

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 June 2025
TEITL YR ADRODDIAD: TITLE OF REPORT:	Audit & Assurance Services - Head of Internal Audit Opinion and Annual Report 2024/25
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 2024-25 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 to 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 Public Sector Internal Audit standards.

Asesiad / Assessment

The Head of Internal Opinion and Annual Report for 2024-25 gives a Reasonable 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 2024/25.

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. Outcomes from individual Internal Audit reports. Outcomes from agreed action tracking and follow up. 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.
Partion / 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 Audit & Risk Assurance Committee Chair. 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 2024/25

Hywel Dda University Health Board



Reasonable Assurance

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Author:	James Johns
Audit & Risk Assurance Committee:	June 2025



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 2024/25

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 2024/25 is:

Reasonable assurance		<p>The Board can take Reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively.</p> <p>Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.</p>
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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 Public Sector Internal Audit Standards.

The Internal Audit Plan for 2024/25 year, was presented to the Committee in April 2024. 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 NWSSP, DHCW, and the new 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 2024/25. We can 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 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 2024/25

Substantial Assurance	<ul style="list-style-type: none"> • Executive Team Governance • Performance Management • Digital Strategic Partner • Digital Benefits Realisation • Cash Management • Waiting List Management • CHC – Database maintenance and Financial Processes.
Reasonable Assurance	<ul style="list-style-type: none"> • Targeted Intervention Governance • Annual Planning • Financial Management • Job Planning • Emergency & Business Continuity Planning • Learning Lessons • Falls Management • Nurse Staffing Act • Capital Systems • Energy Management • Ultrasound Corporate Risk • Speaking up • WGH Capital RAAC • Agreed action tracking and follow up
Limited Assurance	<ul style="list-style-type: none"> • Nursing Management • Discharge Management • Mortuary (joint SBUHB) • Data Quality / Use of Data • Bed Management • Health & Safety • Cleanliness
Unsatisfactory	N/A
Advisory/Non-Opinion	<ul style="list-style-type: none"> • Contract Management • Discharge Management agreed action follow up

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 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 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 2024/25 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 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.

Reasonable assurance		<p>The Board can take Reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively.</p> <p>Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.</p>
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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 from reviews.

Focus should be placed on the agreed response to any Unsatisfactory and Limited Assurance opinions issued during the year (of which there were seven in 2024/25) and the significance of the recommendations made as well as addressing implementation of recommendations from previous year reviews.

Basis for Forming the Opinion

The audit work undertaken during 2024/25, 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, seven were allocated Substantial Assurance, fourteen were allocated Reasonable Assurance, seven was allocated Limited Assurance with none allocated an Unsatisfactory assurance opinion. two 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 24/25 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, with each of them concluding positively with regard to the arrangements in place.

The audit of **Executive Team Working** provided Substantial assurance of the revised working arrangement implemented during the year.

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

The review of the arrangements for **agreed action tracking and implementation** concluded with reasonable assurance, identified a strong 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 four reviews in this area.

Substantial Assurance was provided for the both the audits of **Performance Management** and **Waiting List Management**.

Reasonable assurance was provided for the audit **Annual Planning**. A robust planning process was implemented for the development of the Hywel Dda Annual Plan, with Clear

governance and reporting arrangements had been embedded, however highlighting the need for the earlier identification through the planning process, of a higher percentage of green schemes.

Emergency & Business Continuity Planning was given Reasonable assurance. The audit identified that the Health Board had a clear emergency and business continuity framework in place with an established Emergency Planning Team that provide hands-on support to directors and service managers and collate completed critical function analyses and business continuity plans. It was identified however that some operational teams were not fulfilling their responsibilities to develop business continuity plans and undertake regular testing as outlined in policy.

Financial Governance and Management

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

- The audit of **Cash Management** concluded positively with Substantial Assurance given. The audit of **Financial Management** concluded with reasonable assurance, while highlighting areas for improvement including formal monitoring and management of savings schemes at directorate level as well as budget delegation beneath Executive Director level.
- The audit of **CHC Database Maintenance & Financial Processes** has concluded with substantial assurance.
- The All Wales **Contract Management** advisory review has highlighted areas for improvement across all organisations.
- In addition to the UHB audits, a programme of work is undertaken at NWSSP. The outcomes from the audits the payment systems provided by NWSSP which relate to the Health Board concluded with positive assurance. The audits of Primary Care Contractor Pharmacy Services payment systems and the audit of Payroll receiving Substantial Assurance and the Accounts Payable each Reasonable Assurance.

Quality & Safety

We have undertaken three reviews in this area.

The audit of Learning Lessons concluded with Reasonable Assurance. The audit of **Falls Management** concluded with reasonable assurance; however a high priority matter arising was identified with regard to falls risk assessments had not been completed or were not timely following patient admission. The audit of **Speaking Up** concluded with reasonable assurance, however a high priority matter arising was identified with lack of a single report of formal and informal raised concerns, nor the triangulation of lessons learned.

Information Governance & Security

We have undertaken three reviews in this area.

The audits of **Digital Strategic Partner Arrangements** and **Digital Benefits Realisation**, both concluded with Substantial Assurance. The audit of **Data Quality & Use of Data** concluded with Limited Assurance highlighting areas for improvement

relating to a gap in the resources needed to fully implement and maintain data quality standards across all health board systems; the lack of accountability for data quality within service areas and the absence of data quality metrics to aid performance monitoring.

Operational Service and Functional Management

We have undertaken 7 review in this area

The Ultrasound Corporate Risk audit concluded with reasonable assurance. Reasonable.

The **Discharge Management** audit concluded Limited assurance. The **Discharge Management Follow up** audit noted that progress had been made with the implementation of the three of the four actions raised from the original review.

The audit report on **Mortuary Services** for Hywel Dda and Swansea Bay University Health Boards concluded with Limited Assurance and highlights the requirement for clearer roles and responsibilities and to review governance structures to ensure they provide effective oversight. Funding issues have clearly impacted capacity to deliver the Regional Pathology Programme

The audit of **Management of Bed Capacity** concluded with Limited assurance with the management attention required to address a number of key areas including Little to no evidence to support established core bed numbers for Section 25A wards; variances in the established core bed numbers; multiple sources of established core bed numbers with varying figure and lack of a formal service change process, including the adjustment established core bed numbers.

The audit of **Cleanliness Standards** identified that whilst some progress has been made in addressing the issues arising from the 2023/24 internal audit, a number of actions are ongoing with the associated risks not fully addressed, particularly in relation to the use of cleaning schedule and the frequency of cleaning audits not always compliant with Standards or Policy and target scores are not being consistently achieved. The audit concluded limited assurance overall.

The **Health & Safety** audit concluded with Limited assurance, highlighting a number of areas for improvements, particularly in relation gaps in assurance reporting, and insufficient monitoring of actions arising from H&S site visits, significant volume of outstanding actions and weakness in the methodology for prioritising actions Limited

Workforce Management

We have undertaken three reviews in this area during 2024/25.

The audit of **Consultants Job Planning** concluded with reasonable assurance and identified significant improvements had been made since previous audits. The **Nurse Staffing Act** concluded with reasonable assurance. The **Nursing Management** audit concluded with Limited assurance with high priority findings in relation to sickness management, annual leave management and a lack of evidence to demonstrate that agency use has been approved in line with the new escalation process.

Capital & Estates Management

We have undertaken three reviews in this area.

The audits of Energy Management, Capital Systems and WGH RAAC reasonable each conclude 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 PSIAS) and the level of overall assurance that we can give.

The Health Board's recommendation tracking process continued during 2024/25, 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 progress had been made in a number of areas with implementing agreed actions, particularly with regard to Consultant Job Planning where significant improvements had been made.

It was highlighted however that further progress was required in implementing recommendations from a number of particularly Cleanliness Standards and Nursing Management.

A specific audit looking at sample of high priority recommendations and the Health Board's recommendation tracking process concluded that the corporate tracking were 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 2024/25 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 2024/25.

2.9 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. 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 Standards.

The NWSSP Audit and Assurance Services can assure the Audit & Risk Assurance Committee that it has conducted its audit at the Health Board in conformance with the Public Sector Internal Audit Standards for 2024/25.

Our conformance statement for 2024/25 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2024/25 which will be reported formally in the Summer of 2025; 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 2024/25 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 2024/25.

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.
PCS Pharmacy	Substantial	To provide assurance that Primary Care Services is maintaining a robust system to facilitate timely and accurate payments to pharmacy contractors.
Payroll	Substantial	To evaluate the design and operation of the systems and controls in place within payroll services.
Recruitment Services	Substantial	To review the adequacy of systems and controls in place for Recruitment Services.

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
Financial Sustainability	Substantial	To review the financial management arrangements in place to ensure the ongoing sustainability of services and project delivery, with a particular focus on sustainable funding requirements for projects (e.g. DPIF, WASPI).
Programme Management	Reasonable	To establish the effectiveness of the portfolio management model used by DHCW and the controls that are in place to ensure it operates across the range of active projects.
Mission One – National Data Resource	Reasonable	To provide assurance over the National Data Resource (NDR) Platform programme of work, including progress towards implementing local datastores, and reference, demographics and medicines data.
Mission One – Cloud Services	Substantial	To provide assurance over the programme of work to move live services from datacentres into the cloud.

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
Mental Health Quality Commissioning arrangements	Reasonable	The purpose of the review was to assess the effectiveness of the arrangements in the JCC to oversee the quality and safety aspects of the commissioning of mental health and learning disability placements.
Governance	Advisory	To assess the arrangements that have been put in place at the JCC for embedding the statutory governance framework and the establishment of operational governance arrangements to provide effective oversight in the new organisation.
Financial arrangements [Draft]	Reasonable	To consider the financial arrangements in relation to financial management and budgetary control, procurement and income.
Review of Traumatic Stress Wales [Draft]	Reasonable	The purpose of the review was to provide information to assist the Director of Commissioning for Mental Health, Learning Disabilities and Vulnerable Groups within the JCC to determine the optimum delivery mechanism for the national objective of Traumatic

Audit	Opinion	Outline scope
		Stress Wales (TSW), by review of the adequacy of the systems and controls in place within TSW and the JCC in relation to its management of TSW. The review sought to provide assurance to the Chief Commissioner via the Director of Commissioning for Mental Health, Learning Disabilities and Vulnerable Groups, that TSW is operating effectively, systems are being managed appropriately, and there is clarity on the purpose and objectives of TSW within the new arrangements for the JCC.

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 2024/25 operational audit plan.

The audit plan approved by the Committee in April 2024 contained thirty one planned reviews. Changes have been made to the plan with three audits added and four deferred. 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 2024/25	G	April 2024	By 30 June	Not agreed	Draft plan	Final plan

Indicator Reported to Audit Committee	Status	Actual	Target	Red	Amber	Green
Total assignments reported against adjusted plan for 2024/25	G	100%	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	96.7%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to discussion & draft report [15 working days]	G	86.7%	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%

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

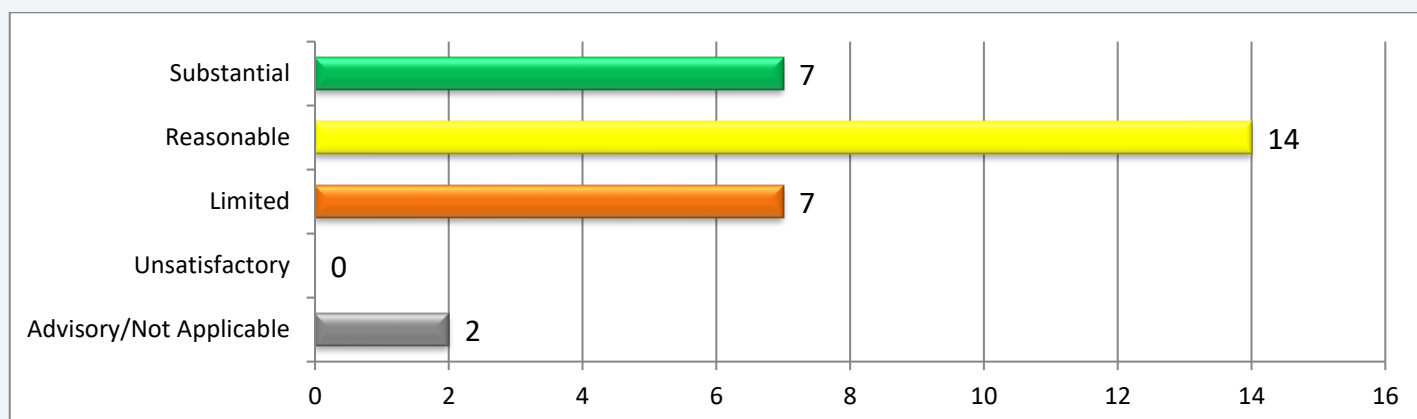


Figure 1 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW or the NHS Wales Joint Commissioning Committee.

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

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management. In some 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 (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
Executive Team Governance	Review of the revised Executive Team working arrangement, to ensure that the Executive Team and supporting groups are operating in line with agreed terms of reference with effective discharge of roles and responsibilities
Performance Management	This audit has reviewed the Health Board's performance management arrangements including the Directorate Improving Together Process, alignment with the NHS Wales Performance Framework and mechanisms for data collation.
Waiting List Management	The overall objective of this audit is to provide assurance of the key controls in place to manage and mitigate the risks facing Orthopaedic Services to achieve ministerial waiting list targets.
Digital Strategic Partner	To review the arrangement relating to the contract for the strategic partner.
Digital Benefits Realisation	The purpose of the audit is to determine if the principles of an appropriate benefits realisation framework have been implemented within Digital to support decision making.
Cash Management	The overall objective of this audit was to review, assess and provide assurance over the arrangements in place for strategic cash management.
Continuing Healthcare – Database Maintenance & Finance Processes	A limited scope review of the arrangements in place for maintaining and updating the All-Wales National Complex Care Database, and subsequent accounting and forecasting processes.

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
Targeted Intervention 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 TI actions.
Annual Planning	The overall objective of the audit is to review the processes and assumptions used for developing the Annual Plan noting how finance, activity and workforce elements are included.
Financial Management	Review control systems in place for financial management, budgetary control and delivery of savings.
Job Planning	The overall objective of this review is to assess progress in implementing the actions agreed with management to address the issues identified in the previous audit, including additional testing.
Emergency & Business Continuity Planning	Review, assess and provide assurance over the arrangements in place for emergency response and business continuity planning.
Learning Lessons	The overall objective of this review is to provide assurance over the arrangements for the implementation and sharing of identified lessons learned.
Falls Management	To review the arrangements across the Health Board for the prevention and management of falls and to assess progress made in implementing recommendations arising from the previous internal audit.
Nurse Staffing Act	To review arrangements to ensure compliance with the Nurse Staffing Levels (Wales) Act 2016.
Capital Systems	Capital systems coverage focused on the selection, appointment and contractual arrangements applied at Capital and Estates projects (covering both advisers and contractors).
Energy Management	The audit will be undertaken to determine the adequacy of, and operational compliance with, the established systems for the management and control of energy consumption within the UHB and will also take account of other supporting regulatory and procedural requirements, as appropriate.
Ultrasound Corporate Risk	To undertake a review of the key controls in place to manage and mitigate the risk of the inability to provide a full range of Ultrasound Services, including antenatal, across the Health Board.

Review Title	Objective
Speaking Up	To review the implementation of the framework and assess its impact in promoting a culture that enables staff to raise concerns.
Agreed action tracking 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.
Withybush General Hospital RAAC	The proposed review will be undertaken to determine the adequacy of, and operational compliance with, the UHB's systems and procedures, taking account of relevant NHS and other supporting regulatory and procedural requirements, as appropriate.

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	Review of the systems in place for rostering and absence management.
Discharge Management	This review has sought to provide assurance on the controls and processes in place for the safe and efficient discharge of patients, including progress in implementing the actions agreed with management to address the issues identified in the previous audit report
Mortuary (joint SBUHB)	Joint review of the arrangements in place between Swansea Bay and Hywel Dda UHBs to support the effective provision of mortuary services, ensuring compliance with Human Tissue Authority regulations.
Data Quality / Use of Data	To review the structures and processes for ensuring data quality within the Health Board
Bed Management	To assess the arrangements of established bed capacity baselines, and the allocation and utilisation of beds, including the use and de-escalation of surge beds.
Health & Safety	Review arrangements for ensuring compliance with Health & Safety regulations.
Cleanliness	The overall objective of this follow-up review was to assess progress in implementing the actions agreed with management to address the issues identified in the previous audit, including additional testing.

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
Contract Management (All Wales review)	To assess whether the health board has appropriate contract management arrangements in place.
Discharge agreed action tracking follow up	The overall objective of this follow up review is to assess the progress in implementing the actions agreed with management to address the issues identified in the previous audit.

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
Medical Locums	Review arrangement for the control and management of the usage of medical locums. Included with 25/26 plan as programme of work still in progress.
Managed Practices	Review the provision and management of managed practices. Included with 25/26 plan in order to accommodate other work.
Revised operational governance arrangements	Review of the revised Directorate Governance Structures. Included with 25/26 as structures were not implemented until April 2025.
Estates & Facilities Directorate	Review control and governance arrangements including rotas, staff management and Procurement. Included with 25/26 plan as other internal work was schedule within directorate.

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 2024/25 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 2025

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 2024/25.
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 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.
2100 Nature of work	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.
2200 Engagement planning	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.
2300 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
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	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 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

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.

Public Sector Internal Audit Standards

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



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



Head of Internal Audit Opinion 2024/2025 Briefing Paper – Developing the Opinion June 2025

Hywel Dda University Health Board



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CYMRU
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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 2024/25 along with the opinion and annual report itself.

Head of Internal Audit Opinion 2024/25

The Head of Internal Audit Opinion 2024/25 is Reasonable Assurance.

Reasonable Assurance		<p>The Board can take Reasonable 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.</p>
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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 2024/25 year has been determined as Reasonable Assurance. It is however important to note that the opinion was a close call this year between Reasonable and Limited and also to recognise that whilst the Health Progress has made progress in a number of areas there are challenges in the year ahead that will need to be addressed in order to maintain this level of opinion going forward.

Key points noted in developing the Opinion:

- An increase in the number of substantial assurance ratings.
- A number of Substantial and Reasonable assurance ratings in key corporate areas including, Targeted Intervention Governance, Executive team Governance, Annual Planning, Financial Management, Performance Management and Waiting List Management.
- Seven Limited Assurance Ratings were issued during the year (equating to a slightly lower percentage of the plan than last year.) A number of these were impacted by weaknesses at an operational level within the organisation. Follow up work has seen timely progress with the implementation of many of the high priority recommendations within the 2024/25 audit year.
- Limited assurance ratings audits in key areas including Discharge Management, Health & Safety, Management of Bed Capacity and Cleanliness Standards.
- A specific in year follow up of agreed actions has identified progress with the actions for discharge management.
- Significant improvements were identified in Consultant Job Planning with a focussed effort by the Health Board to make those improvements in an area which has had long standing weaknesses.
- Good progress has been made in the implementation of agreed actions from the previous year’s limited assurance audits.

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

	Substantial		Reasonable		Limited		Unsatisfactory		Non Opinion		Total	Overall Opinion
24/25	7	23.3 %	14	46.7 %	7	23.3 %	0	0	2	6.7 %	30	Reasonable
23/24	3	9.7 %	17	54.8 %	8	25.8 %	0	0%	3	9.7%	31	Limited
22/23	6	16.7 %	22	61%	5	14%	0	0%	3	8.3%	36	Reasonable
21/22	6	17%	18	51%	6	17%	0	0%	5	14%	35	Reasonable
20/21	11	30%	14	38%	3	8%	0	0%	9	24%	37	Reasonable

Limited Assurance Assignment Opinions 2024/25

The table below sets out below the audits given limited assurance in the 2024/25 year and their impact to the overall opinion.

	AUDIT	RATING	Assessment (High, Medium, Low)
1	Nursing Management	Limited	M
2	Discharge Management	Limited	M
3	Bed Management	Limited	H
4	Data Quality	Limited	M
5	Mortuary (Joint with SBUHB)	Limited	M
6	Health & Safety	Limited	M
7	Cleanliness Standards	Limited	H

FOLLOW UP OF AGRRED ACTIONS

Limited Assurance audits from 2023/24 - Follow up and action tracker info & status	
Quality and Safety Governance Bronglais	Follow up in 2023/24 year and positive outcome on re-audit
NICE Guidance Arrangements	Re-audit in 2023/24 with positive outcome
Consultant Job Planning Follow Up	2024/25 re-audit good progress identified; reasonable assurance given
Discharge Management	2024/25 initial re-audit limited – further year end follow up audit undertaken which identified good progress with three of the four actions implemented.
Standards of Cleanliness	Re-audit planned in Q4 2024/25 – limited assurance - a number of issues raised particularly those from site visits made.
Decarbonisation	Positive Progress seen via tracker and verified – 1 action outstanding.
Estates Condition	Positive Progress seen via tracker and verified – 1 action remaining outstanding.
GGH Fire Precautions Scheme	Positive Progress seen via tracker and actions verified

Agreed Action Follow up from in year audits with High priority actions	
Bed management	One high priority action implemented; others are actively progressing.
Nursing management	Work still required to implement one high priority action.
Falls management	Work actively progressing to implement high priority action.
Speaking UP	High priority actions 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 2024/25 year the plan included a number of areas for re-audit, that have been previously allocated a limited assurance rating e.g. cleaning standards, discharge management and consultant job planning.
- 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 Discharge Management and an audit looking at the progress of a sample of High Priority agreed actions.
- It is considered that the UHB has strong arrangements at a corporate level, and this is supported by outcomes from audits within the 2024/25 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.
- The UHB has robust 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 directorate escalation arrangements. The outcomes from our additional follow up review of a sample of agree high priority actions highlighted good progress with implementation with just a small number of exceptions.
- Revised governance arrangements were implemented within the UHB to support managing the escalated status challenges.
- A revised Operational Structure and supporting governance arrangements are being implemented. It is noted however that these revised arrangements are going to have to play an important role in strengthening the internal control arrangements across the operational level of the organisation.
- The UHB has been de-escalated to level 3 for leadership and governance by Welsh Government.
- 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"> • Executive Team Governance • Performance Management • Digital Strategic Partner • Digital Benefits Realisation • Cash Management • Waiting List Management • CHC Database and Financial Processes
Reasonable Assurance	<ul style="list-style-type: none"> • Targeted Intervention Governance • Annual Planning • Financial Management • Job Planning • Emergency & Business Continuity Planning • Learning Lessons • Falls Management • Nurse Staffing Act • Capital Systems • Energy Management • Ultrasound Corporate Risk • Speaking up • WGH RAAC • Agreed action tracking arrangements and follow up
Limited Assurance	<ul style="list-style-type: none"> • Nursing Management • Discharge Management • Mortuary (joint SBUHB) • Data Quality / Use of Data • Bed Management • Health & Safety • Cleanliness
Unsatisfactory	N/A
Advisory/Non-Opinion	<ul style="list-style-type: none"> • Contract Management • Discharge Management agreed action tracking

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. Four audits were deferred during the year, however three audits were added to the plan

Deferred audits	Notes
Medical Locums	Review arrangement for the control and management of the usage of medical locums. Included with 2025/26 plan as programme of work still in progress.
Managed Practices	Review the provision and management of managed practices. Included with 2025/26 plan to accommodate other work.
Revised operational governance arrangements	Review of the revised Directorate Governance Structures. Included with 2025/26 as structures were not implemented until April 2025.
Estates & Facilities Directorate	Review control and governance arrangements including rotas, staff management and Procurement. Included with 2025/26 plan as other internal work was scheduled within the directorate.



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