel Dda to scrutinise monitor variations in performance. Agreed marginal rates are used where activity volumes overperforms and/or underperforms against the agreed base figure, whilst invoices are raised at year end where there is any under or overperformance.

Testing at Month 3 confirmed:

- the Health Board had promptly received monthly performance statements from all providers
- supplementary minimum datasets (MDS) were received
- the monitoring and scrutiny of monthly statements for over and under performance by the Healthcare Commissioning Team
- a 1/12th payment (of the agreed LTA contract total) was evident for all providers in the schedule submitted to the Creditors Team

LTAs have a dedicated 'Duty of Quality' section that explicitly outlines the structures and procedures that providers and commissioners should have in place to support the delivery of services that meet the duty of quality outlined in the *Health and Social Care (Quality and Engagement) Wales Act 2020*. Historically, quality and safety reports from service providers have not been produced due to agreed reciprocal arrangements between NHS Wales organisations. Hywel Dda only receive a regular quality and safety report from one provider, whilst work is ongoing to establish these reports with another Health Board provider. The only quality and safety report received by Hywel Dda provides high-level

summary of incidents, complaints, claims and inquests for the period noted, no detailed narrative is given nor of the actions taken. In addition, there is no reporting of patient experience.

Key Findings	Risk & Impact	Agreed Management Action
<p>1 Quality and Safety Reports</p> <p>Hywel Dda do not receive regular quality and safety reports from any LTA provider organisations with the exception of one provider.</p> <p>Whilst the report provides high-level summary of incidents, complaints, claims and inquests for the period noted, no detailed narrative is given nor of the actions taken. In addition, there is no reporting of patient experience.</p>	<p>Lack of quality and safety reporting could result in the Health Board being unaware of incidents or hazard that are leading to patient harm.</p>	<p>Agreed Action:</p> <p>Commissioning with the support of quality colleagues to work with providers to develop a quality and safety report which meets the requirement of the reporting criteria within the LTA. To be part of the commissioning and contracting intentions.</p> <p>To submit a development request to the OfWCMS¹ for LHB of residence to be extractable from the OfWCMS.</p> <p>Expected Evidence of Implementation:</p> <p>Provision of quality and safety reports from Hywel Dda main providers</p>
<p>Theme: Quality, Safety & Patient Experience</p>	<p style="text-align: center;">High Priority</p> <p>Control Operation</p>	<p>Officer: Shaun Ayres (Director of Delivery)</p> <p>Target Implementation Date: 30 April 2026</p>

Objective 3: There are sufficient levels of monitoring, challenge and scrutiny to ensure the services provided meet the standards required, with an escalation process in place where services fall short of performance and quality requirements

Substantial

Overview / Summary of Observations

The Health Board obtains assurance on LTA commissioning through two statutory committees – Finance and Performance Committee (FPC) and the Strategy and Planning Committee (SPC). The FPC provides assurance on the financial performance and governance of LTAs. Whilst the SPC provides assurance on strategic and planning element of LTA commissioning.

A new Commissioning & Contracting Oversight Group was formed in July 2025 to oversee regional agreements and specialised services. This operational group provides strategic oversight of agreements with neighbouring Health Boards, specialised services provided by the NHS Wales Joint Commissioning Committee (NWJCC) and other regional programmes of work, such as South-West Wales Cancer Centre.

¹ Once for Wales Concerns Management System

Health Board representatives also participate in the All-Wales Finance Working Group and the Specialised Services Collaborative Commissioning Group to review LTAs and national commissioning arrangements, whilst the Assistant Director of Finance would meet with the Director of Delivery on a bi-monthly basis to discuss the financial position and performance to identify potential risks and opportunities.

The provider and commissioner organisations should agree to meet at least four times a year at LTA Monitoring Meetings as per the agreements in place. Testing identified only four (CAV, SBU, Powys and Velindre) regularly meet in line with the requirements of the LTA. The agreement also sets out the key representatives that are required to attend the meetings. Testing of LTA Monitoring Meetings for 2025 confirmed a good level of attendance of Hywel Dda representatives.

Where LTA Monitoring Meetings do not take place, the Healthcare Contracting Team would contact their opposite number to question the performance data queries identified in the monthly monitoring returns (MMRs).

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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