

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	23 June 2026
TEITL YR ADRODDIAD: TITLE OF REPORT:	Audit & Assurance Services – Head of Internal Audit Opinion and Annual Report 2025/26
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 Annual Report for 2025-26 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.

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

An additional briefing paper is included for information as well as the main document which sets out the rationale and development process behind the annual opinion.

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

Asesiad / Assessment

The Head of Internal Opinion and Annual Report for 2025-26 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 2025/26.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	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. 3.17 This will be achieved by: 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; 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; 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; 3.17.4 ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation; and 3.17.5 annual review of the effectiveness of internal audit.
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

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 Risk Registers. Board and Committee Papers.
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.

Head of Internal Audit Opinion & Annual Report 2025/26

Hywel Dda University Health Board



Limited Assurance

Contents

1. Executive Summary	1
2. Head of Internal Audit Opinion	3
3. Other work relevant to the Health Board	12
4. Delivery of the Internal Audit Plan	14
5. Risk based audit assignments	15
6. Acknowledgement	21
Appendix A	22
Appendix B.....	24

Report status:	Final
Draft report issued:	June 2026
Final report issued:	June 2026
Author:	James Johns
Audit & Risk Assurance Committee:	June 2026



Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services



1. Executive Summary


1.1 Purpose of this Report

Hywel Dda University Health Board (the 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 2025/26

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 2025/26 is:

Limited assurance		<p>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.</p> <p>More significant matters require management attention. Moderate impact on residual risk exposure until resolved.</p>
--------------------------	---	---

1.3 Delivery of the Audit Plan

The plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit 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 Global Sector Internal Audit Standards.

The Internal Audit Plan for 2025/26 year, was presented to the Committee in April 2025. Changes to the plan have been made during the year and these changes have been reported to the Audit Committee as part of our regular progress reporting.

There are, as in previous years, audits undertaken at Digital Health and Care Wales (DHCW), NHS Wales Shared Services Partnership (NWSSP) and the NHS Wales Joint Commissioning Committee (JCC) 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 (CIPFA) in March 2023, reported in April 2023, stated we 'Fully Conform', and our own annual Quality Assurance and Improvement Programme (QAIP) confirmed that our internal audit work continues to 'generally conform' to the requirements of the Public Sector Internal Audit Standards for 2025/26. We can state that our service 'conforms to the IIA's professional standards and to GIAS.'

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 substantial and reasonable areas in the table below.

Where we have given Limited or Unsatisfactory 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.

In addition, we also undertook advisory and non-opinion reviews to support our overall opinion. A summary of the audits undertaken in the year and the results are summarised in table 1 below.

Table 1 – Summary of Audits 2025/26

Substantial Assurance	<ul style="list-style-type: none"> • Escalation Governance • Medical Device Regulations • Cyber Security
Reasonable Assurance	<ul style="list-style-type: none"> • LTA commissioning • Corporate Risk Ophthalmology • Patient Experience • Managed Practices • Shadow IT Management • Major Infrastructure Investment Programme • WGH Fire Phase 2 • Third Sector Commissioning • Agreed action tracking arrangements and follow up • Medical Workforce Stabilisation –Variable Pay •
Limited Assurance	<ul style="list-style-type: none"> • Nursing Management • Sickness Management • HTA • ED Data Validation • Vaccinations & Immunisations • Operational Governance • Internal Escalation • Infection Prevention & Control • Decision making high-cost drugs • GP Out of Hours
Unsatisfactory	N/A
Advisory/Non-Opinion	<ul style="list-style-type: none"> • Control of Contractors • Capital Governance • Estates Assurance Space Utilisation

- | | |
|--|--|
| | <ul style="list-style-type: none">• HTA Follow up• Sickness Management Follow up• WellSky System• Regional Joint Committee (with SBUHB) |
|--|--|

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

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 the evidence required to support the Annual Governance Statement.

In accordance with the Global Internal Audit Standards (GIAS), 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 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 considers but is not intended to provide a comprehensive view.

The Board, through the Audit 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 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 considered by regulators, including Healthcare Inspectorate Wales, in assessing compliance with the Health and 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 2025/26 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 GIAS.

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 areas that were previously used to frame the audit plan at its outset (see section 2.4.2).

2.4 Head of Internal Audit Opinion

Scope of opinion

As noted already, the scope of my opinion covers both those areas examined in the risk-based audit plan which has been agreed with senior management and approved by the Audit Committee, and other information obtained during the year that we deem to be relevant to our work. 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		<p>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.</p> <p>More significant matters require management attention.</p> <p>Moderate impact on residual risk exposure until resolved.</p>
--------------------------	---	--

This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised from reviews.

Focus should be placed on the agreed response to the ten Limited Assurance opinions issued during the year and the significance of the recommendations made across other audits (of which there were 30 audits in total, including seven advisory/non-opinion reviews in 2025/26) as well as addressing the implementation of any outstanding recommendations from previous year reviews.

Basis for Forming the Opinion

The audit work undertaken during 2025/26, and reported to the Audit 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 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.
- 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 some reviews during the year concluded positively with effective control arrangements operating in some areas.

From the opinions issued during the year, three were allocated Substantial Assurance, ten were allocated Reasonable Assurance, ten was allocated Limited Assurance with none allocated an Unsatisfactory assurance opinion. Seven advisory or non-opinion reports was also issued.

It is considered that the UHB has strong arrangements at a corporate level, and this is again supported by outcomes from audit within the 25/26 plan. However, arrangements across areas and services within the organisation show significant variation, with weaknesses frequently identified from an internal control, risk management and governance perspective.

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 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 the overall opinion.

A summary of the findings is shown below. We have reported the findings using the eight areas of the Health Board's activities that we had previously used to structure our strategic and one-year operational plans.

Corporate Governance, Risk Management and Regulatory Compliance

We have undertaken three reviews in this area.

The audit of **Escalation Governance** provided Substantial assurance over the over the effectiveness of governance arrangements in place for the closure of Targeted Intervention actions.

The audit of the **Regional Joint Committee (SBUHB)** concluded that whilst there were some areas some areas for development, governance arrangements were operating effectively in supporting oversight, reporting and decision-making across both Health Boards.

The review of the arrangements for agreed action tracking and implementation concluded with reasonable assurance, identified a sound corporate process although highlight that evidence was not available to support the full implementation of some actions reviewed.

Strategic Planning, Performance Management & Reporting

We have undertaken two reviews in this area.

The audit of **Internal Escalation** concluded with Limited assurance. Review highlighted that whilst the design of this process is generally robust, a number of gaps were identified, with it is resource intense and over-reliant on the Performance Team, and there is little evidence to demonstrate that the process is operating as intended or driving performance improvement.

The audit of **ED Data Validation** concluded with Limited Assurance, with high priority findings covering: Significant proportion of breaches at BGH are not subject to validation *and* Inconsistent performance monitoring arrangements. The requested follow up audit of Ed Data validation was deferred due to limited progress being made with implementing the agreed actions.

Financial Governance and Management

We have undertaken three reviews in this area, together with audit work at NHS Wales Shared Services Partnership.

The audit of **Long Term Agreement Commissioning** concluded with Reasonable Assurance. One key matter requiring management attention was identified regarding then Health Board not receiving regular quality and safety reports from LTA provider organisations.

The audit of **High Cost Drugs** concluded with Limited Assurance with high priority findings covering Scrutiny & Approval and the Monitoring of High-Cost Drug Use.

The advisory review of the **WellSky System** considered the reasons behind, and actions taken following the identification that transactions associated with the aseptic module of the WellSky pharmacy stock management system had not been correctly accounted for.

In addition to the UHB audits, a programme of work is undertaken at NWSSP. The outcomes from the audits of the payment systems provided by NWSSP which relate to the Health Board concluded with positive assurance. The audits of both of Payroll Services and Primary Care Contractor Services Ophthalmic payments concluded with Substantial Assurance ratings. The audits of the Accounts Payable Service, Single Lead Employer and Procurement each concluded with Reasonable Assurance.

Quality & Safety

We have undertaken five reviews in this area.

The initial audit concluded Limited assurance over the systems and controls in place for the management and monitoring of activities under the scope of the **Human Tissue Act**. High priority findings were highlighted covering Missing/Incomplete Traceability Documentation and Delayed Disposals / Prolonged Retention of Tissue. A **follow up audit** was undertaken which confirmed that significant progress has been made in addressing the issues identified in the previous Human Tissue Act audit, with all actions now fully implemented.

The audit of **Medical Device Regulations** concluded with Substantial assurance. The Health Board had in place appropriate governance arrangements for medical devices that is underpinned by policies and procedures, a centralised asset management system for the recording and monitoring of devices, distribution and communication channels for safety notices and alerts, appropriately trained staff and the monitoring and the scrutiny of incidents reported on the Datix system.

The audit of **Patient Experience** concluded with Reasonable assurance. Five matters requiring management attention, to strengthen existing arrangements and support continuous improvement, were identified including a high priority over the Clarity of Expectations of Service Areas in Managing Patient Experience Data

The audit of **Infection Prevention and Control** concluded with Limited assurance Two high priority findings were identified covering the IPC&C audit plan and governance arrangements.

The Follow up audits of Cleanliness Standards and Health & Safety were both deferred

Information Governance & Security

Two audits were undertaken in this areas.

The audit of **Cyber Security** concluded with Substantial Assurance and the audit of **Local Shadow IT management** concluded with Reasonable assurance given.

Operational Service and Functional Management

We have undertaken six review in this area

The audit of **Operational Governance** highlighted that arrangements were generally well designed but were identified to be not operating as intended, concluding with Limited assurance with four high priority findings noted covering, Clinical Care Group Accountability, Fortnightly Meeting Rhythm, meeting administration and internal escalation.

The audit of **Vaccinations & Immunisations** concluded with Limited assurance with five high priority findings raised including covering the Immunisation & Vaccination Workplan, delivery plan and Immunisation Planning & Delivery Groups / Vaccine Equity Steering Group.

The audits of **Ophthalmology Corporate Risk, Manged Practices** and **Third Sector Commissioning** each concluded with reasonable assurance.

GP Out of Hours concluded Limited Assurance with high priority findings raised in relation to Controlled Drug Registers and Policies & Procedures.

Workforce Management

We have undertaken four reviews in this area during 2025/26.

The audit of **Nursing Management** concluded with Limited assurance with the min weakness identified in relation to the management of sickness absence. A further audit of **Sickness Management** covering a broader range of staff groups also concluded with Limited assurance with similar control weaknesses identified. **A Joint follow** up of sickness management issues from both reviews identified that some progress had been made, however further work was required to embed a consistent approach across the Health Board.

The audit of **Medical Workforce Stabilisation – Variable Pay** concluded with reasonable assurance, with one areas of improvement identified relating to the absence of procedure for use and management of medical variable.

Capital & Estates Management

We have undertaken five reviews in this area.

Three advisory/non-opinion reviews were undertaken covering **Capital Governance, Control of Contractors** and **Space Utilisation**.

The audits of the **WGH Fire 2** and the **Major Infrastructure Investment Programme** concluded with Reasonable assurance

2.5 Approach to Follow Up of Recommendations

As part of our Follow-up of Previous Recommendations 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 committee meetings and observe the quality and rigour around these processes.

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.

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 GIAS) and the level of overall assurance that we can give.

The Health Board's recommendation tracking process continued during 2025/26, 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 that related to Limited assurance audits in the previous year's audit plan, it was identified that insufficient progress had been made in a number of areas including Cleanliness Standards and Health & Safety.

The Health Board's recommendation tracking process continued during 2025/26 which was found to be operating effectively. A specific audit looking at sample of high priority recommendations and the Health Board's recommendation tracking process concluded that the corporate tracking was robust. 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.

2.6 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.

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.

2.7 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.

Most audit reviews will relate to the systems and processes in operation during 2025/26 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 after 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.

2.8 Required Work

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2025/265.

2.9 Statement of Conformance

The Welsh Government determined that the Global Internal Audit Standards (GIAS) would apply across the NHS in Wales from 1 April 2025.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with GIAS 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. 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, reported in April 2023 stated who concluded we 'Fully Conform' with the relevant standards.

The NWSSP Audit and Assurance Services can assure the Audit Committee that it has conducted its audit at the Health Board in conformance with the Global Internal Audit Standards for 2025/26.

Our conformance statement for 2025/26 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2025/26 which will be reported formally in the Summer of 2026; and
- The results of the External Quality Assessment.

We have set out, in **Appendix A**, the key requirements of the Global Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2025/26 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 Health Board's audit programme for 2025/26.

The Head of Internal Audit has unfettered access to the Chief Executive, Chair of the Audit & Risk Assurance Committee and Health Board Chair.

2.10 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 consider 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, Healthcare Inspectorate Wales and Health and Safety Executive.

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; and
- NHS Wales Joint Commissioning 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	To review the adequacy of the systems and controls in place for key risk areas in the accounts payable process, including progress in implementing the actions agreed with management to address the issues identified in the previous audit report.
Primary Care Services Ophthalmic	Substantial	To provide assurance that Primary Care Services is maintaining a robust system to facilitate timely and accurate payments to Ophthalmic contractors.
Payroll	Substantial	To evaluate the design and operation of the systems and controls in place within payroll services.
Single Lead Employer	Reasonable	The purpose of this review is to assess compliance with a range of policies and procedures within the service.
Procurement	Reasonable	To review the adequacy and effectiveness of the control arrangements governing Single Tender Actions (STAs) and Declarations of Interest (DOIs).

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. All audits in this programme are reported to the Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership. 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
Programme Management	Reasonable	To provide assurance over the timely rollout of a sample of digital programmes / projects across Wales and steps taking place to overcome obstacles, challenges and manage the delivery of benefits.
Cyber Security	Reasonable	To assess the governance process for cyber security, associated risk statements and the management and delivery of improvement plans.
GMS Clinical System Migration Project	Reasonable	To assess the management and delivery of the GMS Clinical System Migration project.
CaNISC	Reasonable	To ensure the risks associated with the withdrawal / replacement of the Cancer Network Information System Cymru (CaNISC) are appropriately managed.

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.

NHS Wales Joint Commissioning Committee (JCC)

The work at the JCC 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
Individual Patient Funding Requests (IPFR)	Substantial	The JCC, working on behalf of all health boards in Wales, commissions highly specialist services at a national level. Each year, requests are received for healthcare that falls outside of this agreed range of services. These are referred to as Individual Patient Funding Requests. IPFRs can include a request for any type of healthcare including a specific service, treatment, medicine, device or piece of equipment. This review considered the system in place for the management and consideration of IPFR applications.
Budget management [Draft]	Reasonable	This review considered the budget management process within the JCC, including procedures, responsibilities and management arrangements.
High cost drugs	-	This review covered the processes and arrangements relating to high cost drugs commissioned by the JCC. At the time of this draft report our work in this area is ongoing.

While these audits do not form part of the annual plan for the Health Board, they are listed here for completeness as they do impact on the organisation's activities. The Head

of Internal Audit has considered if any issues raised in the audits could impact on the content of our annual report and concluded that there are no matters of this nature.

Full details of the NWSSP audits are included in the NWSSP 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 JCC 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 2025/26 operational audit plan.

The audit plan approved by the Committee in April 2025 contained thirty two planned reviews. Changes have been made to the plan with six audits added and eight deferred, with 30 audits being delivered. All these changes have been reported to, and approved by, the Audit & Risk Assurance Committee.

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 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.

Indicator Reported to Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2025/26	G	April 2025	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2025/26	G	100%	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	100%	85%	v>20%	10%<v<20%	v<10%

Indicator Reported to Audit Committee	Status	Actual	Target	Red	Amber	Green
Report turnaround: time taken for management response to discussion & draft report [15 working days]	A	73%	85%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	100%	95%	v>20%	10%<v<20%	v<10%

Key: v = percentage variance from target performance

5. Risk based audit assignments

The overall opinion provided in Section 1 and our conclusions on individual reviews 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 30 audit reviews were reported during the year. Figure 1 below presents the assurance ratings, and the number of audits derived for each.

Figure 1 Summary of audit ratings tbc

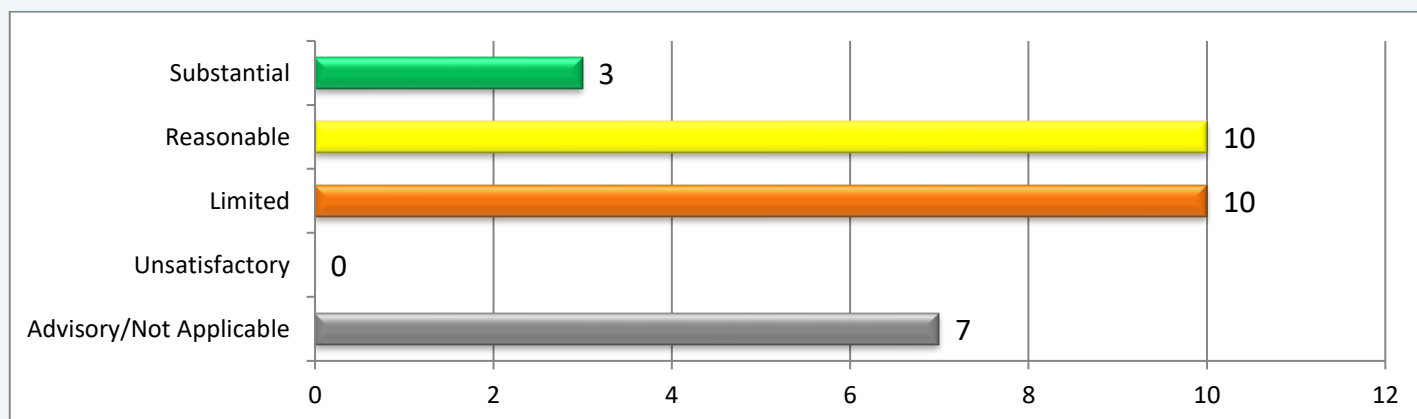


Figure 1 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW or the NHS Wales Joint Commissioning Committee.

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

In addition to the above, there were eight audits which did not proceed following preliminary planning and agreement with management. 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 (Dark 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
Escalation Governance	The overall objective of this review was to assess and provide independent assurance over the effectiveness of governance arrangements in place for the closure of escalation actions.
Medical Device Regulations	The objective of this audit is to provide assurance that effective governance, operational controls, and monitoring arrangements are in place to ensure compliance with the UK Medical Devices Regulations 2002 and the MHRA ¹ Managing Medical Devices guidance in relation to the management of reusable medical devices.
Cyber Security	Assess controls in place over key risk areas including the risk statement, governance process and improvement plan for cyber security.

5.3 Reasonable Assurance (Light Green)



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
LTA commissioning	The overall objective of this review was to assess and provide independent assurance on the management and monitoring arrangements of commissioned long-term agreements (LTAs) for services provided by other NHS bodies to the Health Board.
Corporate Risk Ophthalmology	Review of the key controls in place to manage and mitigate the risk of the inability to provide a full range of ophthalmology services across the Health Board. The audit will focus on the risk, controls and gaps in controls identified within risk 1664 relating to ophthalmology services.

¹ Medicines and Healthcare Products Regulatory Agency

Review Title	Objective
Patient Experience	To review the arrangements and processes in place within the Health Board for capturing and utilising patient experience.
Managed Practices	Health boards have a statutory duty to ensure the delivery of primary care medical services to their resident population. In the absence of a GP partner contract, it is sometimes necessary for the Health Board to directly manage a practice to ensure service continuity. This is a broad scope, high level review to assess the arrangements in place for the management of key systems and risk areas in relation to Health Board managed practices.
Shadow IT Management	Assess controls in place for how this is identified and how professional oversight is maintained for digital systems across the organisation.
Major Infrastructure Investment Programme	The overall objective of this audit is to evaluate the adequacy of the systems and controls in place to support the successful development of the programme.
WGH Fire 2 IAAP	The overall objective of this audit is to evaluate the adequacy of the systems and controls in place to support the successful delivery of the project.
Third Sector Commissioning	The objective of this audit is to provide assurance over the management and monitoring arrangements of commissioned services provided by the third sector on behalf of the Health Board.
Agreed action tracking arrangements and follow up	To provide assurance on the status of implemented recommendations on the audit tracker and review the systems and arrangements the Health Board has in place to monitor progress with the implementation of actions.
Medical Workforce Stabilisation – Variable Pay	The overall objective of this audit was to provide assurance of the key controls of managing medical variable pay as part of the Medical Workforce Stabilisation programme.

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
Nursing Management	The overall objective of this review is to assess the systems in place for rostering and absence management.
Sickness Management	This review seeks to provide the Health Board with assurance over the arrangements in place for managing sickness absence in accordance with the NHS Wales Managing Attendance at Work Policy.
Human Tissue Act	To provide assurance over the systems and controls in place for the management and monitoring of activities under the scope of the <i>Human Tissue Act 2004</i> .
Emergency Department Data Validation	Review implementation of the ED 4-hour Breach Validation Standard Operating Procedure to provide assurance that this has been consistently implemented.
Vaccinations & Immunisations	To assess the arrangements in place to monitor and promote the uptake of vaccination and immunisation programmes amongst the eligible population covered by the Health Board.
Operational Governance	This audit has reviewed implementation of governance arrangements to support the new operational structure.
Internal Escalation	The overall objective of the review was to assess the actions undertaken by CCGs / Executive Directorates ("functions") to facilitate improvement in their internal escalation levels.
Infection Prevention Control	To provide assurance over the controls in place for the management of key systems and risk areas in relation to Infection Prevention and Control (IPC).
High Cost Drugs	Review governance arrangements and a sample of key controls in relation to the financial approval of high-cost drugs. The scope of this review is focused on the control of costs associated with high-cost drugs dispensed in secondary care and has not considered the clinical appropriateness of prescribing/dispensing decisions.
GP Out of Hours	To assess the controls in place for the management of key systems and risk areas within GP Out of Hours – specifically controlled stationary and controlled drugs.

5.5 Unsatisfactory (Red)



No reviews were assigned an 'unsatisfactory' opinion.

5.6 Advisory/Assurance Not Applied (Grey)



The following review was 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 this review is 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
Control of Contractors	The Estates Control of Contractors policy No 541 dated March 2025 and wider UHB Control of Contractors procedures were reviewed by NWSSP – Audit and Assurance Services to ensure that appropriate arrangements for the Right to Work in the UK are appropriately addressed.
Capital Governance	This advisory review was commissioned as an additional review. Management requested a pro-active review and appraisal of the existing capital management reporting and accountability requirements to ensure compliance with expectations and to identify any opportunities to enhance arrangements.
Estates Assurance Space Utilisation	This advisory review sought to evaluate the effectiveness of the management and control of space utilisation within the University Health Board (UHB), share learning across NHS Wales organisations at which this review is taking place, and where possible provide best practice guidance and suggested opportunities for improvement.
HTA Follow up	The overall objective of this follow-up review was to assess the progress in implementing the actions agreed with management to address the issues identified in the previous Human Tissue Act audit (HDU-2526-21). This review focuses on progress made on the implementation of actions and is not a full re-audit of the topic area;
WellSky System	The audit was commissioned to undertake an advisory review to understand the events and underlying factors that led to the misstatement, assess the effectiveness of corrective actions taken, and identify learning to prevent recurrence.
Sickness Management Follow up	The overall objective of this audit is to assess progress in implementing the actions agreed with management to address findings identified in the previous audit of Sickness Management (HDU-2526-08) and the sickness elements of the Nursing Management review (HDU-2526-04).

5.7 Audits not undertaken

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.

Review Title	Objective
Estates & Facilities Directorate	Time reallocated to be used for cleanliness standards reaudit follow up, which was itself subsequently deferred.
Cleanliness Standards re audit	Re audit of previous multiple limited assurance audits deferred as whilst actions were in process of being implemented insufficient progress made with embedding the previously agreed actions.
Health & Safety	Re audit of previous limited assurance audit deferred as insufficient progress made with implementing the previously agreed actions.
Theatres Stock system implementation	Deferred as a result of the impact of additional time taken on other audits.
Primary Care Corporate Risk	Deferred due to a reduction in the risk score which was reported to the Board.
Complaints	Deferred due to the implementation of new arrangements.
IRMER	Deferred due to challenges at service level
ED Data Follow up	Follow up deferred due to limited progress with implementation of actions.

In addition, at the time of this annual report there were no reviews that were 'work in progress'.

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 2025/26 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 2026

Appendix A

Internal Audit compliance with the Global Internal Audit Standards and the UK Public Sector Practice Note

Global Internal Audit Standards – Domains, Principles & Standards	Requirements & Response
<p>Domain I: Purpose of Internal Auditing</p>	<p>Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.</p> <p>Advice and assurance are provided primarily through a risk-based audit plan approved and monitored by the Audit Committee. Audit & Assurance uses the results of its audits, together with focused research, to provide insight and foresight.</p>
<p>Domain II: Ethics & Professionalism</p> <p>Principles 1 (Demonstrate Integrity), 2 (Maintain Objectivity), 3 (Demonstrate Competency), 4 (Exercise Due Professional Care), and 5 (Maintain Confidentiality). 13 individual standards.</p>	<p>Audit & Assurance has established processes for dealing with both the ethics and professionalism of Internal Audit and the need to maintain client confidentiality. This encompasses training, declarations of interest returns, our audit processes, and the requirements (where appropriate) of professional accounting and audit bodies.</p>
<p>Domain III: Governing the Internal Audit Function</p> <p>Principles 6 (Authorised by the Board), 7 (Positioned Independently), and 8 (Overseen by the Board). 9 individual standards.</p>	<p>How we interact and work with each NHS Wales organisation is set out in the Internal Audit Mandate and Charter which is updated annually. There are appropriate arrangements in place for Internal Audit to act independently and interact with the Board to ensure effective Governance arrangements.</p>
<p>Domain IV: Managing the Internal Audit Function</p> <p>Principles 9 (Plan Strategically), 10 (Manage Resources), 11 (Communicate Effectively), and 12 (Enhance Quality). 16 individual standards.</p>	<p>The Internal Audit function for NHS Wales is managed through the NHS Wales Shared Services Partnership (NWSSP). The Audit & Assurance service delivery plan forms part of the NWSSP integrated medium term plan.</p> <p>A risk based strategic and annual plan is developed for each NHS Wales organisation. The annual plan gives detail of specific assignments and sets out the overall resource requirement. The audit</p>

	<p>strategy and annual plan is approved by the Audit Committee.</p> <p>Quality assurance and control arrangements are in place and are subject to an external assessment at least once every five years.</p> <p>Policies and procedures which guide the Internal Audit activity are in place. There is structured liaison with Audit Wales, HIW and Counter Fraud.</p>
<p>Domain V: Performing Internal Audit Services</p> <p>Principles 13 (Plan Engagements Effectively), 14 (Conduct Engagement Work), and 15 (Communicate Engagement Results and Monitor Action Plans). 14 individual standards.</p>	<p>Audit & Assurance has a Quality Manual that sets out how we will conduct and monitor audit engagements and this is then replicated in our Electronic Working Paper system (ESRA) and other files.</p> <p>This ensures that we meet the requirements to plan, conduct and communicate audit engagement appropriately and follow-up management actions.</p>

[Global Internal Audit Standards](#)

[UK Public Sector Application Note](#)

Appendix B

Assurance Opinion

	<p>Substantial</p>	<p>Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.</p>
	<p>Reasonable</p>	<p>Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.</p>
	<p>Limited</p>	<p>More significant matters require management attention. Moderate impact on residual risk exposure until resolved.</p>
	<p>Unsatisfactory</p>	<p>Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.</p>
	<p>Advisory</p>	<p>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.</p>

Disclaimer

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales 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.

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 Hywel Dda 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.

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.

Global 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.



Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)



Head of Internal Audit Opinion 2025/2026 Briefing Paper – Developing the Opinion June 2026

Hywel Dda University Health Board



GIG
CYMRU
NHS
WALES

Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services



Introduction and Background

At the end of year audit year, the Head on Internal Audit is required to issue an Opinion and Annual Report. 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 to the Board, which underpin the Board’s own assessment of the effectiveness of the system of internal control. The Opinion given provides a level of assurance as to the adequacy of an organisation’s arrangements for Governance, Risk and Control.


This overall Opinion and Annual Report document sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year.

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.

This briefing paper is provided for the Audit & Risk Assurance Committee and sets out in some detail our rationale for the Opinion intended to be issued to the Health Board for 2025/26 along with the opinion and annual report itself.

Head of Internal Audit Opinion 2025/26

The Head of Internal Audit Opinion 2025/26 is Reasonable Assurance.

Limited Assurance		<p>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.</p> <p>More significant matters require management attention. Moderate impact on residual risk exposure until resolved.</p>
--------------------------	---	--

3. Development of Opinion and Rationale

The Opinion by the Head of Internal Audit results from the risk-based audit programme of audit work delivered as part of the approved plan. It is predominantly based on the number / percentage of Limited assurance audit ratings, the significance of the areas/findings, and also the broader position regarding overall Governance, risk management and control and any improvements made to address agreed management actions.

The formulation of the opinion has been considered on the basis of the results of our audit work, including both opinions and risk, as part of our risk-based plan. 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 re-audits, follow up work and tracking of agreed actions. Consideration is also

given to the impact of the deferred audits, together with other considerations around the relevant information relating to the organisation’s overall system of governance, risk management and control.

The overall opinion for the 2025/26 year has been determined as Limited Assurance.

Key points noted in developing the Opinion:

- Ten Limited Assurance rated reports have been issued during the 2025/26 year.
- A number of these were impacted by weaknesses at an operational level within the organisation.
- Limited assurance ratings audits in key areas including Operation Governance, Internal Escalation Level 3/4, Vaccinations & Immunisations and Infection Prevention & Control.
- Deferred audits on Cleanliness and Health & Safety as sufficient progress not yet be made from previous limited assurance rated reports. In the case of Cleanliness Standards this not improved over a number of years. Also there was insufficient progress made to do an in year follow up on ED Data Validation.
- In year follow up on HTA has shown good progress in addressing recommendations. In year follow of sickness management had indicated that further work is required.
- Lower number/percentage of substantial assurance
- Whilst it is considered that the UHB has adequate governance, risk and control arrangements at a corporate level, it has been again identified that arrangements across operational areas and services within the organisation show significant variation, with numerous weaknesses frequently identified

A comparison of opinions across year is set out in the table below.

	<i>Substanti al</i>		<i>Reasonable</i>		<i>Limited</i>		<i>Unsatisf actory</i>		<i>Non Opinion</i>		<i>Total</i>	<i>Overall Opinion</i>
25/2 6	3	10%	10	33.3 %	10	33.3 %	0	0	7	23.3 %	30	Limited
24/2 5	7	23.3 %	14	46.7%	7	23.3%	0	0	2	6.7%	30	Reasonable
23/2 4	3	9.7 %	17	54.8%	8	25.8%	0	0	3	9.7%	31	Limited
22/2 3	6	16.7 %	22	61%	5	14%	0	0	3	8.3%	36	Reasonable
21/2 2	6	17%	18	51%	6	17%	0	0	5	14%	35	<i>Reasonable</i>

Limited Assurance Assignment Opinions 2025/26

The table below sets out below the audits given limited assurance in the 2025/26 year and their impact to the overall opinion.

	AUDIT	RATING	Assessment (High, Medium, Low)
1	Nursing Management	Limited	M
2	Sickness Management	Limited	M
3	Human Tissue Act	Limited	M
4	ED Data Validation	Limited	M
5	Vaccinations & Immunisations	Limited	H
6	Operational Governance	Limited	H
7	Internal Escalation	Limited	H
8	High Cost Drugs	Limited	M
9	Infection Prevention and Control	Limited	H
10	GP OOH	Limited	M

FOLLOW UP OF AGRRED ACTIONS

Limited Assurance audits from 2024/25 - Follow up and action tracker info & status	
Health & Safety	Re audit deferred
Cleanliness	Re audit deferred
Nursing Management re audit	We observed an improving trend in rostering controls and practices, although compliance with the NHS Wales Managing Attendance at Work Policy still required significant improvement.
Discharge Management	Further follow up audit undertaken identified good progress with three of the four actions implemented.
Mortuary (joint SBUHB)	Of the four actions which are Hywel Dda assigned, three have been completed with the remaining action overdue.
Data Quality / Use of Data	Three actions implemented, with one overdue.
Bed Management	All five recommendations now implemented.

As part of formulating the opinion several other points of note are considered:

- The Internal Audit plan is prepared on the basis of a risk-based planning approach, including areas that the UHB had specifically identified as known risks areas and areas of potential concerns. There was focus on areas of work linked to Escalated Status domains, challenges and governance arrangements.
- In the 2025/26 year the plan included a number of areas for re-audit, that have been previously allocated a limited assurance rating e.g. cleaning standards, Health & Safety, although these were deferred.
- The Plan was kept under review during the year through discussions with the Director of Corporate Governance and updated to account for required changes including a further follow up/re-audit on the Limited Assurance review of HTA and follow up of sickness management.
- It is considered that the UHB has stronger arrangements at a corporate level, and this is supported by outcomes from audits undertaken. However, arrangements across areas and services within the organisation show significant variation, with weaknesses frequently identified from an internal control, risk management and governance perspective.
- The UHB has adequate arrangements in place for the tracking of agreed actions from Internal Audit reports. Progress with implementing agreed actions has also been included as a criteria for assessment within the internal escalation arrangements.
- Governance arrangements implemented within the UHB to support the escalated status challenges. The UHB escalation status in the key areas.
- As part of our process, we also consider the assurances available from audit work we have undertaken at the NHS Wales Shared Services Partnership and other NHS Bodies including DCHW and the JCC.

SUMMARY OF AUDIT OUTCOMES BY RATING

Substantial Assurance	<ul style="list-style-type: none"> • Escalation Governance • Medical Device Regulations • Cyber Security
Reasonable Assurance	<ul style="list-style-type: none"> • LTA commissioning • Corporate Risk Ophthalmology • Patient Experience • Managed Practices • Shadow IT Management • Major Infrastructure Investment Plan • Withybush General Hospital Fire (IAAP) • Third Sector Commissioning • Agreed action tracking arrangements and follow up initial draft • Medical Workforce Stabilisation – Variable Opinion
Limited Assurance	<ul style="list-style-type: none"> • Nursing Management • Sickness Management • Human Tissue Act ED Data Validation • Vaccinations & Immunisations • Operational Governance • Internal Escalation • Decision making high-cost drugs • Infection Prevention & Control. • GP Out of Hours
Unsatisfactory	N/A
Advisory/Non-Opinion	<ul style="list-style-type: none"> • Control of Contractors • Capital Governance • Estates Assurance Space Utilisation • Human Tissue Act Follow up • Sickness Management Follow up • WellSky System • Regional Joint Committee
Work to be completed	<ul style="list-style-type: none"> • •

Deferred Audits

As part of the process of developing the opinion we also consider any audit work deferred during the year. The table below sets out those audits and a note around rationale for deferral and any anticipated impact on the opinion.

Deferred audits	Notes	
Estates & Facilities Directorate	Time reallocated to be used for cleanliness standards reaudit follow up, which was itself subsequently deferred.	
Cleanliness Standards re audit	Re audit of previous multiple limited assurance audits deferred as whilst actions were in process of being implemented insufficient progress made with embedding the previously agreed actions.	
Health & Safety	Re audit of previous limited assurance audit deferred as insufficient progress made with implementing the previously agreed actions.	
Theatres Stock system implementation	Deferred as a result of the impact of additional time taken on other audits.	
IRMER	Deferred due to challenges at service level	
Primary Care Corporate Risk	Deferred due to a reduction in the risk score which was reported to the Board.	
Complaints	Deferred due to the implementation of new arrangements.	
ED Data Follow up	Follow up deferred due to limited progress with implementation of actions.	



Audit work undertaken by NHS Wales Audit and Assurance Services conforms with the International Standards for the Professional Practice of Internal Auditing and associated Global Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.

[Disclaimer notice - please note](#)

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales 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.

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 Hywel Dda 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.



GIG
CYMRU
NHS
WALES

Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services

NHS Wales Shared Services Partnership
Audit & Assurance Services
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ

Email: James.johns@wales.nhs.uk

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)