

Medical Workforce Stabilisation (Variable Pay)

Final Internal Audit Report
2025/26

Hywel Dda University Health Board



Reasonable Assurance

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Review Reference
Fieldwork
Executive Sign Off
Audit Committee
Executive Lead
Audit Team

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Executive Summary

Purpose

The overall objective of this audit was to provide assurance of the key controls of managing medical variable pay as part of the Medical Workforce Stabilisation programme.

Overview

The reporting and scrutiny of medical variable pay has been embedded within the governance arrangements of the Health Board from budget holders viewing live financial information on the Qlik system through to the Clinical Care Groups and statutory committee of the Board. A Medical Workforce Planning Steering Group has also been established as part of the Medical Workforce Stabilisation programme to review the organisation's medical workforce position and performance, including variable pay through the triangulation of data.

We also noted the implementation of the Allocate rostering system across all wards and specialties (as part of the Medical Workforce Stabilisation programme) to capture shifts that have incurred variable pay, whilst a new rate card was introduced in March 2026 to ensure consistency in pay arrangements across all medical shifts. The matter requiring management attention include is the lack of a dedicated policy or procedure for use and management of medical variable pay that was evident in the inconsistent approaches within wards and specialties that has led to instances of retrospective recording of requests and approval of shifts, no segregation of the requesting and approving officer, incorrect reasoning of requested shifts, whilst some approvers were not always the budget holders.

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

Scope & Assurance Summary

| Objectives ¹ | Related Findings | Assurance |
|--|------------------|--------------------|
| 1 The use of medical variable pay is scrutinised and challenged with actions taken to address any areas of concern | 1 | Reasonable |
| 2 Medical variable pay is regularly reported through to the Health Board | - | Substantial |

Management Actions

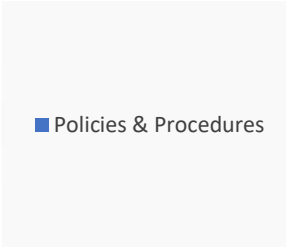


High Priority



Medium Priority

Themes



Risk Types

Financial Loss

¹ The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

Findings & Agreed Action Plan

Objective 1: The use of medical variable pay is scrutinised and challenged with actions taken to address any areas of concern

Reasonable

Overview / Summary of Observations

Testing of 100 shifts worked during 2025-26 across five cost centres (Glangwili General Hospital – A&E, Anaesthetics, Ophthalmology, General Surgery & Withybush General Hospital – A&E) was selected from the Allocate rostering system.

In March 2026, a Finance Report submitted to the Health Board identified that "*there is a concerning trend that not all shifts are reported promptly on the Allocate rostering system and monthly spend is showing month on month variations due to retrospective shifts*". Testing during this review corroborated this issue with 47% of the shifts retrospectively submitted to bank and approved/ finalised by an officer taking 10 days or more to be recorded on Allocate after the shift had been worked.

Instances were also identified where there was no segregation of duties between the requesting and approving/ finalising officers, whilst many of the approving/ finalising officers were not the budget holders. Discussion with the various rota coordinators and service delivery managers noted due circumstances (e.g. vacancies, sickness, annual leave, etc.) it was not always possible to have that separation of duties. In addition, instances were noted of staff approving/ finalising shifts on behalf of the budget holder and incorrect reasoning for some shifts were identified.

The Health Board has several policies and procedures that support elements of medical variable pay such as the *Budgetary Control Procedure* and *Study Leave Policy for Medical and Dental Staff*. However, there is no explicit policy or procedure in place dedicated to medical variable pay. The lack of a policy or procedural document has contributed to the inconsistent approaches taken by staff within wards and specialties that have been identified above. To ensure a clear and consistent approach is embedded within Hywel Dda, the Health Board should consider introducing a financial control and/ or standard operating procedure as noted with another NHS Wales Health Board that provides an overview of the controls and processes for the use and management of variable pay for medical and dental staff. **[Finding 1]**

The Finance Department provide regular reports to the Clinical Care Groups (CCGs) that outline key elements relating to variable pay such as monthly and year-end budget and trends, end of year forecast, pay analysis and summary narrative for each county and directorate within the CCG portfolio (including the categorisation of medical and dental variable pay breakdowns), actions, savings plans and targets.

All additional duty hours (ADH) or bank shifts are set in line with the medical rate card 2017 unless a negotiate rate had been agreed between the individual medical employee and the ward/ specialty management, with many rates historically agreed. Testing of 100 shifts worked during 2025-26 noted that only 11 shifts were set against the medical rate card, whilst 89 were negotiated between the individual and management.

A new medical rate card was developed by the Health Board with engagement from the British Medical Association (BMA) representatives as part of the Medical Workforce Stabilisation programme. The new medical rate card was implemented in March 2026 that covers all specialties and grades with clear definitions for in hours, out of hours, resident and non-resident rates. Any requests for negotiated rates are required to be submitted to the Medical Workforce Planning Steering Group for consideration and approval rather than dealt with locally. This new internal control mitigates the variable and inconsistent approach to negotiated rates identified in our testing above.

| Key Findings | Risk & Impact | Agreed Management Action |
|--|---|--|
| <p>1 Medical Variable Pay Policy and Procedure</p> <p>Whilst there are policies and procedures in place that impact on medical variable pay, there is no explicit policy or procedure in place on the use and management of medical variable pay.</p> <p>This should include the prompt submission and approval of shift requests (to mitigate retrospective actions when possible), segregation of duties, the correct assignment of reasoning for the requested shift and the assignment of approval on behalf of budget holders.</p> | <p>Inaccurate or inconsistent approaches taken by staff impacting medical variable pay due to the lack of a dedicated policy or procedure</p> | <p>Agreed Action:</p> <p>Develop, approve and implement a Medical Variable Pay Policy and Procedure which clearly defines:</p> <ul style="list-style-type: none"> • Governance and accountability for requesting, approving and recording medical variable pay • Requirements for prospective approval of shifts (with clear escalation where retrospective approval is unavoidable) • Segregation of duties to ensure appropriate separation between requestor and approver • Standardised categories for reasoning/justification of additional shifts • Defined approval hierarchy, including delegated authority arrangements on behalf of budget holders • Timely submission and processing expectations • Monitoring, reporting and audit arrangements <p>The policy will be developed in line with organisational policy frameworks and subject to appropriate stakeholder consultation prior to formal approval through governance committees.</p> <p>Expected Evidence of Implementation:</p> <p>Approved Medical Variable Pay Policy and Procedure document Evidence of consultation (e.g. tracked changes, stakeholder Sample audit demonstrating:</p> <ul style="list-style-type: none"> • prospective approvals in place • correct use of justification categories • appropriate authorisation levels applied • Monitoring report or dashboard showing compliance |
| <p>Theme: Policies & Procedures</p> | <p>High Priority</p> <p>Control Design</p> | <p>Officer: Carly Hill (Assistant Director)</p> <p>Target Implementation Date: October 2026</p> |

Overview / Summary of Observations

A key element of the Medical Workforce Stabilisation programme was the full implementation of the Allocate rostering system to all wards and specialties. Allocate allows teams to plan individuals working arrangements and identify any gaps in the rota that are filled through additional duty hours (ADH) or by bank staff.

Budget holders have access to their live financial information via the All-Wales Qlik system that allows users to access a personalised dashboard with the ability to drill down on various financial elements including medical variable pay.

A review of Clinical Care Group (CCG) and statutory committees of the Board for the period 2025-26 confirmed the regular reporting of medical variable pay including breakdowns of current performance and year-end forecast positions. Medical variable pay was also identified as a 'top priority alert' within the financial reports submitted to the Finance and Performance Committee.

The Medical Workforce Planning Steering Group has been established to review the organisation's medical workforce position and performance, including variable pay. The aim of the group is to triangulate key data including (but not limited to) as the financial performance of cost centres, establishment WTE positions, job plans and sickness absence rates. The group is chaired by the Assistant Director Medical Directorate.

The Medical Workforce Planning Steering Group also review ward and specialty rotas on a weekly basis to ensure rosters have been planned six weeks in advance to identify unfilled shifts. In addition, all wards and specialties are required to adhere to the new medical rate card introduced in March 2026. Any negotiation of medical rates is now required to go via the Medical Workforce Planning Steering Group rather than be agreed locally by management.

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.

