



**PWYLLGOR ARCHWILIO A SICRWYDD RISG
AUDIT AND RISK ASSURANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	18 June 2024
TEITL YR ADRODDIAD: TITLE OF REPORT:	Audit & Assurance Services - Head of Internal Audit Opinion and Annual Report 2023/24
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Head of Internal Audit
SWYDDOG ADRODD: REPORTING OFFICER:	Head of Internal Audit

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

The Head of Internal Audit Opinion and Audit Annual Report for 2023-24 provides an overall opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Cefndir / Background

The report sets out the Head of Internal Audit Opinion, a schedule of assurance ratings given through the year together with the summarised results of the internal audit work performed, which support the overall opinion. An additional briefing paper is included as well as the main document which sets out the rationale and development process behind the annual opinion.

The opinion is predominantly based on the number and percentage of Limited assurance audit ratings, the significance of the areas/findings, and also the broader position regarding overall Governance, risk mgt and control, along with any improvements made to address agreed management actions. We also consider a comparison of outcomes across years, a comparison to others to inform our considerations, the significance of the Limited areas and any progress to date including from agreed follow up work

The annual report also includes a summary of audit performance in comparison to the plan and an assessment of conformance with the Public Sector Internal Audit standards.

Asesiad / Assessment

The Head of Internal Opinion and Annual Report for 2023-24 gives a Limited Assurance overall opinion on the adequacy and effectiveness of the Health Board's framework of governance, risk management and control.

Argymhelliad / Recommendation

The Audit and Risk Assurance Committee is asked to consider and take assurance from the Head of Internal Audit Opinion and Annual Report 2023/24.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	<p>3.16 The Committee shall ensure that there is an effective internal audit function established by management that meets mandatory Internal Audit Standards for NHS Wales and provides appropriate independent assurance to the Committee, Chief Executive and Board.</p> <p>3.17 This will be achieved by:</p> <p>3.17.1 review and approval of the Internal Audit Strategy, Charter, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation;</p> <p>3.17.2 review of the adequacy of executive and management responses to issues identified by audit, inspection and other assurance activity, in accordance with the Charter;</p> <p>3.17.3 Regular consideration of the major findings of internal audit work (and management's response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources;</p> <p>3.17.4 ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation; and</p> <p>3.17.5 annual review of the effectiveness of internal audit.</p>
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Internal Audit reports cover a range of organisational risks.
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply

Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable
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Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Internal Audit Plan & Charter. Individual Internal Audit reports. Evidence gathered from the Health Board as part of the delivery of audit assignments. Health Board Risks.
Rhestr Termiau: Glossary of Terms:	Contained within the reports.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg Parties / Committees consulted prior to Audit and Risk Assurance Committee:	Director of Corporate Governance Executive Directors and Senior Managers relevant to the individual audits.

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	n/a
Ansawdd / Gofal Claf: Quality / Patient Care:	n/a
Gweithlu: Workforce:	n/a
Risg: Risk:	n/a
Cyfreithiol: Legal:	n/a

Enw Da: Reputational:	n/a
Gyfrinachedd: Privacy:	n/a
Cydraddoldeb: Equality:	n/a

Final Head of Internal Audit Opinion & Annual Report 2023/2024

June 2024

Hywel Dda University Local Health
Board

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Report status:	Final
Draft report issued:	May 2024
Final report issued:	11 th June 2024
Author:	Head of Internal Audit
Executive Clearance:	Director of Corporate Governance
Audit & Risk Assurance Committee:	June 2024

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Hywel Dda University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. EXECUTIVE SUMMARY


1.1 Purpose of this Report

Hywel Dda University Health Board's (Health Board) Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is also responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the Head of Internal Audit.

This report sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

1.2 Head of Internal Audit Opinion 2023-24

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Chief Executive as Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is focused on risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement. The overall opinion for 2023/24 is that:

Limited Assurance		The Board can take Limited Assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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1.3 Delivery of the Audit Plan

The internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach and with the support of officers and independent members across the Health Board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit & Risk Assurance Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the Committee. Although changes

have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for 2023/24 year was initially presented to and approved by the Audit & Risk Assurance Committee (ARAC) in April 2023. A full review of the plan was undertaken in year, to reflect emerging risks and ongoing challenges faced by the Health Board, with a significant number of changes made to the plan. The revised plan was approved at ARAC in October 2023. The plan has been kept under review during the remainder of the year with a small number of changes made, with these changes being reported to the Audit & Risk Assurance Committee as part of our regular progress reporting.

There are, as in previous years, audits undertaken at NWSSP, DHCW, WHSSC and EASC that support the overall opinion for NHS Wales health bodies (see section 3).

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of Public Finance and Accountancy (in March 2023), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work 'fully conforms' to the requirements of the Public Sector Internal Audit Standards (PSIAS) for 2023/24. We are able to state that our service 'conforms to the IIA's professional standards and to PSIAS.'

1.4 Summary of Audit Assignments

This report summarises the outcomes from our work undertaken in the year. In some cases, audit work from previous years may also be included and where this is the case, details are given. This report also references assurances received through the internal audit of control systems operated by other NHS Wales organisations (again, see section 3).

The audit coverage in the plan agreed with management has been deliberately focused on key strategic and operational risk areas; the outcome of these audit reviews may therefore highlight control weaknesses that impact on the overall assurance opinion.

Overall, we can provide the following assurances to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the areas in the table below.

Where we have given Limited Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

A summary of the audits undertaken in the year and the results are summarised in table 1 below.

Table 1 – Summary of Audits 2023/24

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> • Board Oversight • WGH RAAC Capital Scheme • NICE Guidance Follow Up* 	<ul style="list-style-type: none"> • Governance - Targeted Intervention Actions • Quality & Safety Governance Follow Up Bronglais* • Agency & Rostering • Transforming Urgent & Emergency Care • Records digitisation Follow up • Deprivation of Liberty Safeguards (DoLS) • Mental Health & Learning Disabilities (MH&LD) Service - Timely Access • Elective Waiting List Management • IT Digital - Technical Resilience • Theatres Loan Trays Follow up • Strategic Programme Governance • Withybush General Hospital (WGH) RACC Internal Major Incident • Cross Hands Health & Wellbeing Centre Capital Scheme • Planning Matrix • Industrial Action Planning • Health & Care Quality Standards • Accelerated Cluster Development
Limited Assurance	Advisory/Non-Opinion
<ul style="list-style-type: none"> • Quality and Safety Governance Bronglais * • NICE Guidance Arrangements * • Decarbonisation • Estates Condition 	<ul style="list-style-type: none"> • Q&S Bronglais Initial Follow Up* • Contracts Under Seal • Bronglais Chemo Project
	Unsatisfactory Assurance

<ul style="list-style-type: none"> • Discharge Management • Consultant Job Planning Follow Up • Standards of Cleanliness • GGH Fire Precautions Scheme 	<p>N/A.</p>
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*= Notes in year follow ups

Please note that our overall opinion has also taken into account both the number and significance of any audits that have been deferred during the course of the year (see section 5.7) and also other information obtained during the year that we deem to be relevant to our work (see section 2.4.2).

2. HEAD OF INTERNAL AUDIT OPINION

2.1 Roles and Responsibilities

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation’s objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Quality Standards; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The Health Board’s risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known

improvement opportunities, agreed with executive management and approved by the Audit Risk & Assurance Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Health Board. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Audit Risk & Assurance Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

2.2 Purpose of the Head of Internal Audit Opinion

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Hywel Dda University Health Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement and may also be taken into account by regulators including Healthcare Inspectorate Wales in assessing compliance with the Health & Care Quality Standards in Wales, and by Audit Wales in the context of both their external audit and performance reviews.

The overall opinion by the Head of Internal Audit on governance, risk management and control results from the risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

2.3 Assurance Rating System for the Head of Internal Audit Opinion

The overall opinion is based primarily on the outcome of the work undertaken during the course of the 2023/24 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

A quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting process to ensure the overall opinion is consistent with the underlying audit evidence.

We take this approach into account when considering our assessment of our compliance with the requirements of PSIAS.

The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.


This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix B**.

The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight assurance domains that were used to frame the audit plan at its outset (see section 2.4.2).

2.4 Head of Internal Audit Opinion

2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk-based audit plan which has been agreed with senior management and approved by the Audit and Risk Assurance Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

Limited Assurance		The Board can take Limited Assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any

Limited Assurance opinions issued during the year and the significance of the recommendations made (of which there were eight audits in 2023/24).

2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2023/24 and reported to the Audit & Risk Assurance Committee has been aggregated at Section 5.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit & Risk Assurance Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).
- The results of any audit work related to the Health & Care Quality Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Leadership Standard.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).
- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of ad hoc work and support provided; liaison with other assurance providers and inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

As stated above, these detailed results have been aggregated to build a picture of assurance across the Health Board.

In reaching this opinion we have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the opinions issued during the year, three were allocated Substantial Assurance, seventeen were allocated Reasonable Assurance and eight were allocated Limited Assurance. No reports were allocated an Unsatisfactory opinion. In addition, three advisory or non-opinion reports were also issued.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit & Risk Assurance Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

A summary of the findings is shown under the eight sections below.

Corporate Governance, Risk Management and Regulatory Compliance

The audit of the Board Oversight concluded Substantial Assurance, highlighting effective arrangements in place.

The audit of the Escalated Status Actions concluded Reasonable Assurance, highlighting that the majority of closed actions had sufficient evidence on file to demonstrate completion and support closure,

The Non Opinion review of Contracts Under Seal highlighted robust governance and internal controls in place.

A review of the Governance Statement highlighted that its description of arrangements was considered to be consistent with our knowledge of the UHB, through the audit work performed in the Internal Audit plan and a review of other organisational information.

Strategic Planning, Performance Management & Reporting

We have undertaken four audits in this area.

The audit of the RAAC Internal Major Incident concluded with Reasonable Assurance. The audit highlighted that evidence indicated that the internal major incident was declared at an appropriate time as the significance of the situation emerged. Command and control structures were promptly invoked, with terms of reference in place and meetings generally well attended. One key find was identified in relation to decision logs.

The audits of Planning Matrix Assessment and Industrial Action Planning both concluded Reasonable Assurance.

The Decarbonisation audit concluded Limited Assurance, highlighted that whilst a decarbonisation governance structure has been established, the

key risk of a lack of funding impacts on the Health Board's ability to deliver the decarbonisation agenda and achievable national targets. This outcome is in line with that for other Health Boards as part of this All Wales Audit.

Financial Governance and Management

We have undertaken follow up audit Strategic Programme Governance which concluded reasonable assurance

An advisory review was undertaken of the Bronglais Hospital Charitable Fund Project which highlighted some points for consideration.

The main Financial Management audit deferred as coverage overlap with Wales coverage. We did separately cover other areas looking at controls of drivers to the financial position including Rostering, Agency and Job Planning.

The audits of the payment systems provided by NWSSP, which we audit each year to provide assurance to the Health Board all concluded with positive assurance. The Primary Care Contractor General Medical Services payment systems audit was given Reasonable Assurance, with the audit of Payroll receiving Substantial Assurance and the Accounts Payable receiving Reasonable Assurance.

Quality & Safety

The review of Quality & Safety Governance at Bronglais Hospital concluded with Limited Assurance. Two follow ups were undertaken within the audit year and initial one looking at early progress with implementing the recommendations and a second more detail review where Reasonable Assurance was concluded for the follow up. noting improvements in the directorate governance arrangements.

The review of NICE Guidance Arrangements concluded with Limited Assurance. A follow up within the audit year concluded Substantial Assurance for the implementation of agreed actions.

The audit of Standards of Cleanliness Concluded with Limited Assurance, highlighting improvements required in a number of areas including governance & reporting, updating of policy, training, absence of cleaning schedules and issues with the frequency of cleaning audits.

The audit of Health & Care Quality Standards concluded Reasonable Assurance.

Information Governance & Security

We have undertaken two audits in this area, including one follow up audit.

The Records Digitisation Follow up identified that the majority of actions highlighted in the original report have been implemented concluding Reasonable Assurance for the follow up audit.

The IT Technical Resilience audit concluded Reasonable Assurance with the audit highlighting that digital services are provided resilient architecture from two main sites and there have been improvements to the datacentre provision.

The cloud migration review deferred as programme was not going ahead at that stage.

Operational Service and Functional Management

We have undertaken seven audits in this area, including two follow up reviews.

The audit of Discharge Management concluded with Limited Assurance highlighted a number of areas for improvement including the inconsistencies in discharge management process operating across the organisation.

The audits of Transforming Urgent & Emergency Care and DoLS concluded with Reasonable Assurance.

The audits of Waiting List Management Single Cancer Pathway, Accelerated Cluster Development and MH&LD Timely Access each concluded with Reasonable Assurance.

The follow up audit of Theatre Loan Trays and High Cost Consumables concluded Reasonable assurance noting that a number of weaknesses had been eliminated by the cessation of the service.

Workforce Management

We have undertaken two audits in this area, including one in-year follow up.

The audit of Agency & Rostering concluded with Reasonable Assurance, although highlighted some further improvements relating to the roster audit process, roster training and additional duties shifts.

The follow up audit of Job Planning has concluded with Limited Assurance, and highlighted that a number of weaknesses had not been addressed since the previous audit. A number of control weaknesses particularly around service outcomes, sessions recorded on ESR and the overall compliance levels. This audit will be subject to a follow up audit in 2024/25 audit year. The audit of the Workforce Strategy looking at Site Stabilisation was deferred.

Capital & Estates Management

We have undertaken four audits in this area.

The Estate Condition audit concluded limited Assurance due to the concerns that identified estate risks cannot be managed within existing funding. This assurance opinion is in line with that determined across NHS Wales, given the common challenges faced by each organisation.

The audit of Cross Hand Health & Wellbeing Centre Capital Scheme concluded with Reasonable Assurance and the GGH Fire Precautions Capital Scheme concluding with Limited Assurance

The audit Withybush RAAC Capital Scheme was allocated Substantial Assurance.

2.4.3 Approach to Follow Up of Recommendations

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance. We also undertake some testing on the accuracy and effectiveness of the audit recommendation tracker.

In addition, Audit Risk & Assurance Committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit risk and assurance committee meetings and observe the quality and rigour around these processes.

We recognise that it has been more challenging for NHS organisations to implement recommendations to the timescales they had originally agreed. In addition, we also recognise that for new recommendations it may be more difficult to be precise on when exactly actions can be implemented by. However, it remains the role of Audit Risk & Assurance Committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management. Where appropriate, we have adjusted our approach to follow-up work to reflect these challenges.

Going forward, given that it is very likely that the number of outstanding recommendations will have grown during the course of recent years, audit committees will need to reflect on how best they will seek to address this position.

We have considered the impact of both our follow-up work and where there have been delays to the implementation of recommendations, on both our ability to give an overall opinion (in compliance with the PSIAS) and the level of overall assurance that we can give.

The Health Board's recommendation tracking process continued during 2023/24, but organisational pressures affected the ability of management to take forward recommendations in some areas. The Audit Risk & Assurance Committee have been updated during the year about the ongoing position of recommendations implemented and the level of recommendations still to be actioned.

From the specific follow up audits undertaken in 2023/24 that related to Limited assurance audits in the previous year's audit plan, it was identified that appropriate progress had been not made with implementing recommendations in the key areas of Discharge Management and Consultant Job Planning.

It was highlighted however that progress was identified in implementing recommendations from the audits of Records Digitisation, Theatre Loans Trays and Strategic Programme Governance. In addition, the in-year follow ups of the BGH Quality & Safety Governance and NICE Governance Arrangements highlighted progress with the implementation of the recommendations

Internal Audit has also undertaken work with the Health Board's Risk & Assurance team to review outstanding recommendations and evidence supporting management assessment of where actions have been completed.

2.4.4 Limitations to the Audit Opinion

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

As mentioned above the scope of the audit opinion is restricted to those areas which were the subject of audit review through the performance of the risk-based Internal Audit plan. In accordance with auditing standards, and with the agreement of senior management and the Board, Internal Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems.

2.4.5 Period covered by the Opinion

Internal Audit provides a continuous flow of assurance to the Board and, subject to the key financials and other mandated items being completed in-year, the cut-off point for annual reporting purposes can be set by agreement with management. To enable the Head of Internal Audit opinion to be better aligned with the production of the Annual Governance Statement a pragmatic cut-off point has been applied to Internal Audit work in progress.

By previous agreement with the Health Board, audit work reported to draft stage has been included in the overall assessment, with all other work in progress rolled-forward and reported within the overall opinion for next year.

The majority of audit reviews will relate to the systems and processes in operation during 2023/24 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the Health Board's Annual Report and accordingly will be completed and reported to management and the Audit & Risk Assurance Committee subsequent to this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed by drawing on the assurance work completed as part of this current year's plan.

2.5 Required Work

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2023/24.

2.6 Statement of Conformance

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of Internal Audit is also subject to an annual assessment by Audit

Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA) in March 2023. CIPFA concluded that NWSSP's Audit & Assurance Service fully conforms to the requirements of the PSIAS.

The NWSSP Audit and Assurance Services can assure the Audit & Risk Committee that it has conducted its audit at Health Board in conformance with the Public Sector Internal Audit Standards for 2023/24.

Our conformance statement for 2023/24 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2023/24 which will be reported formally in the Summer of 2024; and
- the results of the External Quality Assessment.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2023/24 QAIP report. There are no significant matters arising that need to be reported in this document.

We also note that there have been no impairments to the independence of the Head of Internal Audit or to any other members of NWSSP's Audit & Assurance Service who undertook work on the UHB's audit programme for 2023/24.

2.7 Completion of the Annual Governance Statement

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to take into account other assurances and risks when preparing their statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- direct assurances from management on the operation of internal controls through the upward chain of accountability;
- internally assessed performance against the Health & Care Quality Standards;
- results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management;
- reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales.

3. OTHER WORK RELEVANT TO THE HEALTH BOARD

As our internal audit work covers all NHS Wales organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation’s audit programme, will cover activities relating to other Health bodies. These are set out below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership;
- Digital Health & Care Wales;
- Welsh Health Specialised Services Committee; and
- Emergency Ambulance Services Committee.

NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre University NHS Trust, a number of audits were undertaken which are relevant to the Health Board. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the Health Board, derived the following opinion ratings:

Audit	Opinion	Outline Scope
Accounts Payable	Reasonable	The purpose of the audit review was to evaluate and determine the adequacy of the systems and controls in place over the management of the Accounts Payable service.
Payroll	Substantial	The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for the management of Payroll Services.
Primary Care Services GMS	Reasonable	The overall objective of the review was to evaluate and determine the adequacy of controls in place to administer timely and accurate payments to GMS primary care contractors.

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

Digital Health & Care Wales (DHCW)

As part of the internal audit programme at DHCW, a Special Health Authority that started operating from 1 April 2021, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

Audit	Opinion	Outline Scope
Benefits Realisation	Reasonable	To determine if the principles of an appropriate benefits realisation framework have been implemented to support decision making.
Programme Management	Reasonable	To provide an opinion of the project management being operated over the Digital Services for Patients and Public (DSPP) programme.
Business Continuity (Ransomware)	Reasonable	To assess the adequacy and effectiveness of business continuity arrangements, including in the event of a cyber-attack (including ransomware).
Legacy Software Modernisation	Reasonable	To review the management of risks associated with older technology.

Please note that other audits of DHCW activities are undertaken as part of the overall DHCW internal audit programme. The overall Head of Internal Audit Opinion for DHCW is Reasonable Assurance.

Welsh Health Specialised Services Committee (WHSSC) and Emergency Ambulance Services Committee (EASC)

The work at both the Welsh Health Specialist Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC) is undertaken as part of the Cwm Taf Morgannwg internal audit plan. These audits are listed below and derived the following opinion ratings:

Audit	Opinion	Outline Scope
WHSSC – Welsh kidney network	Substantial	To consider the governance arrangements in place for the Welsh Kidney Network following the independent governance review undertaken in 2022. We also aimed to provide assurance that there are robust and effective risk management arrangements in place that strengthen and contribute to the overall governance framework.
WHSSC – Integrated commissioning plan development process	Substantial	The overall purpose of the review was to provide assurance on the processes that WHSSC has in place

		to develop its Integrated Commissioning Plan, with a focus on the financial planning element.
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Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report. DHCW audits are summarised in the DHCW Head of Internal Audit Opinion and Annual Report, and the WHSSC and EASC audits are summarised in the Cwm Taf Morgannwg University Health Board Head of Internal Audit Opinion and Annual Report.

4. DELIVERY OF THE INTERNAL AUDIT PLAN

4.1 Performance against the Audit Plan

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit & Risk Assurance Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit & Risk Assurance Committee during the year. Audits that remain to be reported but are reflected within this Annual Report will be reported alongside audits from the 2024/25 operational audit plan.

The audit plan approved by the Committee in April 2023 contained 35 planned reviews. Changes have been made to the plan with nine audits added, twelve deferred, with two audits combined. All these changes have been reported to and approved by the Audit & Risk Assurance Committee. As a result of these agreed changes, we have delivered 31 audits.

The assignment status summary is reported at section 5.

In addition, we may respond to requests for advice and/or assistance across a variety of business areas across the Health Board. This advisory work, undertaken in addition to the assurance plan, is permitted under the standards to assist management in improving governance, risk management and control. This activity is reported during the year within our progress reports to the Audit & Risk Assurance Committee.

4.2 Service Performance Indicators

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed, as are set out for 2023/24 in the table below.

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2023/24	G	April	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported to at least draft against adjusted plan for 2023/24	G	100%	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	90%	80%	v>20%	10%<v<20%	v<10%

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Report turnaround: time taken for management response to draft report [15 working days]	G	81%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%

5. RISK BASED AUDIT ASSIGNMENTS

The overall opinion provided in Section 1 and our conclusions on individual assurance domains is limited to the scope and objectives of the reviews we have undertaken, detailed information on which has been provided within the individual audit reports.

5.1 Overall summary of results

In total 31 audits reviews were reported during the year. Figure 2 below presents the assurance ratings and the number of audits derived for each.

Figure 2 Summary of audit ratings (TBC)

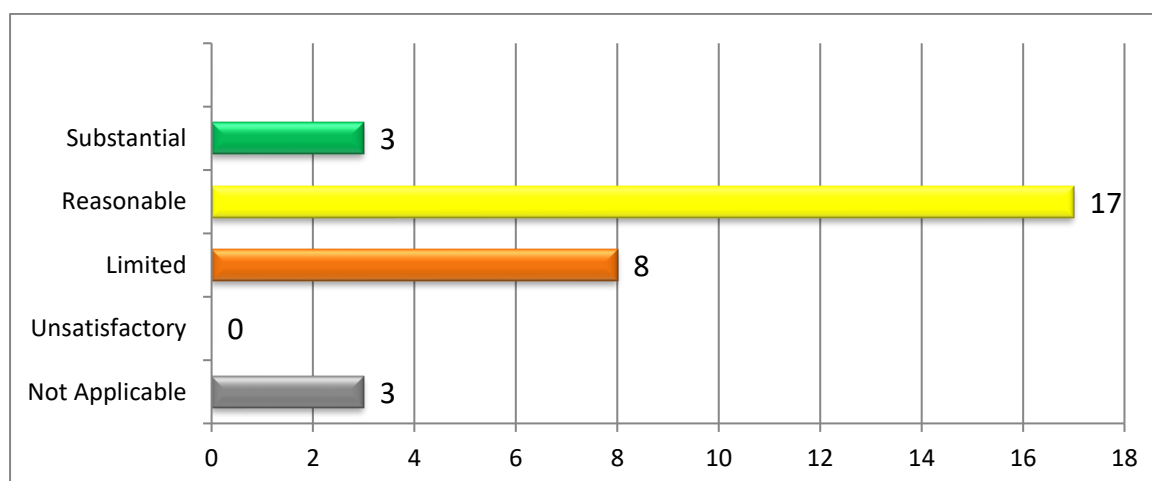


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP, EASC, WHSSC and DHCW.

The assurance ratings and definitions used for reporting audit assignments are included in **Appendix B**.

In addition to the above, the report considers any audits which did not proceed following preliminary planning and agreement with management. In some cases, organisational pressures was the reason for the deferral or cancellation and in other cases, it was recognised that there was action required to address issues and/or risks already known to management and an audit review at that time would not add additional value. These audits are documented in section 5.7.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

5.2 Substantial Assurance (Green)



In the following review areas, the Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Those few matters that may require attention are compliance or advisory in nature with low impact on residual risk exposure.

Review Title	Objective
Board Oversight	Review the arrangements in place to ensure adequacy of Board oversight of key risks and challenges.
NICE Guidance Follow Up	Follow up of previous Limited Assurance Audit.
RAAC Capital Scheme	To evaluate the arrangements in place to manage the project/programme of works to mitigate the risks associated with the presence of Reinforced Autoclaved Aerated Concrete (RAAC).

5.3 Reasonable Assurance (Yellow)



In the following review areas, the Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Some matters require management attention in either control design or operational compliance and these will have low to moderate impact on residual risk exposure until resolved.

Review Title	Objective
Targeted Intervention Actions	To assess and provide independent assurance over the effectiveness of governance arrangements in place for the closure of targeted intervention (TI) and enhanced monitoring (EM) actions.
Quality & Safety Governance Arrangements BGH Follow up	Follow up audit of earlier Limited Assurance audit covering a review of the operational quality & safety governance arrangements in place at directorate level to ensure that issues fundamental to the quality and safety of services are managed, monitored, and escalated where appropriate.
Agency & Rostering	The overall objective of this audit was to establish and review the systems and processes in place to manage and control agency use and to assess progress in implementing recommendations arising from the previous internal audit.
Transforming Urgent & Emergency Care	Review of the governance arrangements in place to manage, monitor and report delivery of the TUEC programme.
Records Digitisation Follow up	Follow up of previous Limited Assurance audit report.
Deprivation of Liberty Safeguards	The purpose of the audit is to review the actions being taken to enhance the current Deprivation of Liberty Safeguards (DoLS) service to reduce the service backlog within the Health Board.
Mental Health & LD Service - Timely Access	To undertake a review of the key controls in place to manage and mitigate the risk of failing to achieve Welsh Government targets for ASD and Psychological Therapies.
Elective Waiting List Management	To undertake a review of the key controls in place to manage and mitigate the risk of failing to achieve the Welsh Government (WG) target for Single Cancer Pathway (SCP).
IT Digital - Technical Resilience	To review the enactment of technical resilience and awareness of fault domains to ensure the Health Board is maximising the potential for resilience within the architecture.
Theatre Loan Trays & Consumables Follow up	To provide assurance over the arrangements and processes in place for the decontamination of theatre trays loaned to and reprocessed for private healthcare providers' use, and the issue of single use consumables for use within private facilities.

Review Title	Objective
Strategic Programme Governance	Establish progress in implementing agreed actions arising from the previous internal audit [HDUHB-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.
Withybush General Hospital RACC Internal Major Incident	This audit was a high - level review of actions taken to instigate and manage the RAAC internal major incident.
Cross Hands Health & Wellbeing Centre Capital Scheme	The audit was undertaken to review the management arrangements established to progress the Cross Hands Health and Wellbeing Centre project. This reviewed both the progression of the business case process, and the overall delivery of the project, within the target parameters of time, cost, and scope.
Accelerated Cluster Development	To review the implementation of the Accelerated Cluster Development Programme arrangements within the Health Board
Health & Care Quality Standards	Review the arrangements for implementation of and preparation for compliance with the Quality Standards.
Industrial Action Planning	The purpose of this audit was to review, assess and provide assurance over the arrangements in place for emergency response planning in relation to industrial action.
Planning Matrix	To assess and provide independent assurance over the effectiveness of governance arrangements in place for the Health Board's assessment against the Planning Maturity Matrix.

5.4 Limited Assurance (Amber)



In the following review areas the Board can take only **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.

Review Title	Objective
NICE Guidance Arrangements	The purpose of the audit is to review the arrangements in place for ensuring identification, dissemination and compliance with NICE guidelines across the Health Board.
BGH Quality & Safety Governance Arrangements	The audit has reviewed operational quality and safety governance arrangements to provide assurance that issues fundamental to the quality and safety of services are managed, monitored, and escalated.
Decarbonisation	To consider progress against the NHS Wales Decarbonisation Strategic Delivery Plan and the Health Board's Decarbonisation Action Plan, demonstrating how they will implement the Strategic Delivery Plan initiatives. Following on from the advisory review delivered in 2022/23, the proposed scope will include governance, strategy progress and implementation.
Estate Condition	The audit sought to evaluate the arrangements put in place by the UHB to identify and manage key risks associated with the existing estate and the implementation of resulting strategies to manage/mitigate the risk.
Discharge Management	The overall objective of this audit was to seek assurance that discharge planning and management processes in place are effective and compliant with policies and guidance.
Job Planning	The purpose of the follow up audit is to review arrangements across the Health Board for management of the systems and controls in place for consultant job planning.
Standards of Cleanliness	To review arrangements for ensuring compliance with the National Standards for Cleaning in NHS Wales.
GGH Fire Precautions Scheme	The audit was undertaken to review the delivery and management arrangements in place to progress the

Review Title	Objective
	Glangwili General Hospital (GGH) Fire Precautions Programme: Phase 1; and the performance, against its key delivery objectives i.e., time, cost, and quality.

5.5 Unsatisfactory Assurance (Red)



No reviews were assigned an Unsatisfactory opinion.

5.6 Assurance Not Applicable (Grey)



The following reviews were undertaken as part of the audit plan and reported without the standard assurance rating indicator, owing to the nature of the audit approach. The level of assurance given for these reviews are deemed not applicable – these are reviews and other assistance to management, provided as part of the audit plan, to which the assurance definitions are not appropriate, but which are relevant to the evidence base upon which the overall opinion is formed.

Review Title	Objective
Q&S BGH Initial Follow Up	Initial follow up to assess early progress with implementation of actions.
Contracts Under Seal	A high level review to ensure compliance with process.
Bronglais Hospital Chemo Unit Project	We will seek to understand the reason for the variation between the estimated costs and subsequent tender returns and process for escalation of the funding shortfall to identify any lessons for learning. This will include a review of key decisions and approvals pertinent to the procurement process.

5.7 Deferred Audits

Additionally, the following audits were deferred for the reasons outlined below. We have considered these reviews and the reason for their deferment when compiling the Head of Internal Audit Opinion. As there were audits deferred during the year, five audits were added to the plan as a result of discussion with Management. These adjustment to the plan were subject to approval at the Audit & Risk Assurance Committee during the year.

Review Title	Comments
Out of Hours	Deferred as part of reprioritisation of plan. The risk was on the corporate risk register at the time of planning, with the risk being reassessed by the UHB in year in a paper to the September 2023 Board meeting, and was incorporated in the corporate risk relating to the unscheduled care system. Could have had impact as UHB has known challenges in this area. To be considered as part of future audit planning.
Medical Locums	Deferred as part of reprioritisation of plan. Could have had impact on opinion as UHB has known challenges in this area regarding management of expenditure, although noting some additional control measures implemented during the year. Included in 24/25 plan.
Financial Management.	Deferred as planned scope overlapped with Financial Efficiency work by Audit Wales. Some of the drivers of financial position e.g. Agency, rostering and Job planning covered separately. Could have had impact on opinion as UHB has significant ongoing financial challenges. Included in 24/25 plan
Workforce Strategies – Site Stabilisation	Deferred as part of reprioritisation of plan. No significant impact on opinion anticipated. Potential improvement with UHB in this area. To be considered as part of future audit planning.
IT Digital – Cloud Migration	Discussion with mgt and IT Audit. Cloud migration not progressing as planned. No significant impact on opinion anticipated. To be considered as part of future audit planning.
Managed Practices	Deferred as part of reprioritisation of plan. No significant impact on opinion anticipated. Included in 24/25 plan
New Directorate Governance Arrangements.	Deferred as part of reprioritisation of plan. No significant impact on opinion anticipated. Included in 24/25 plan.
MH Contracting and Commissioning	Deferred as part of reprioritisation of plan. No significant impact on opinion anticipated. To be considered as part of future audit planning.

Review Title	Comments
MHLD DWP – patients affairs and monies	Deferred as part of reprioritisation of plan. No significant impact on opinion anticipated. To be considered as part of future audit planning.
Mortuary (Joint with BSUHB)	Deferred as part of reprioritisation of plan. No significant impact on opinion anticipated. Included in 24/25 plan
Medicines Management	Deferred as part of reprioritisation of plan. No significant impact on opinion anticipated. To be considered as part of future audit planning.
Integrated Localities	Deferred as part of reprioritisation of plan. No significant impact on opinion anticipated. To be considered as part of future audit planning.

6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the Health Board to support delivery of the Internal Audit assignments undertaken within the 2023/24 plan.

James Johns

Pennaeth yr Archwiliad Mewnol/Head of Internal Audit
Gwasanaethau Archwilio a Sicrwydd/Audit and Assurance Services
Partneriaeth Cydwasanaethau GIG Cymru/NHS Wales Shared Services
Partnership
June 2024

Appendix A






ATTRIBUTE STANDARDS	
1000 Purpose, authority and responsibility	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit & Risk Assurance Committee on an annual basis.
1100 Independence and objectivity	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit & Risk Assurance Committee chair. There have been no impairments to our independence during 2023/24.
1200 Proficiency and due professional care	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
1300 Quality assurance and improvement programme	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. An EQA was undertaken in 2023.
PERFORMANCE STANDARDS	
2000 Managing the internal audit activity	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of

	<p>specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit & Risk Assurance Committee. Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with Audit Wales, HIW and LCFS.</p>
2100 Nature of work	<p>The risk based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.</p>
2200 Engagement planning	<p>The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing, and resource allocation.</p>
2300 Performing the engagement	<p>The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.</p>
2400 Communicating results	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit & Risk Assurance Committee.</p> <p>An annual report and opinion is produced for the Audit & Risk Assurance Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
2500 Monitoring progress	<p>An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit & Risk Assurance Committee. In addition, audit reports</p>

	are followed-up by Internal Audit on a selective basis as part of the operational plan.
2600 Communicating the acceptance of risks	If Internal Audit considers that a level of inappropriate risk is being accepted by management, it would be discussed and will be escalated to Board level for resolution.

Appendix B - 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	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	Unsatisfactory assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	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.



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