

# Continuing Healthcare – Database Maintenance & Finance Processes

## Final Internal Audit Report 2024/25

Hywel Dda University Health Board



Substantial Assurance

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**Executive Sign Off**

**Audit Committee**

**Executive Lead**

**Audit Team**

HDU-2425-33

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# Executive Summary

## Purpose

A limited scope review of the arrangements in place for maintaining and updating the All-Wales National Complex Care Database, and subsequent accounting and forecasting processes.

## Overview

We have concluded **Substantial** assurance on this area. The systems and processes in place for updating NCCD, calculating accruals and financial forecasts are robust. Our sample testing identified no issues with the timeliness and accuracy of updates to NCCD to reflect new/updated packages of care and the receipt of invoices from local authorities and care providers. However, we identified one matter requiring management attention relating to:

- late receipt of invoices from local authorities potentially impacting on cash flow

Full details of matters arising are detailed within the Findings & Agreed Action Plan.

## Scope & Assurance Summary

Objectives	The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.	Related Findings	Assurance
1	The National Complex Care Database is accurately maintained and updated in a timely manner to reflect new packages of care and any changes to existing packages.	-	<b>Substantial</b>
2	Associated accounting and forecasting processes are based on current packages of care as per the NCCD, with appropriate adjustments for new and updated packages.	1	<b>Substantial</b>

### Management Actions



High Priority



Medium Priority

### Themes



■ Finance Management & Control

### Risk Types

Financial Loss

# Findings & Agreed Action Plan

**Objective 1:** The National Complex Care Database is accurately maintained and updated in a timely manner to reflect new packages of care and any changes to existing packages

**Substantial**

## Overview / Summary of Observations

The process maintaining the NCCD is not formally documented although a video guide demonstrating how to enter information onto the NCCD is available and considered useful.

The timeliness of local authorities and clinical teams communicating changes to care packages to the CHC teams is critical for ensuring that the NCCD is up to date and feeding accurately into finance processes. The eligibility and quality assurance panels for Long Term Care and Mental health & Learning Disabilities meet every Tuesday to consider and approve/reject new and amended care packages. Decisions are recorded on spreadsheets and made available to the respective Nursing Finance Officers usually within two working days to update the NCCD.

Sample testing of 16 new and amended care packages approved by the respective panels found that the NCCD had been updated promptly and accurately.

**Objective 2:** Associated accounting and forecasting processes are based on current packages of care as per the NCCD, with appropriate adjustments for new and updated packages

**Substantial**

## Overview / Summary of Observations

The Core Accounting Team is responsible for the processing of accruals and the preparation of forecasts and the CHC month end positions. Comprehensive guidance is available to support these processes.

Due to limitations of the NCCD system the finance and accounting processes are reliant on complex (albeit well designed) spreadsheets and requires manual data manipulation which carries an element of inherent risk. This risk is highlighted for management information with no finding raised, recognising that the NCCD is a national mandatory system and the health board has reasonable completeness and accuracy checks in place to mitigate the risk.

### Accruals

Accruals are calculated as the difference between year-to-date package costs and invoices received, as per NCCD. Accruals journals are posted into Oracle as 'reversing journals' and so the system auto reverses the posting when month end is run. A new accrual is created as part of the monthly accruals process for any prior period package costs not yet invoiced.

Sample testing of 16 invoices confirmed that all had been promptly and accurately entered onto NCCD following receipt. However, the CHC teams highlighted issues with the timeliness of invoices received from local authorities and our sample testing corroborated this. Whilst there is no impact on the financial position due to accruals, there is a potential impact on the Health Board's cash flow. **[Finding 1]**

### Forecasting

A walk through was carried out with the Assistant Head of Core Accounting to fully understand the mechanics of how the forecast is derived. Information on active packages of care is extracted from NCCD into the forecasting spreadsheet which is engineered to take account of new packages, ceased packages and changes to package costs so that the forecast is as accurate as possible. Anticipated new and amended packages that are not yet approved are also monitored via the Risks & Opportunities spreadsheet to enable early identification of any unusual significant increases in CHC costs. The monthly net impact for January – April 2025 did not exceed £12k.

Key Findings	Risk & Impact	Agreed Management Action
<p>1 <b>Late Invoices from Local Authorities</b></p> <p>Sample testing identified three invoices received from:</p> <ul style="list-style-type: none"> <li>Pembrokeshire County Council in February 25 relating to the period January to April 2022</li> <li>Carmarthenshire County Council in August 24 relating to the period June 2022 to March 2024</li> <li>Ceredigion County Council in October 2024 relating to August 2024.</li> </ul> <p>We sighted evidence of ongoing dialogue with Pembrokeshire County Council to address this issue with subsequent escalation to the Health Board's Director of Finance, the same is needed for Carmarthenshire and Ceredigion County Councils.</p>	<p>Potential negative impact on the Health Boards cashflow.</p>	<p><b>Agreed Action:</b></p> <p>Undertake period (monthly) reviews of supplier statements to ensure all invoices are raised and processed by local authority partners in a timely manner, implementing service level agreements where appropriate to ensure regular invoicing of packages occurs.</p> <p><b>Expected Evidence of Implementation:</b></p> <p>Review will be undertaken and evidenced as part of the monthly balance sheet process, highlighting discrepancies to local authority partners as required for any aged packages where invoices are not received on an ongoing basis.</p>
<p><b>Theme:</b> Finance Management &amp; Control</p>	<p><b>Medium Priority</b></p> <p>Control Operation</p>	<p><b>Officer:</b> Assistant Finance Business Partner - CHC</p> <p><b>Target Implementation Date:</b> 01/10/2025</p>

# Appendix A

## Assurance Opinion

	<b>Substantial</b>	Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.
	<b>Reasonable</b>	Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.
	<b>Limited</b>	More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
	<b>Unsatisfactory</b>	Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.
	<b>Advisory</b>	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
<b>High</b>	Significant risk to achievement of a system objective OR evidence present of material loss, error, or misstatement. Poor system design OR widespread non-compliance.
<b>Medium</b>	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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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.

