

WellSky

Final Advisory Report

2025/26

Hywel Dda University Health Board

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Review Reference

HDU-2526-19

Fieldwork

March 2026 – May 2026

Executive Sign Off

8 June 2026

Audit Committee

23 June 2026

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Executive Summary

Purpose

In August 2025 it was identified that transactions associated with the aseptic module of the WellSky pharmacy stock management system had not been correctly accounted for, resulting in a non-material overstatement of costs totalling £6.134m for the period to 31 March 2025, and a further £546,421 for the period April to September 2025. Internal Audit was commissioned to undertake an advisory review to understand the events and underlying factors that led to the misstatement, assess the effectiveness of corrective actions taken, and identify learning to prevent recurrence.

Overview

The findings of our review concur with an internal review undertaken by Finance and Pharmacy in December 2025. Fundamentally, the error arose and persisted due to Pharmacy not engaging finance expertise during implementation, and weak oversight of system interfaces and accounting treatment. Corrective action has been taken to address historic misstatement and strengthen ongoing processes. However, longer-term resolution of underlying system and accounting issues remains dependent on the proposed Task & Finish Group, which had not been established at the time of our review.

An assurance rating has not been applied to this review. One action has been raised for management consideration, relating to establishment of the proposed Task & Finish Group.

Scope & Actions Summary

Objectives	Related Actions
1 Understand the sequence of events and underlying factors that led to the incorrect accounting of aseptic related transactions and identify any relevant learning.	-
2 Assess whether the actions being implemented are sufficient and effective in addressing the issue and preventing future recurrence.	1

Findings & Agreed Actions

Objective 1: Understand the sequence of events and underlying factors that led to the incorrect accounting of aseptic related transactions and identify any relevant learning

Key Finance officers involved in the WellSky system implementation in 2020 advised that the aseptic module did not form part of the implementation nor discussions at that time. Due to the highly specialised nature of the aseptic module, it was deemed unnecessary to involve Finance in implementing the module.

The system was configured to correctly remove raw ingredients issued for aseptic manufacture from stock within Oracle; however, the associated costs were expensed immediately rather than being treated as work-in-progress. Following manufacture, the finished aseptic products were recorded as such within WellSky and physically returned to stock. However, this transaction was not correctly reflected in Oracle.

The WellSky balance sheet identifies stock movements relating to aseptic products – specifically raw ingredients (transfers out) and finished goods (transfers in). The 'transfers in' were incorrectly assumed by Finance to be purchases not yet invoiced by the supplier, rather than the return of manufactured aseptic products to stock. Consequently, the incorrect accounting transactions were applied in Oracle, with the stock value credited to creditors instead of the cost centre the raw ingredients were expensed to. This resulted in an increasing creditor balance every month. When the products were subsequently issued for clinical use, the costs were expensed again to the same cost centre as the raw ingredients, resulting in expenses being overstated.

Charging raw ingredients stock to an active expenditure cost centre obscured visibility of the issue and inappropriate treatment of stock, and differences between WellSky and Oracle were primarily addressed through year-end balance sheet adjustments, which masked the underlying process failure. The issue persisted between January 2023 - August 2025 and was only identified when Pharmacy undertook a cost analysis for oncology that highlighted anomalies due to the overstated expenses.

Our findings are consistent with the joint review by Finance/Pharmacy. Fundamentally, the error both arose and remained undetected due to insufficient engagement with finance expertise during the implementation of the aseptic module. Consequently, the finance function did not develop an adequate understanding of the underlying systems, processes, and transactions.

Objective 2: Assess whether the actions being implemented are sufficient and effective in addressing the issue and preventing future recurrence

The Finance review highlighted that insufficient stakeholder engagement and inadequate testing were contributing factors at the time of system implementation. Management has acknowledged this weakness and has clarified expectations that all relevant Finance and non-Finance teams must be involved in system changes, with clear roles and appropriate pre-implementation testing.

Appropriate corrective actions have been taken to identify, quantify, and rectify the historic misstatement arising from the incorrect accounting of aseptic-related transactions. The following actions have been implemented and were assessed as effective in correcting the error:

- Retrospective analysis and correction of historic transactions through journals totalling approximately £6.7m for the period January 2023 to August 2025, restoring the stock balance sheet position and correcting duplicate expenditure.
- Introduction of monthly aseptic correction journals, supported by a newly created basic Standard Operating Procedure (SOP) and evidenced through testing for periods M7 to M12 2025-26.
- Enhanced use of WellSky reports (including Purchases Reports) to support reconciliation between WellSky and Oracle.
- Increased Finance engagement in reviewing aseptic activity and stock movements.

These actions demonstrate that the financial impact of the issue has been addressed and that management has acted appropriately once the error was identified.

The Finance review proposed the establishment of a Task & Finish Group to address underlying accounting approach and system design issues, with defined areas of review and a final report due by 31 March 2026. However, at the time of the review, the T&F Group had not been established due to year end pressures. **Action 1**

A key area for review by the T&F Group is further investigation of a year-end journal to bring the stock balance in Oracle in line with the WellSky balance sheet. The total value of the journal was £13.7m, with £6.1m relating to the aseptic stock error (unknown at the time of posting the journal) which has now been addressed through the actions identified above. Investigation into the remaining £7.6m adjustment is ongoing but lacks pace. We were advised that a significant proportion of the adjustments relate to timing differences including goods received but not invoiced and invoices recognised in WellSky but not processed through Accounts Payable (and therefore not reflected in Oracle) at period end.

We highlighted in Objective 1 that use of an active expenditure cost centre for aseptic transactions obscured visibility of the error. As a temporary fix, manual month end journals are now being processed to move aseptic transactions to a dedicated cost centre to improve visibility. We are advised that a permanent solution – correcting the cost centre configured in WellSky - will be progressed through the Task & Finish Group.

Action 1: Establishing the Task & Finish Group

The Task & Finish Group should be established as a priority to address outstanding issues.

Appendix A: Assurance Opinion & Prioritisation of Findings

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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