

# Follow-up: Partnership Governance Final Internal Audit Report

April 2022

Hywel Dda University Health Board



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## Contents

Executive Summary .....	3
1. Introduction .....	4
2. Findings .....	4
Appendix A: Management Action Plan .....	5
Appendix B: Assurance opinion and action plan risk rating .....	11

Review reference:	HDUHB-2122-26
Report status:	Final
Fieldwork commencement:	28 <sup>th</sup> March 2022
Fieldwork completion:	20 <sup>th</sup> April 2022
Draft report issued:	21 <sup>st</sup> April 2022
Debrief meeting:	21 <sup>st</sup> April 2022
Management response received:	21 <sup>st</sup> April 2022
Final report issued:	21 <sup>st</sup> April 2022
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### Acknowledgement

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

### Disclaimer notice - please note

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# Executive Summary

## Purpose

This review has sought to establish progress made by management to implement agreed actions arising from the previous internal audit [report HDUHB-2122-10 refers], which concluded limited assurance over the arrangements in place for the appointment and monitoring of consultancy services.

## Overview of findings

Overall, we noted positive progress had been made in the implementation of management actions with six of the eight recommendations fully implemented, whilst progress was being made on the outstanding two actions – further detail is provided in Appendix A.


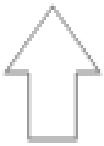
We noted that due to pressures arising from the COVID pandemic some processes, such as the ICF Panels, had been suspended that impacted on the ability to address some actions. Compensatory controls, where identified, were reviewed during this audit.

In addition, the Welsh Government were implementing a new funding regime from 1<sup>st</sup> April 2022, the Regional Integration Fund (RIF), which has resulted in the processes reviewed during this follow-up audit being amended.









The governance relating to the new funding regime will be reviewed as part of the Internal Audit Plan for 2022-23.

We have concluded **Reasonable** assurance overall.

## Follow-up Report Classification

 <p>Reasonable</p>	<p><b>Follow up:</b> All high priority recommendations had been partially or fully implemented and progress on the medium and low priority recommendations.</p>	<p>Trend</p> 
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## Progress Summary

Previous Matters Arising	Previous Priority Rating	Direction of Travel	Current Priority Rating
1 RPB Project Approvals	High		Closed
2 Welsh Government Submissions	High		Closed
3 Project Impact Updates	High		Closed
4 Project Progress and Monitoring	High		Medium
5 Revenue Investment Plan	Medium		Closed
6 Project Proposal Forms	Medium		Medium
7 Written Agreement	Medium		Closed
8 Health Board Finance Representative	Medium		Closed

## 1. Introduction

- 1.1 The Partnership Governance Follow-Up review was completed in line with the 2021/22 Internal Audit Plan.
- 1.2 The original internal audit (report HDUHB-2021-08 refers) considered the adequacy of the arrangements and management of allocated integrated care funds in line with national legislation.
- 1.3 This audit sought to establish the progress made by management in implementing agreed actions to address the issues identified in the original review.
- 1.4 The potential risks considered in the original review were:
- poor management arrangements resulting in schemes not being delivered on time and within budget;
  - non-compliance of ICF funding with national guidance; and
  - lack of regular reporting within the Health Board.

## 2. Findings

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

Original Priority Rating	Number of Recommendations	Implemented / Obsolete (Closed - No Further Action Required)	Partially Implemented (Further Action Required)	Not implemented (Further Action Required)
High	4	3	1	-
Medium	4	3	1	-
<b>Total</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>0</b>

- 2.2 Full details of recommendations requiring further action are provided in the **Management Action Plan** in **Appendix A**.

## Appendix A: Management Action Plan

Matter Arising 1: RPB Project Approvals		
Original Recommendation		Original Priority
<p>Management should ensure that all proposed integrated care fund (ICF) projects are agreed and approved by all appropriate parties, with a clear audit trail maintained to provide the Regional Partnership Board (RPB) with detailed information prior to their endorsement within the Revenue Investment Plan (RIP).</p>		<b>High</b>
Management Response	Target Date	Responsible Officer
<p>Section 5 of the ICF Principles Agreement for the financial year 2020-21, approved by the RPB on 22 July 2020, sets clear responsibilities on specified regional groups to formally approve regional projects and local integrated forums to approve local projects (for which spending is devolved to counties) prior to submitting for inclusion in the RIP. Evidence of approval at these levels for 2020-21 projects will be sought and filed centrally.</p>	31 <sup>st</sup> December 2020	Head of Regional Collaboration
Current findings		Residual Risk
<p>ICF panel meetings were wound down in 2021 due to the impact of the Covid-19 Pandemic with projects submitted to the RPB for approval. During 2021-22, we can confirm four projects were submitted to the RPB that were endorsed and included on the RIP.</p> <p>In April 2022, a new funding scheme was implemented that will result in a new process for the scrutiny of projects prior to their endorsement.</p> <p><b>Conclusion:</b> <i>Implemented – No Further Action Required.</i></p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>Poor management arrangements resulting in schemes not being delivered on time and within budget</li> </ul>

<b>Matter Arising 2: Welsh Government Submissions</b>		
Original Recommendation		Original Priority
Management must ensure that quarterly ICF reports are submitted to Welsh Government no later than the mandatory submission dates set out in the Written Agreement and a clear audit trail of submission is maintained.		<b>High</b>
Management Response	Target Date	Responsible Officer
Quarterly returns for 2020-21 will be submitted within Welsh Government timescales and copies of emails providing confirmation of dates of submissions retained centrally.	31 <sup>st</sup> October 2020	Head of Regional Collaboration
<b>Current Findings</b>		<b>Residual Risk</b>
<p>A review of the three quarterly returns for 2021-22 had been submitted on time and Welsh Government communications, and challenge responses, were relevant and retained for review.</p> <p><b>Conclusion:</b> <i>Implemented – No Further Action Required.</i></p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>Non-compliance of ICF funding with national guidance</li> </ul>

<b>Matter Arising 3: Project Impact Updates</b>		
Original Recommendation		Original Priority
ICF Leads should ensure all project leads provide complete and timely project impact updates to the Regional Programme & Change Co-ordination Manager on a regular basis.		<b>High</b>
Management Response	Target Date	Responsible Officer
ICF Leads to ensure information is submitted within stated deadlines. Breaches to be reported formally to IEG.	31 <sup>st</sup> October 2020	Head of Regional Collaboration &

		Designated ICF Leads
<b>Current Findings</b>		<b>Residual Risk</b>
<p>The Welsh Government has requested that Impact Outcome Updates are only included on quarters 2 and 4 RIP returns, with Financial Updates provide in quarters 1 and 3. In the three quarterly submissions since the previous audit, complete Financial Updates and Output Impact Updates had been provided in a timely manner to the Welsh Government on appropriate quarters and had been retained in records for review.</p> <p><b>Conclusion:</b> <i>Implemented – No Further Action Required.</i></p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>• Non-compliance of ICF funding with national guidance</li> </ul>

<b>Matter Arising 4: Project Progress and Monitoring</b>		
Original Recommendation		Original Priority
<p>Management should establish whether sufficient detail and scrutiny is being undertaken by the Regional Partnership Board in order to provide assurance to the Health Board that projects are being delivered of target, in terms of delivery and financially, and where delays/overspend have occurred, the reasons have been noted and promptly reported.</p>		<b>High</b>
Management Response	Target Date	Responsible Officer
Level of detail within update reports to the RPB to be reviewed in consultation with RPB members. Agreed changes to reporting implemented.	30 <sup>th</sup> November 2020	Head of Regional Collaboration
<b>Current Findings</b>		<b>Residual Risk</b>
<p>ICF panel meetings were wound down in 2021 due to both the impact of the Covid-19 Pandemic and limited proposals due to the move to the new funding scheme due to be implemented in April 2022.</p> <p>The Regional Programme and Change Manager Co-ordinator confirmed that projects were not discussed at an individual level at the RBP meetings. This was confirmed following a review of the RPB minutes across 2021 where brief ICF updates had been provided. However, the RBP minutes reviewed did not demonstrate any challenge or</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>• Non-compliance of ICF funding with national guidance</li> </ul>

additional scrutiny by RBP members of the ICF scheme or projects, or presentation by ICF Leads, and no requests for information were noted in the minutes or action logs.

- Lack of regular reporting with the Health Board

**Conclusion:** *Partially Implemented – Further Action Required.*

### Matter Arising 5: Revenue Investment Plan

#### Original Recommendation

Original Priority

Management should ensure information on all projects within the Revenue Investment Plan is comprehensive and complete, and a copy of the returns to Welsh Government are retained locally as an audit trail.

**Medium**

#### Management Response

Target Date

Responsible Officer

Detail included within the RIP to be reviewed and cover emails for quarterly returns retained centrally.

31<sup>st</sup> October 2020

Head of Regional Collaboration

### Current Findings

**Residual Risk**

A sample of four proposals were sampled during this audit and demonstrated that the information found in the proposals was appropriately represented in the RIP returns. Documentation of the four proposals had been retained on file and was readily available to Internal Audit upon request.

Potential risk of:

- Poor management arrangements resulting in schemes not being delivered on time or within budget

**Conclusion:** *Implemented – No Further Action Required.*

### Matter Arising 6: Project Proposal Forms



Original Recommendation		Original Priority
Identified ICF Leads should ensure that the completion of project proposal forms by project owners is accurate and complete prior to their submission and approval, and where appropriate support project owners not familiar with project management with the bid writing process.		<b>Medium</b>
Management Response	Target Date	Responsible Officer
Designated ICF leads to ensure full completion of project proposal forms. Review submitted proposals for 2020-21 and ensure all forms are complete.	30 <sup>th</sup> November 2020	Head of Regional Collaboration & Designated ICF Leads
<b>Current Findings</b>		<b>Residual Risk</b>
<p>Since the outbreak of the Covid-19 Pandemic in March 2020, all ICF panel meetings were suspended with limited proposals reported to the RPB due to the move to the new funding scheme due to be implemented in April 2022.</p> <p>A sample of four project proposals were reviewed during this audit to establish whether the submissions were fully completed. Our observations noted two of the sampled proposal forms did not explicitly quantify the additionally/benefits of the project and did not highlight risk or identify timescales or detailed resource plans for implementation.</p> <p><b>Conclusion:</b> <i>Partially Implemented - Further Action Required.</i></p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>Non-compliance of ICF funding with national guidance</li> </ul>

**Matter Arising 7: Written Agreement**

Original Recommendation		Original Priority
Management should ensure that the Written Agreement between partners is formally agreed on an annual basis.		<b>Medium</b>
Management Response	Target Date	Responsible Officer
Principles Agreement for 2020-21 formally approved by RPB on 22 <sup>nd</sup> July 2020.	12 <sup>th</sup> October 2020	Head of Regional Collaboration





Current findings	Residual Risk
<p>The Written Agreement for 2021-22 had been reviewed and signed by members of the RBP in April 2021, meeting the Welsh Government requirements.</p> <p><b>Conclusion:</b> <i>Implemented – No Further Action Required.</i></p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>• Non-compliance of ICF funding with national guidance</li> </ul>

Matter Arising 8: Health Board Finance Representative		
Original Recommendation		Original Priority
<p>Management should ensure a consistent approach across the Hywel Dda region with the attendance of a finance representative at ICF Panel meetings.</p>		<b>Medium</b>
Management Response	Target Date	Responsible Officer
<p>Membership of local panels is not prescribed within the Principles Agreement. Chairs of panels to review membership to ensure appropriate levels of finance representation</p>	30 <sup>th</sup> November 2020	Local Panel Chairs
Current findings	Residual Risk	
<p>A review of the Ceredigion ICF Panel meetings minutes from September 2019 – February 2020 confirmed that a Health Board Finance representative had attended the meetings but had not been added to the terms of reference. However, since March 2020 ICF Panels were wound down to allow focus on pandemic response and prepare for the new funding scheme commencing in April 2022.</p> <p><b>Conclusion:</b> <i>Implemented – No Further Action Required.</i></p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>• Lack of regular reporting within the Health Board</li> </ul>	

## Appendix B: Assurance opinion and action plan risk rating

### Audit Assurance Ratings

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

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

### Prioritisation of Recommendations

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

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

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



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