

Community Pharmacy

Final Internal Audit Report

2025/26

Swansea Bay University Health Board



Reasonable Assurance

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Review Reference	SBU-2526-14
Fieldwork	August - October 2025
Executive Sign Off	11 November 2025
Audit Committee	20 November 2025
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Executive Summary

Purpose

To review the structures and arrangements to manage the availability of community pharmacy to patients, including the management and monitoring of the NHS (Pharmaceutical Services) (Wales) Regulations 2020.

Overview

Section 82A of the National Health Service (Wales) Act 2006 requires each local health board (LHB) to assess the pharmaceutical needs of its population and publish a statement of its assessment, including any subsequent revisions. The associated Regulations set out the minimum information that must be contained within a Pharmaceutical Needs Assessment (PNA) and outline the process for its development. Pharmacies must be included on the Pharmaceutical List maintained by each health board to provide NHS services.

The Welsh Government’s strategic plan, *A New Prescription - The Future of Community Pharmacy in Wales (2022)*, highlights the important role of community pharmacies in supporting public health. It positions them as a key part of a broader strategy to improve population health, reduce inequalities, and ensure access to high-quality care close to home. There are currently 90 community pharmacies within the Swansea Bay University Health Board (‘the health board’).

Community pharmacies in Wales are governed by a national contractual framework, rather than entirely individual contracts. The All-Wales Pharmacy Database (AWPD) is a tool via which these arrangements can be managed alongside the three-tiered structure of community pharmacy services (see At A Glance, page 3), under the Framework.

Following tripartite negotiations (Welsh Government, NHS Wales and Community Pharmacy Wales (CWP)), the Community Pharmacy Contractual Framework (CPCF) has been implemented to support and enhance the role of community pharmacies within NHS Wales. The CPCF is designed to support the delivery of the NHS Long Term Plan by making community pharmacies a vital part of the healthcare system.

The health board commissions these services under NHS Wales arrangements. However, it has limited control over CCPS activity, which presents a financial risk that community pharmacy services may overspend during 2025/26. It should be noted this review did not include an audit of claims or payments, as these are covered by the annual Contractor Payments audit conducted by NHS Wales Shared Services Partnership.

We have concluded **reasonable** assurance in this area. The matters requiring management attention include:

- 1. Payments for locally commissioned services are made in the absence of signed, agreed SLAs between the health board and the contractor.
- 2. Limited formal strategic reporting on community pharmacy services.

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

The following area has been recognised as an opportunity for enhancement and does not impact the overall assurance opinion. Complaints received by the health board may be redirected to the respective pharmacy for local resolution. A leaflet has been developed to inform complainants on the appropriate process for raising concerns involving independent contractors. However, this leaflet is not routinely issued by the Complaints Team when acknowledging redirected complaints, something which could improve complainant understanding and support more consistent communication. Further, there is an opportunity for the health board to gather broader feedback (e.g. positive comments, not just complaints) in relation to the services that are provided.

Scope & Assurance Summary

Objectives <small>The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.</small>	Related Findings	Assurance
1 Service provision, aligned to the requirements of the Regulations and the Contractual Framework (CPCF) have been identified and agreed.	1	Reasonable

2	Performance against the requirements within the Regulations and the CPCF is monitored, with action taken to address non-compliance.	1	Reasonable
3	An appropriate complaints and feedback system has been established.	-	Reasonable
4	The health board receives assurance in respect of the Regulations, CPCF performance and patient access.	2	Reasonable

Management Actions

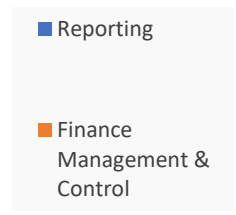
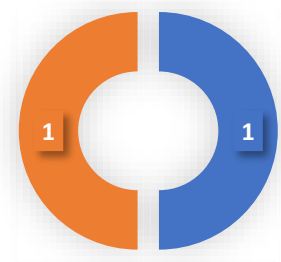


High Priority



Medium Priority

Themes



Risk Types

Financial Loss
Public Perception & Reputational Risk

At a Glance: Tiers of Community Pharmacy Services

Tier	Category	Description
Tier 1	Essential services	Core services that all community pharmacies providing NHS pharmaceutical services must deliver. These include dispensing of medicines, promoting healthy lifestyles, support for self-care, safe disposal of unwanted patient medication, and signposting to other health or social care services.
Tier 2	National Clinical Community Pharmacy Services (CCPS)	Introduced in November 2022, the CCPS replaced multiple service agreements with a single, consolidated framework governed by a unified service specification. All 90 community pharmacies in Swansea Bay deliver these services, which include the common ailment services (CAS), Emergency Hormonal Contraception, Emergency Medication Supplies (EMS) and Urinary Tract Infection (UTI) services. Pharmacies must complete a pharmaceutical listing form to participate.
Tier 3	Locally Commissioned Clinical Services	Additional services commissioned by Local Health Boards based on local population needs. These may follow national or locally developed service specifications and include services such as Independent Prescribing, Smoking Cessation and Flu Immunisation. These services require separate Service Level Agreements (SLAs) and are not covered by the national framework.

Findings & Agreed Action Plan

Objective 1: Service provision, aligned to the requirements of the Regulations and the Contractual Framework (CPCF) has been identified and agreed.

Reasonable

Community pharmacies in Wales are governed by a national contractual framework, rather than individual contracts with measurable service deliverables. This framework is underpinned by the All-Wales Pharmacy Database (AWPD) and the three-tiered structure of community pharmacy services (see page 3), which align with the requirements of the NHS (Pharmaceutical Services) (Wales) Regulations 2020.

In accordance with Part 2 of the Regulations, the health board published its Pharmaceutical Needs Assessment (PNA) in October 2021, following approval by Management Board and the Board. The PNA outlines how pharmaceutical services meet the health needs of the local population over a five-year period and serves as a key planning and commissioning tool, particularly regarding pharmacy applications such as new premises or service expansions.

The PNA was developed in line with the regulatory requirements, drawing on a range of data sources and engagement activities. It meets the minimum standards and demonstrates that pharmaceutical services are well distributed and accessible across the region. Management confirmed that no significant changes have occurred that would necessitate an earlier revision, and there have been no formal challenges to the current PNA. The next PNA is due for publication in 2026, and development work is already underway.

The health board has experienced three pharmacy closures over the past two years, one of which occurred within the last 12 months. There has also been a number of changes following an exit from the market by a large contractor (2023) and independent contractors assuming those services. There are currently 90 community pharmacies operating within the SBUHB area, the details of which (and the associated services commissioned to provide) are held on the AWPD. This database is maintained by NHS Wales Shared Services Partnership (NWSSP). A performers list, for individual pharmacists, is also maintained by the General Pharmaceutical Council (GPhC), not the health board.

Community pharmacy services within the health board reflect the national priorities and funding structures under the CPCF. These include services such as Emergency Medicines Supply, the Common Ailments Scheme and contraception. CPCF funding also supports clinical services (e.g. Clinical Community Pharmacy Service (CCPS) and Pharmacist Independent Prescribing Service (PIPS)), workforce incentives and quality and safety schemes.

Service uptake and performance are monitored through forums such as the Pharmacy Operational Group, ensuring alignment with CPCF deliverables. (See Objective 2 for further details on monitoring).

Each community pharmacy provides essential services alongside the nationally commissioned CCPS. Pharmacies declare compliance with relevant regulations through their premises listing declarations. A sample review of ten community pharmacies, including a reconciliation exercise between AWPD data and locally held Service Level Agreements (SLAs), identified instances where SLAs were not signed and agreed in a timely manner. Additionally, our testing identified that payments to community pharmacies within the sample were made outside of the parameters of the agreed SLAs (See **Key Finding 1**).

The audit trail for this information is partially maintained on the AWPD, which includes pharmacy contact details and confirmation of the services. Further documentation, such as SLAs, service specifications, meeting minutes, and reports are stored locally on the Primary Care Team's shared drive. The AWPD is owned and managed by NWSSP and provides 'read only' access to the health board, which does not have editorial control over its content. Access permissions differ between NWSSP and the health board, meaning the latter cannot view all available information. This is recognised as an All-Wales issue beyond the control of the health board and has therefore not been raised as a formal audit finding.

Key Findings	Risk & Impact	Agreed Management Action
<p>1 Service Level Agreements – acceptance and payments</p> <p>Section 12.1.1 of the health board’s SFIs states ‘<i>The Health Board will commission healthcare services for its resident population both internally, from its own LHB provided services, and externally, from other LHBs, Trusts and other providers. The Chief Executive is responsible for ensuring the LHB enters into suitable Health Care Agreements (or Individual Patient Commissioning Agreements, where appropriate) for the provision of health care services from external providers.</i>’</p> <p>Whilst we were provided with the SLAs for each pharmacy (and associated services) within our sample, it was evident that such had not been in a timely manner from commencement of the same. Further, management advised that payments for the commissioned services will not be processed unless there is a signed SLA in place.</p> <p>Review of primary care payment data noted that four of the 10 community pharmacies sampled, payments had been processed for the commissioned services from January 2025 onwards yet the SLA’s provided were not signed until August 2025 (one); and September 2025 (three).</p>	<p>Services provided outside of agreed expectations.</p>	<p>Agreed Action:</p> <p>All pharmacies within the sample have signed Clinical Community Pharmacy Services (CCPS), Discharge Medication Reviews (DMR) and Pharmacist Independent Prescriber (PIPs) agreements in place. The sign-up process for these national services, which account for 95% of community pharmacy activity, is led by NWSSP. NWSSP will list the pharmacy on the All-Wales Pharmacy Database (AWPD) once the listing form has been received and no activity can be performed by the provider prior to this as they will be unable to use the national platform (NECAF) to record for payment.</p> <p>The SLAs referred to in key finding 1 is in relation to locally commissioned services (approximately 5% of total activity) of which there is minimal activity against those 4 pharmacies.</p> <p>In response to the findings the following will be undertaken</p> <ul style="list-style-type: none"> • Implement a formal process to ensure SLAs for locally commissioned services are signed before the commencement of commissioned services. • Reiterate and enforce the requirement that no payments should be processed without a signed SLA, documenting status on a tracking system. <p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> • Documented guidance of process to follow for agreement of SLAs for locally commissioned services and payments. • The community pharmacy matrix, which includes activity, will include reference to the SLA terms for the respective services.
<p>Theme: Finance Management & Control</p>	<p>High Priority</p> <p>Control Operation</p>	<p>Officer: Sam Page, Head of Primary Care</p> <p>Target Implementation Date: 28 February 2026</p>

As outlined in Objective 1, the health board meets the requirements of the Regulations publishing its PNA every five years. This forms the baseline for assessing service coverage and performance.

Unlike General Medical and Dental Services contracts, community pharmacies are not subject to formal performance delivery targets. They are reimbursed for services delivered, rather than required to meet specific activity thresholds. (Note: Claims and payments were not audited in detail as they are covered by NWSSP's annual Contractor Payments audit, as per objective 1, reference has however been made to summary listings of payments.)

Performance monitoring is carried out through a combination of mechanisms:

- **Data sources:** Monitoring of the CCPS and locally commissioned services is supported by information held on the Primary Care Team's shared drive, the AWPDP, and discussed at forums such as the Pharmacy Operational Group (POG). As noted in **Key Finding 1**, gaps in SLA documentation were identified during our review.
- **Operational control:** The health board does not have direct control over the volume or scope of CCPS activity, which is determined by independent contractors based on demand. This presents a financial risk; however, we note that the health board met its financial control target for 2024-25. In addition, the health board received a proportion (£820k) of a one-off £6M stability payment from Welsh Government to support service continuity. A financial risk remains for 2025-26, pending confirmation of the CPCF uplift. This forms part of a broader, All-Wales governance challenge that is not unique to the health board and falls outside its direct control. Accordingly, a formal audit finding has not been raised at this point.
- **Clinical Service Reviews:** All clinical services are reviewed annually. Reviews are conducted remotely using data from Digital Health and Care Wales (DHCW) and the 'Choose Pharmacy' platform. Reports are drafted by the Clinical Lead drafts and discussed at the monthly POG. A sample of reports, since this was introduced in January 2025, showed high compliance, with some issues appropriately mitigated.
- **Contractor Engagement:** Informal meetings are held quarterly or bi-annually with pharmacies, depending on assurance levels. Drop-in sessions are offered to single-handed contractors, and formal meetings are arranged where additional support is required.
- **Governance Toolkits:** Pharmacies are required to complete annual Information Governance and Clinical Governance toolkits to demonstrate compliance with NHS Wales standards. Although, the health board does not currently have access to this platform, it is expected to receive the data by March 2026. No recommendation has been raised at this time.
- **Monitoring visits:** These resumed in 2024 following a COVID-19 pandemic pause and are now conducted on a risk-based cycle as agreed by Welsh Government and informed by the Controlled Drugs and High-Risk Medicines Governance Group. Each visit results in a report outlining agreed actions and follow up. for both the contractor and the health board, including target completion dates. These actions are followed up through email The health board triangulates data from complaints, incidents, and performance metrics to identify non-compliance. Monitoring visits may also be initiated in response to concerns raised through alternative channels, such as external stakeholder feedback or formal complaints. External Liaison: The health board maintains regular contact with the General Pharmaceutical Council (GPhC) to stay informed of any regulatory concerns; and quarterly meetings are held with Community Pharmacy Wales.

- Annual Reporting: An annual summary report capturing key findings from contract monitoring reviews will be submitted to the GMS, Community and Therapies Governance Group – Primary Care Contracts meeting once 12 months of data is available. This will provide ongoing governance and assurance.

Objective 3: An appropriate complaints and feedback system has been established.

Reasonable

Community Pharmacy Complaints and Feedback Process

NHS community pharmacies are required to have appropriate complaints procedures that comply with the *National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011*. These arrangements must support the effective handling and resolution of concerns or complaints related to the provision of NHS pharmaceutical services. As part of the Community Pharmacy contractual terms of service, each pharmacy must produce a practice leaflet setting out how concerns or complaints can be raised, including escalation to the Public Services Ombudsman where appropriate.

Under the Putting Things Right (PTR) framework in Wales, community pharmacies must respond to complaints within 30 working days. Where this timeframe is exceeded, accountability for the delay lies primarily with the pharmacy. Pharmacy contractors, some of whom operate multiple premises, are also required to submit an annual summary of complaints to the health board, alongside their Duty of Candour declaration, due at the end of September each year. In cases where no complaints have been received, a 'nil return' may be submitted. A review of the 2024/2025 'Concerns' report for one of the largest contractors (operating six community pharmacies during the period), found no instances where the 30-day response period was breached.

The health board monitors compliance through regular communication with its community pharmacies and maintains an annual complaints logs identifying which pharmacies had received complaints during the year. Whilst the health board is not required to record every individual complaint, it is expected to assure itself that community pharmacies are maintaining appropriate records and adhering to PTR requirements. The complaints log for 2023/24 and 2024/25 both indicated that there were no breaches of PTR.

Currently, contractors submit bespoke annual returns, with varying levels of detail. The health board's planned introduction of a standardised Microsoft Forms template for the annual complaints report is expected to improve consistency. Timing of this submission will be aligned with the Duty of Candour reporting cycle. Any identified trends or exceptions will be anonymised and shared with contractors and pharmacy teams.

At the most recent Quarterly Complaints and Incidents Report (August 2025), specific to Community Pharmacies, it was noted that 0 complaints had been received, and 0 complaints were open. (90 incidents had been reported with 5 remaining open, however these falls outside the scope of this audit).

Health Board Complaints and Feedback Process

Complaints may also be received directly by the health board. These are either redirected to the respective pharmacy for local resolution or flagged as requiring specific investigation by the health board. A leaflet has been developed to inform complainants about the appropriate process for raising concerns involving independent contractors. However, we were advised that this leaflet is not routinely issued by the Complaints Team when acknowledging complaints that are subsequently redirected to pharmacies. Whilst this has not been raised as a formal key finding, it is noted as a potential enhancement to improve complainant understanding and support more consistent communication. Further, there is an opportunity for the health board to gather broader feedback (e.g. positive comments, not just complaints) in relation to the services that are provided by the pharmacies.

Complaints handled by the health board follow the PTR framework and are managed through the Datix Cymru platform. Complaints logged through Datix Cymru are reported to the monthly Primary, Community & Therapies Group and the GMS, Community Pharmacy and Optometry Governance Group for monitoring. At the date of audit fieldwork, one open complaint was recorded on Datix. This has since been closed and was resolved in line with PTR requirements. Management advised that complaints are reviewed annually, due to the very low volume received. While internal reviews are conducted, the minimal number and nature of complaints meant that no formal escalation has occurred to date.

Objective 4: The health board receives assurance in respect of the Regulations, CPCF performance and patient access.

Reasonable

The health board has established a range of governance and assurance mechanisms to oversee the delivery and performance of community pharmacy services. These are broadly aligned with strategic objectives, including the PNA, which currently identifies no service gaps (see objective 1). Progress reporting is through the health board's Annual Plan Delivery Quarterly Progress Report. The commissioning of services from 90 community pharmacies further demonstrates integration into wider healthcare planning.

Performance Monitoring and Governance

CPCF performance monitoring and service delivery assurance are monitored through multiple forums, all of which have current terms of reference in place and quoracy of meetings has been confirmed:

- **Pharmacy Operational Group:** Reviews contract monitoring concerns. Items requiring escalation are raised by the Chair to the Senior Leadership Team (SLT) and into the Primary Care Contracts Meeting for guidance or approval.
- **Senior Leadership Team (SLT):** Weekly informal meetings between the contracting team and the Head of Service to discuss contractual matters.
- **Primary Care Contracts Meeting (within the Primary, Community & Therapies Service Group):** Discusses broader service issues including the rollout of the Electronic Prescription Service, sustainability, finance and performance. A quarterly highlight report is also presented.
- **GMS, Community Pharmacy & Optometry Governance Group:** Receives monthly updates on community pharmacy services, including changes to National Clinical Services (CCPS).
- **Primary, Community & Therapies Service Group (PCTSG) Management Board:** Considers higher level contractual issues.

Community pharmacy matters are reported to the Quality and Safety Committee on an ad hoc basis. Aside from updates on the vaccination programme and urgent care in November 2024, and the rollout of the Electronic Prescription Service in July 2025 (also includes health board pharmacies), a comprehensive update was only recently provided to the Board in September 2025, which highlights a gap in strategic visibility. This observation aligns with the Audit Wales Structured Assessment 2024, which noted limited Board-level reporting on primary care performance. We acknowledge that steps have been taken to enhance the visibility of Primary Care and Contractor Services within the Health Board's reporting framework, particularly through the Population Health Committee and the Board. However, further work is required to fully embed the ongoing reporting requirements into the governance structure (see **Key Finding 2**).

Equitable Access and Service Expansion

The health board's commitment to equitable access is reflected in its Strategic Equity Plan (SEP) - *We All Belong 2025-28*, which applies to all services, including those commissioned externally such as community pharmacies. While the SEP has only recently been approved in principle, it is not yet fully embedded (note: the SEP was subject to a recent internal audit; SBU-2526-22, issued September 2025, limited assurance).

In terms of access, the health board continues to support the development of independent prescribers within community pharmacy. This enables pharmacists to assess, advise, refer, and prescribe for a range of conditions without the need for a GP appointment. The service currently includes 35 independent prescribers, helping to improve access and reduce pressure on general practice.

While operational oversight is active and responsive, there is a need to strengthen formal reporting to the Board to improve transparency and ensure strategic initiatives like the SEP are fully integrated into service delivery and assurance frameworks.

Key Findings	Risk & Impact	Agreed Management Action
<p>2 Limited Strategic Reporting of Community Pharmacy Services</p> <p>Community pharmacy matters are reported to the Quality and Safety Committee on an ad hoc basis, such as the involvement in the vaccination programme and urgent care in November 2024, and the rollout of the Electronic Prescription Service in July 2025.</p> <p>The Audit Wales Structured Assessment 2024 noted improvements required to primary care reporting mechanisms to the Board and Quality and Safety Committee. In 2025/26, to date, further progress has been made to increase the visibility of primary care and contractor services, with reports on each service area scheduled for presentation to the Population Health Committee and subsequently to Board. Comprehensive reports have already been submitted for General Medical Services, Dental, and, more recently, Community Pharmacy (September 2025). However, the framework for ongoing reporting remains to be fully defined. This includes establishing a consistent approach to ensure strategic visibility at Board level – such as annual reporting on contractor services, thematic deep dives into individual service areas, or routine updates on primary care aligned to key priorities.</p>	<p>Limited strategic reporting on community pharmacy services reduced Board-level oversight, potentially hindering informed decision making, timely interventions and assurance over service performance.</p>	<p>Agreed Action:</p> <p>As reflected Board have received a comprehensive report on community pharmacy services, as part of the increased reporting agreed. This is in addition to the paper provided to executive management board earlier this year.</p> <p>In addition, board have been advised that they will be required to consider a pharmaceutical needs assessment in 2026 that will set out a comprehensive review of the sufficiency of pharmaceutical services within the health Board area. The work to commence the pharmaceutical needs assessment which Board are required to consider every five years has commenced.</p> <p>The Board has a work programme in place which includes coverage of all primary care areas. Reports on Community Pharmacy are scheduled to be received by the Board on an annual basis, supplemented by additional in-year reporting as required (e.g., Pharmaceutical Needs Assessment). A report was received in September 2025, and receipt of a further report has been included in the 2026/27 work programme.</p>
<p>Theme: Reporting</p>	<p>Medium Priority</p> <p>Control Operation</p>	<p>Expected Evidence of Implementation:</p> <ul style="list-style-type: none"> • Health Board Work Programme • Report(s) to Health Board meetings. <p>Officer: Deb Lewis, Chief Operating Officer / Hazel Lloyd, Director of Corporate Governance</p> <p>Target Implementation Date: 31 October 2026</p>

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.

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The report is based on the review work undertaken and is not necessarily a complete statement of all weaknesses that exist or potential improvements. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, no complete guarantee or warranty can be given with regard to the advice and information contained.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management of the Swansea Bay University Health Board. Work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, or all circumstances of fraud or irregularity. Effective and timely implementation of recommendations is important for the development and maintenance of a reliable internal control system.

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.

