

Follow-up: Strategic Programme Governance

Final Internal Audit Report

December 2023

Hywel Dda University Health Board



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Acknowledgement

NHS Wales Audit and Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

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Executive Summary

Purpose

Establish progress in implementing agreed actions arising from the previous internal audit [H DUHB-2223-37], which was a high-level review of the governance arrangements in place to ensure that identified schemes are achievable and managed as formal strategic change programmes with appropriate assurance reporting mechanisms in place.


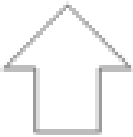
Overview

Action taken to address the issues identified in the previous audit form part of the Health Board’s wider Targeted Intervention work and response to the Director of Governance’s Savings Scheme Governance review.




Progress has been made in developing a comprehensive framework for the identification, scrutiny and delivery of savings opportunities (including those classed as strategic programmes), and the establishment of a new governance structure for oversight and monitoring.

We have concluded **Reasonable** assurance based on the action taken, but stress that the new arrangements are yet to be fully implemented so it is too early to assess and give assurance on their effectiveness. The recommendations therefore remain open and have been reprioritised to medium, and will be subject to a more detailed internal audit review as part of future financial governance and savings reviews, at an appropriate time once implemented and embedded.

Follow-up Report Classification

		Trend
<div>Reasonable</div> 	Follow up: All high priority recommendations implemented and progress on the medium and low priority recommendations.	

Progress Summary

Previous Matters Arising		Previous Priority Rating	Direction of Travel	Current Priority Rating
1	Identification, Scrutiny & Approval	High		Medium
2	Programme Governance	High		Medium
3	Savings Scheme Governance Review Recommendations	High		Medium

1. Introduction

- 1.1 This audit sought to establish the progress made by management in implementing agreed actions to address the issues identified in the original review (report HDUHB-2223-37 refers).
- 1.2 The original review identified three high priority matters arising requiring immediate attention relating to:
 - a. Lack of evidence to demonstrate that strategic programmes of change have been subject to appropriate scrutiny and approval prior to recognition as formal programmes, with some programmes more aptly considered as operational workstreams rather than strategic programmes of change.
 - b. Lack of evidence to demonstrate formal programme governance arrangements, including the absence of approved programme plans, inconsistent operational resource and insufficient programme management support.
 - c. Implementation of the recommendations arising from the Savings Scheme Governance Review undertaken by the Director of Governance
- 1.3 The potential risk considered in the original review was:
 - Strategic change programmes are unsuccessful due to poor governance arrangements, resulting in wasted resources and anticipated benefits not realised.
- 1.4 The scope of the original review was limited to a high-level review of programme governance arrangements and did not seek to assess or provide assurance on the performance and outcomes of programmes subject to review. The scope of this audit is further limited to assessing progress in implementing recommendations arising from the original review only.

2. Findings

2.1 The table below provides an overview of progress in implementing the previous internal audit recommendations:

Previous Matter Arising	Original Priority Rating	Number of Recommendations	Action Taken – further review required to assess compliance and effectiveness	Action Ongoing - Further Action Required
1	High	1	1	0
2	High	2	2	0
3	High	1	0	1
Total		4	3	1

2.2 Full details of current findings and implementation status are provided in **Appendix A**.

Appendix A: Status of Previous Matters Arising

Previous Matter Arising 1: Identification, Scrutiny & Approval (Design)																																	
Original Recommendation			Original Priority																														
1.1 Develop a formal framework for the identification, scrutiny and approval of opportunities for strategic/transformation change and ensure sufficient evidence is maintained to demonstrate the journey from potential opportunity through to recognition as a formal programme.			High																														
Management Response		Target Date	Responsible Officer																														
1.1 A formal framework will be finalised to ensure that there is a clear trail from opportunity to acceptance as a formal programme.		July 2023	Executive Director of Finance																														
Current Findings			Residual Risk																														
An Opportunities Framework has been developed to formally guide the review of ideas and opportunities for savings and onward progression into formal savings plans. The process, requirements and governance arrangements are set out within a 'Principles and Process' document for each of the four stages of the framework (Enquire, Discover, Design, Deliver). Schemes will be recorded and recognised as follows:			Potential risk of:																														
<table border="1"> <thead> <tr> <th>Framework Stage</th><th>BRAG Rating</th><th>Description / Status</th><th>Scheme Recognised</th><th>Formal Plan & Project Mgt.</th></tr> </thead> <tbody> <tr> <td>Enquire</td><td>-</td><td>Data analysis to identify potential opportunities</td><td></td><td></td></tr> <tr> <td>Discover</td><td>Black</td><td>Identified potential opportunity for exploration</td><td></td><td></td></tr> <tr> <td>Design</td><td>Red</td><td>Develop plan (PID) for specific change proposal</td><td>✓</td><td></td></tr> <tr> <td rowspan="2">Deliver</td><td>Amber</td><td>Plan in place - delivery timing uncertain</td><td>✓</td><td>✓</td></tr> <tr> <td>Green</td><td>Plan in place - delivery timing certain</td><td>✓</td><td>✓</td></tr> </tbody> </table>			Framework Stage	BRAG Rating	Description / Status	Scheme Recognised	Formal Plan & Project Mgt.	Enquire	-	Data analysis to identify potential opportunities			Discover	Black	Identified potential opportunity for exploration			Design	Red	Develop plan (PID) for specific change proposal	✓		Deliver	Amber	Plan in place - delivery timing uncertain	✓	✓	Green	Plan in place - delivery timing certain	✓	✓	<ul style="list-style-type: none"> Strategic change programmes are unsuccessful due to ineffective governance arrangements, resulting in wasted resources and anticipated benefits not realised 	
Framework Stage	BRAG Rating	Description / Status	Scheme Recognised	Formal Plan & Project Mgt.																													
Enquire	-	Data analysis to identify potential opportunities																															
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	Green	Plan in place - delivery timing certain	✓	✓																													

The processes have been worked through with the Finance Delivery Unit as part of the Targeted Intervention engagement.

We were advised that to date, no additional strategic change programmes have been identified following the full audit undertaken in spring 2023. It has therefore not been possible to assess the application and effectiveness of the new framework and supporting principles and processes.

Conclusion: *Action Taken – further review required to assess compliance and effectiveness*

Previous Matter Arising 2: Programme Governance (Design)		
Original Recommendation		Original Priority
2.1a Strategic programmes should be managed as such from the outset, with appropriate programme management resource and a formal programme plan demonstrating alignment with the organisations objectives and setting out the aims, milestones and anticipated outcomes.		High
2.1b The programme plan should form the basis of monitoring programme delivery against milestones and achievement of identified aims and outcomes. This would encourage transparency, consistency and completeness in assurance reporting to the Board.		
Management Response	Target Date	Responsible Officer
2.1a The strategic programmes of change within the Health Board are described by the Planning Objectives agreed annually by the Board. The Executive team will establish a formal process to assess the resource requirements for each and align corporate resources accordingly.	July 2023	Executive Director of Strategy and Planning
2.1b Linked to the ongoing Targeted Intervention work the Health Board will review its processes and documentation for managing programmes	August 2023	Executive Director of Strategy and Planning
Current Findings		Residual Risk
2.1a The Core Delivery Group was established in August 2023 as a sub-group of the Executive Team. As per the Terms of Reference, responsibilities include overseeing delivery of the Health Board’s savings plan, including ensuring that clear processes are in place for capturing project plans consistently and ensuring that support is provided for each scheme from corporate functions as necessary. The savings process document provides guidance on the approach that should be followed within each stage of the framework, including a resource allocation review in the Discover phase to identify resources required to		Potential risk: <ul style="list-style-type: none">strategic change programmes are unsuccessful due to poor governance arrangements, resulting in wasted resources and anticipated benefits not realised

bring an idea into fruition, and a detailed project plan as part of the Design stage outlining clear milestones, deliverables and performance indicators.

The Project Initiation Document template has been developed to ensure this detail is determined and captured as part of the planning process, including:

- Project scope and drivers
- Project team
- Anticipated benefits and risks
- Key milestones and tasks
- Monitoring arrangements

We were advised that to date, no additional strategic change programmes have been identified following the full audit undertaken in spring 2023.

Conclusion: *Action Taken – further review required to assess compliance and effectiveness*

2.1b As noted above, scheme delivery will be monitored through the Core Delivery Group.

Arrangements for reporting delivery of anticipated savings are clear – via the savings tracker template with a Power BI dashboard to facilitate monitoring and reporting both within the organisation and externally (e.g. to Welsh Government).

Arrangements for monitoring and reporting achievement of non-financial benefits (for example quality, safety and experience improvements) are more ambiguous at this stage – the PID template should facilitate this if completed and used as intended, although as no additional strategic change programmes have been identified following the full audit undertaken in spring 2023 we have been unable to assess this.

Conclusion: *Action Taken – further review required to assess compliance and effectiveness*

Potential risk:

- strategic change programmes are unsuccessful due to poor governance arrangements, resulting in wasted resources and anticipated benefits not realised

Previous Matter Arising 3: Savings Scheme Governance Review Recommendations (Design)		
Original Recommendation		Original Priority
3.1 Implement the recommendations arising from the Director of Corporate Governance/Board Secretary's review of the governance arrangements in place for Health Board savings schemes.		High
Management Response	Target Date	Responsible Officer
3.1a The recommendations of the review will be implemented in full.	July 2023	Executive Director of Finance
Current Findings		Residual Risk
<p>3.1 The issues identified in the Savings Schemes Governance review were consistent with the findings of our original Strategic Programme Governance review and are therefore similarly addressed by the Opportunities Framework and savings process outlined above (although we have not sought to confirm implementation of the individual recommendations). Fundamentally:</p> <ul style="list-style-type: none"> a formal process to convert opportunities into savings plans whereby identified opportunities are considered, agreed with Executive and operational leads before any savings targets are shared with the Board (rec 1) an agreed process for developing and agreeing savings plans/target (rec 3) ensuring access to support for scheme leads including operational planning, finance, governance and project management (rec 4) documented programme documentation setting out responsibilities, scope, milestones/trajectories, actions, risks and agreed savings targets (rec 5) clear and consistent reporting into Executive Team (rec 6) <p>The following recommendations will also be implemented as part of the 2024-25 savings cycle:</p> <ul style="list-style-type: none"> the process for identification of savings needs to commence earlier in the financial year (rec 2) 		<p>Potential risk of:</p> <ul style="list-style-type: none"> strategic change programmes are unsuccessful due to poor governance arrangements, resulting in wasted resources and anticipated benefits not realised

- develop a positive culture in respect of accountability, ownership and delivery of saving schemes where lessons are learnt together to improve the Health Board’s ability to deliver planned savings (rec 7 – due March 2024)
- the Board should have clear and detailed saving plans presented within the annual plan which can be monitored throughout the financial year and reported to SRC and Board (rec 8)

Progress is monitored via the recommendation tracker with updates to ARAC in August and October 2023.

Conclusion: *Action Ongoing*

Appendix B: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	<p>Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure. Follow up: All recommendations implemented and operating as expected</p>
	Reasonable assurance	<p>Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved. Follow up: All high priority recommendations implemented and progress on the medium and low priority recommendations.</p>
	Limited assurance	<p>More significant matters require management attention. Moderate impact on residual risk exposure until resolved. Follow up: No high priority recommendations implemented but progress on most of the medium and low priority recommendations.</p>
	No assurance	<p>Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved. Follow up: No action taken to implement recommendations</p>

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



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