



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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	10 June 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Head of Internal Audit Annual Report and Opinion 2020/21
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Head of Internal Audit
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	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 Annual Report and Opinion provides an overall opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.

**Cefndir / Background**

The work undertaken by Internal Audit is in accordance with its plan of work, which is prepared following a detailed planning process and subject to Committee approval. The Annual Report sets out the Head of Internal Audit opinion together with the summarised results of the internal audit work performed during the year, which support the overall opinion. The 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 Audit Annual Report and Opinion for 2020/21 provides 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 & Risk Assurance Committee is asked to consider the assurance provided by the Head of Internal Audit Annual Report and Opinion for 2020/21.

<b>Amcanion: (rhaid cwblhau)</b> <b>Objectives: (must be completed)</b>	
Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	5.16 The Committee shall ensure that there is an effective internal audit and capital/PFI 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. 5.17 This will be achieved by: 5.17.1 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; 5.17.2 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;
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	All Health & Care Standards Apply
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Not Applicable

<b>Gwybodaeth Ychwanegol:</b> <b>Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Internal Audit plan. Evidence gathered as part of the delivery of audit assignments.
Rhestr Termiau: Glossary of Terms:	Contained within the body of the report.
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	Executive Directors and Senior managers relevant to the individual audits. Board Secretary.

<b>Effaith: (rhaid cwblhau)</b> <b>Impact: (must be completed)</b>	
Ariannol / Gwerth am Arian: Financial / Service:	Not applicable

<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Not applicable
<b>Gweithlu: Workforce:</b>	Not applicable
<b>Risg: Risk:</b>	Not applicable
<b>Cyfreithiol: Legal:</b>	Not applicable
<b>Enw Da: Reputational:</b>	Not applicable
<b>Gyfrinachedd: Privacy:</b>	Not applicable
<b>Cydraddoldeb: Equality:</b>	Not applicable

## **Hywel Dda University Health Board**

# **HEAD OF INTERNAL AUDIT OPINION & ANNUAL REPORT 2020/21**

**May 2021**

**NHS Wales Shared Services Partnership  
Audit & Assurance Services**

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<b>Report status:</b>	Final
<b>Draft report issued:</b>	April 2021
<b>Final report issued:</b>	May 2021
<b>Author:</b>	James Johns, Head of Internal Audit
<b>Lead Executive:</b>	Joanne Wilson (Board Secretary)
<b>Audit &amp; Risk Assurance Committee:</b>	June 2021

## 1. EXECUTIVE SUMMARY

### 1.1 Purpose of this Report


Hywel Dda University Health Board's (the Health Board) Board is collectively 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.

As a result of the continued impact of COVID-19 our audit programme has been subject to significant change during the year. In this report we have set out how the programme has changed and the impact of those changes on the Head of Internal Audit opinion.

### 1.2 Head of Internal Audit Opinion 2020/21

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 towards 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 2020/21 is that:

<b>Reasonable assurance</b>	 Yellow +	<p>The Board can take <b>Reasonable Assurance</b> 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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### 1.3 Delivery of the Audit Plan

Due to the considerable impact of COVID-19 on the Health Board, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the Health Board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit & Risk Assurance Committee. In addition, regular audit progress reports have been submitted to the Audit & Risk Assurance 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 2020/21 year was initially presented to the Audit & Risk Assurance Committee in April 2020, however as a result of the impact of the pandemic a revised version of the plan was prepared, with this version receiving approval at the Committee in June 2020. This Annual Report and Opinion is primarily based on the delivery of the June 2020 version of the annual plan, including the subsequent updates made to the plan that are reported to the Audit & Risk Assurance Committee at each meeting.

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

Our External Quality Assessment (EQA), conducted by the Chartered Institute of Internal Auditors, and our Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work 'generally conforms' to the requirements of the Public Sector Internal Audit Standards for 2020/21. For this year, our QAIP has considered specifically the impact that COVID-19 has had on our audit approach and programmes. We are able to state that our service 'conforms to the IIA's professional standards and to PSIAS.'

### 1.4 Summary of Audit Assignments

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

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

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

Where we have given either Limited or No 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, and in part reflecting the impact of COVID-19, we also undertook a number of advisory and non-opinion reviews to support our overall opinion.

**Figure 1 Summary of Audit Results**

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> <li>• Heath &amp; Care Standards</li> <li>• Welsh Risk Pool Claims</li> <li>• Finance Team Transformation</li> <li>• Charitable Funds</li> <li>• Information Governance</li> <li>• Information Technology Response to Covid-19</li> <li>• Workforce Planning in response to Covid-19</li> <li>• Environmental Sustainability Reporting</li> <li>• Estates Assurance Follow up</li> <li>• Fire Safety</li> <li>• Data Modelling</li> </ul>	<ul style="list-style-type: none"> <li>• Standards of Behaviour</li> <li>• Research and Development Follow up</li> <li>• Accounts Receivable</li> <li>• Contracting Follow up</li> <li>• Quality &amp; Safety Governance</li> <li>• Additional Learning Needs &amp; Educational Tribunal Act</li> <li>• Closure of Actions</li> <li>• Welsh Community Care Information System</li> <li>• Bronglais Governance Follow up</li> <li>• Capital Follow up</li> <li>• Backlog Maintenance</li> <li>• Patient Experience</li> <li>• Health &amp; Safety</li> <li>• Welsh Immunisation System</li> </ul>
Limited Assurance	Advisory & Non-Opinion
<ul style="list-style-type: none"> <li>• Records Management Follow up</li> <li>• Partnership Governance</li> <li>• Women &amp; Children Capital Scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Governance during the Covid-19 Pandemic</li> <li>• Consultants Job Planning (Quality)</li> <li>• Capital Governance</li> <li>• IM&amp;T Control Risk Assessment,</li> <li>• Mass Vaccination Programme</li> <li>• Covid Governance Update</li> <li>• Specific Brexit Risks</li> <li>• BGH Final Account</li> <li>• Withybush Wards 9 &amp; 10</li> </ul>
No Assurance	
N/A	



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

## **2. HEAD OF INTERNAL AUDIT OPINION**

### **2.1 Roles and Responsibilities**

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

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

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care 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 organisation's risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Audit & Risk Assurance Committee, which should provide an appropriate level of assurance.

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

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

### **2.2 Purpose of the Head of Internal Audit Opinion**

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Hywel Dda

University Health Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement, and may also be taken into account by regulators including Healthcare Inspectorate Wales in assessing compliance with the Health & Care 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 is a function of 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**

For 2020/21, the assurance rating framework for expressing the overall Head of Internal Audit annual opinion that was agreed in 2013/14 has been amended to formally remove the eight assurance 'domains based' approach to forming the opinion for Health Boards. The domains approach has been removed to ensure that work in 2020/21 reflected the significant change in the risk profile for NHS Wales' organisations due to the impact of COVID-19. There are no changes to the approach to forming the opinion for Trusts and other Health Bodies. The professional judgement of the Head of Internal Audit also remains key in determining the appropriate overall opinion. This change does not impact upon 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 as clarified in 2013/14 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 D**.

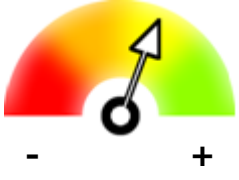
The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight assurance domains that were used to frame the audit plan at its outset (see section 2.4.2 and Appendix B). We will consider whether changes need to be made to how we present our findings in this report for the 2021/22 Head of Internal Audit Opinion.

As in previous years, 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.

## 2.4 Head of Internal Audit Opinion

### 2.4.1 Scope of opinion

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

<b>Reasonable assurance</b>		<p>The Board can take <b>reasonable assurance</b> 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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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any Limited Assurance reports issued during the year and the significance of the recommendations made (of which there were three audits in 2020/21).

The audit work undertaken during 2020/21 and reported to the Audit Committee has been aggregated at **Appendix B**.

### 2.4.2 Basis for forming the opinion

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 (see section 2.4.3).
- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module.
- 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 regulators; and research. Cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

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

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

From the reports issued during the year, eleven were allocated Substantial Assurance, fourteen were allocated Reasonable Assurance and three were allocated Limited Assurance. No reports were allocated no assurance. In addition, nine Advisory & Non opinion reports were also issued.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited or no 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 their overall opinion.

A summary of the findings in each of the domains as per the structure of the plan for 2020/21, is shown below, whilst noting the overall opinion for the Health Board is based on an overall aggregated position.

### **Corporate Governance, Risk Management and Regulatory Compliance**

The advisory review of Governance During the Covid -19 Pandemic, presented an overall positive picture of arrangements, highlighting that the temporary governance arrangements operated effectively during the peak of the pandemic and overall complied with the guidance and the principles issued by Welsh Government. An update review on the Covid Governance arrangements during the second wave of the pandemic has confirmed that sound arrangements were maintained during this period.

The audits of the Health & Care Standards, Welsh Risk Pool Claims and Standards of Behaviour each concluded positively

A review of the Annual Governance Statement highlighted that it was considered to be consistent with our knowledge of the UHB through the audit work performed in the Internal Audit plan and a review of other organisational documents.

### **Strategic Planning, Performance Management & Reporting**

The Partnership Governance audit highlighted several control weaknesses, with Limited Assurance given and four High priority recommendations made.

The follow up audit of Research & Development highlighted significant progress with the implementation of the agreed management actions from the original audit, with improved internal control and governance arrangements in place.

The advisory review of the Mass Vaccination Programme overall concluded positively with only a small number of points for future considerations raised. The advisory review Specific Brexit Risks noted a small number of points for future considerations cover data sharing and information flows.

Due to the impact of the pandemic certain audits within this domain were deferred from the original plan, including Patient Access, Delayed Transfer of Care and Outpatients. These were considered again as part of the annual audit planning process for 2021/22.

### **Financial Governance and Management**

The advisory review of Governance During the Covid -19 Pandemic highlighted that financial governance was maintained with the development of a value for money framework, the development of a process to record and regularise expenditure, and regular reporting to the Finance Committee.

The audits of Finance Team Transformation, Charitable Funds and Accounts Receivable each concluded positively.

The follow up audit of Contracting highlighted several improvements since the original audit, with an improved rating of Reasonable Assurance now given.

The audits of the payment systems provided by NWSSP, which we audit each year to provide assurance to the Health Board all concluded with positive assurance. The four primary care contractor payment systems were each given Substantial Assurance, with the audits of Payroll and Accounts Payable receiving Reasonable Assurance.

### **Clinical Governance, Quality & Safety**

The audits of Quality and Safety Governance, Closure of Actions, Patient Experience and the audit of the arrangements to ensure compliance with the

Additional Learning Needs & Education Tribunal Act, each concluded positively with a rating of Reasonable Assurance.

Due to the impact of the pandemic certain audits within this domain were deferred from the original plan, including Clinical Audit, Infection Prevention and Control and Falls. These were considered again as part of the annual audit planning process for 2021/22.

### **Information Governance & IT Security**

An IM&T Control Risk Assessment was undertaken, identifying areas of good practice as well as those areas that required strengthening.

Audits of Information Governance and the Effectiveness of the Information Technology Response to Covid-19 both received Substantial Assurance, with the audit of the Welsh Community Care Information system being allocated Reasonable Assurance

The planned audit of Information Technology Infrastructure was replaced by and audit of Data Modelling which received Substantial assurance.

An audit of the local deployment of the Welsh Immunisation System received Reasonable assurance.

### **Operational Service and Functional Management**

The Follow up audit of Directorate Governance at Bronglais Hospital Directorate concluded with an improved rating of reasonable assurance.

The follow up audit of Records Management concluded that insufficient improvements had been made for the rating to increase from Limited Assurance, with significant work still required in this area.

Within this domain several audits were deferred during the year as a result of service pressures due to the pandemic. These included the audit of the Operational Response to Covid-19 and a number of Directorate Governance audits. These were considered again as part of the annual audit planning process for 2021/22.

In addition, the planned audits looking at the development of the field hospitals were deferred as an external review was commissioned by Welsh Government.

### **Workforce Management**

An audit reviewing the Health Board's ability to flex the workforce in order to meet Covid-19 planning arrangements concluded positively with substantial assurance.

The planned follow up audit of Consultants Job Planning was deferred due to operational pressures; however, a review was undertaken looking at certain qualitative aspects of a sample of job plans, which highlighted that the key area

for improvement would be to develop an approach to ensure of personal and service outcomes are included within Job Plans across the Health Board.

It is noted that a number of workforce audits were deferred due to Health Board operational pressures as a result of the pandemic. These were considered again as part of the annual audit planning process for 2021/22.

### **Capital & Estates Management**

The Capital and Estates follow up audits both concluded positively having identified progress with the implementation of previous recommendations.

The audits of Environmental Sustainability Reporting and Fire Safety (Enforcement Notices) were given Substantial Assurance, with the audit of Health & Safety given Reasonable Assurance.

The audit of Backlog Maintenance concluded with a Reasonable Assurance rating, although noting ten recommendations were made including one high priority recommendations.

The audit of the Women & Children's Services Capital Scheme has been given a Limited Assurance rating, as the project has suffered from poor delivery performance, notably time delays and that the project was significantly outside its key delivery parameters.

The advisory lessons learnt review for the Withybush Wards 9 & 10 Scheme has highlighted a number of areas where improvements in the management of capital schemes are required.



### 2.4.3 Approach to Follow Up of Recommendations

As part of our audit work we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited or No 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.

In addition, Audit 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.

This year, due to the impact of COVID-19, we are aware that it has been more difficult than usual for NHS organisations to implement recommendations to the timescales they had originally agreed. In addition, we also recognise that for new recommendations it may be more difficult to be precise on when exactly actions can be implemented by. However, it remains the role of Audit Committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management. Where appropriate, we have adjusted our approach to follow-up work to reflect these challenges.

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

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

From the specific follow up audits undertaken in 2020/21, it was identified that progress had been made by management in implementing recommendations from the:

- Research Development Audit with an improved assurance rating given. Progress with the implementation of recommendations;
- Contracting with an improved assurance rating given; and
- Capital & Estates Assurance follow up audits follow up audits.

However, limited progress was seen with the progression of the recommendations associated with Records management.

A sample of individual recommendations have also been followed up, with progress seen in a number of areas.

The Health Board's recommendation tracking process has continued during 2020/21, although as reported in a paper to the Board and also the Audit & Risk Assurance Committee (ARAC), as a result of the impact of the pandemic priority was given to high priority and certain regulatory compliance recommendations. In order to manage the level of outstanding recommendations an assessment was undertaken of which of these can be closed. ARAC have been updated during the year about the ongoing position with the level of recommendations outstanding.

Internal Audit has also undertaken work with the Health Board's Risk & Assurance team to review outstanding recommendations.

#### **2.4.4 Limitations to the Audit Opinion**

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

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

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems. In addition, the impact of COVID-19 on this year's (and to an extent last year's) programme makes any comparison even more difficult.

#### **2.4.5 Period covered by the Opinion**

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

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

The majority of audit reviews will relate to the systems and processes in operation during 2020/21 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

The audit of Environmental Sustainability Reporting contained within the 2020/21 Internal Audit plan related to the Health Board's report produced in respect of the 2019/20 year.

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 Committee subsequent to

this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed by drawing on the assurance work completed as part of this current year's plan.

## 2.5 Required Work

There are a number of pieces of work that Welsh Government has required previously that Internal Audit has reviewed each, where applicable. These pieces cover aspects of:

- Health & Care Standards;
- Annual Governance Statement;
- Annual Quality Statement;
- Environmental Sustainability Report; and
- Welsh Risk Pool.

Where appropriate, our work is reported in Section 5 – Risk based Audit Assignments and at **Appendix B**.

Please note that following discussions with Welsh Government we are not being mandated to audit these areas from 2021/22. Future work in these areas will be determined on the basis of risk or specific requests from the organisation.

## 2.6 Statement of Conformance

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

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of internal audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Internal Auditors (IIA) in February and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS.'

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 Public Sector Internal Audit Standards for 2020/21.

Our conformance statement for 2020/21 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2020/21 which will be reported formally in the Summer of 2021; and
- the results of the work completed by Audit Wales.

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 2020/21 QAIP report. There are no significant matters arising that need to be reported in this document.

## 2.7 Completion of the Annual Governance Statement

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

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

### 3. OTHER WORK RELEVANT TO THE HEALTH BOARD

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

- NHS Wales Shared Services Partnership;
- NHS Wales Informatics Service;
- Welsh Health Specialised Services Committee; and
- Emergency Ambulance Services Committee.

Please note that, in response to COVID-19, we have altered our approach this year and undertaken additional testing on a number of the national NWSSP run systems and produced separate reports for each NHS Wales organisation where appropriate.

#### **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:

<b>Audit</b>	<b>Opinion</b>	<b>Comments</b>
Accounts Payable	Reasonable	A summary report will be produced for the health board
Payroll	Reasonable	A summary report will be produced for the health board
Primary Care Services – Medical (GMS), Pharmaceutical (GPS), Dental (GDS), and Ophthalmic (GOS) Services	Substantial	A summary report will be produced for the health board
Welsh Risk Pool	Substantial	-
New PCS payment system – data migration & project management	N/A	Advisory support work on the implementation of the new PCS payment system.
Covid-19 financial governance	N/A	-

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

The reports on Accounts Payable, Payroll, and Primary Care Services are also included in the table at Appendix B (as they have been in previous years).

### **NHS Wales Informatics Service (NWIS)**

As part of the internal audit programme at NHS Wales Informatics Service (NWIS), a hosted body of Velindre University NHS Trust in 2020/21, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

<b>Audit</b>	<b>Opinion</b>	<b>Comments</b>
IT Cyber Security	Substantial	-
GDPR Follow-Up	Substantial	-
Operational Resilience	Reasonable	-
Supplier Management Follow-Up	Reasonable	-

Please note that other audits of NWIS activities are undertaken as part of the overall NWIS internal audit programme. All reports are received by the Velindre University NHS Trust Audit Committee. No formal Head of Internal Audit Opinion is currently given for the work at NWIS.

For 2020/21, NWIS will become a Special Health Authority under the name of Digital Health and Care Wales and will have a separate Audit Committee, Internal Audit plan and annual Head of Internal Audit Opinion.

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

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

<b>Audit</b>	<b>Opinion</b>	<b>Comments</b>
WHSSC - Women and Children Directorate	Substantial	-
WHSSC – financial systems	Substantial	-
EASC - Recruitment review	Reasonable	-

While these audits do not form part of the annual plan for 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 and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report. NWIS audits are summarised in the Velindre University NHS Trust Head of Internal Audit Opinion and Annual Report, and the WHSSC and EASC audits are summarised in the Cwm Taf Morgannwg University Health Board Head of Internal Audit Opinion and Annual Report.

## **4. DELIVERY OF THE INTERNAL AUDIT PLAN**

### **4.1 Performance against the Audit Plan**

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit & Risk Assurance Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit & Risk Assurance Committee during the year. Audits that remain to be reported and reflected within this Annual Report will be reported alongside audits from the 2021/22 operational audit plan.

Due to the impact of the Covid-19 pandemic the Internal Audit plan was revised at the start of 2020/21 year, with this version of the audit plan approved by the Audit & Risk Assurance Committee in June 2020. The plan contained forty audits to be delivered during the year. During the year further changes, which were approved by the Audit & Risk Assurance Committee, were required primarily as a result of Health Board's service pressures. As a result of the changes we planned to deliver thirty seven audits, all of which have been reported in the year.

The assignment status summary is reported at section 5 and **Appendix B**.

In addition, throughout the year we have responded to requests for advice and/or assistance across a variety of business areas. 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 has been reported during the year within our progress reports to the Audit & Risk Assurance Committee.

### **4.2 Service Performance Indicators**

In order to be able to demonstrate the quality of the service delivered by Internal Audit, a range of service performance indicators supported by monitoring systems have been developed. The key performance indicators are summarised in Appendix C.



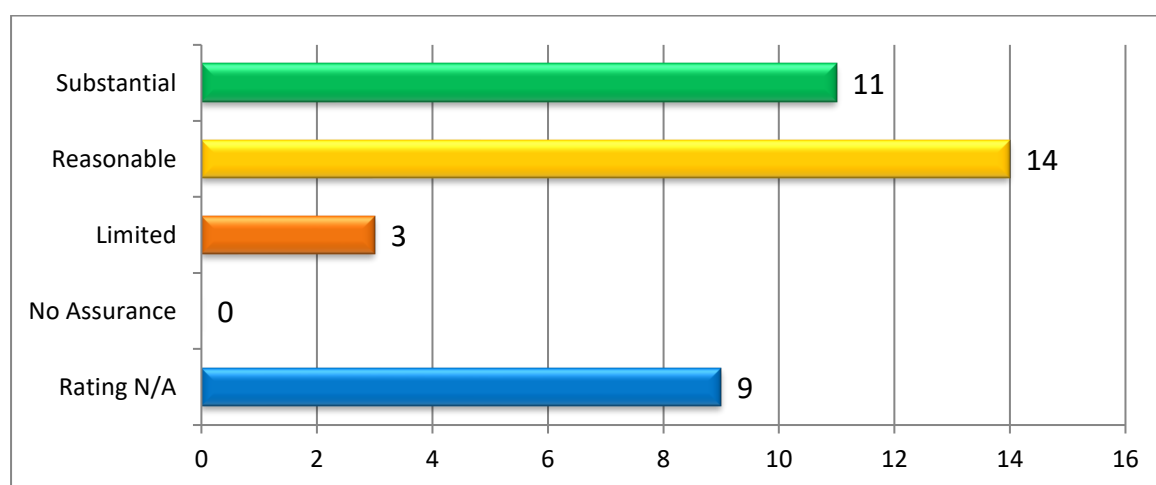
## 5. RISK-BASED AUDIT ASSIGNMENTS

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

### 5.1 Overall summary of results

In total 37 reviews were reported during the year. Figure 1 below presents the assurance ratings and the number of audits derived for each.

**Figure 2 Summary of audit ratings**



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

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management, as it was recognised that there was action required to address issues / risks already known to management and an audit review at that time would not add additional value. Such audits were replaced.

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



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.

<b>Review Title</b>	<b>Objective</b>
Welsh Risk Pool Claims	The objective of the review was to ensure that the WRP Claims Management function within the Health Board is operating effectively.
Charitable Funds	The purpose of the review was to establish if the Health Board has appropriate processes in place to ensure that the Charitable Funds are appropriately managed and administered in accordance with relevant legislation and Charity Commission guidance.
Effectiveness of IT deployment in response to COVID	The objective of the audit was to ensure that appropriate control and governance arrangements were in place to manage the effective deployment of IM&T equipment and solutions to support the Health Board during the initial stages of the COVID-19 Pandemic.
Health & Care Standards	The purpose of the review was to establish if the Health Board has adequate procedures in place to monitor the effective utilisation of the standards to improve clinical quality and patient experience.
Finance Team Transformation	The purpose of the review was to establish whether clear and appropriate progress in the transformation of the Finance Department is evident.
Information Governance	The objective of the audit was to ensure that robust measures and controls have been established by the Information Governance department to mitigate issues and risks arising from the COVID-19 crisis.
Workforce Planning During Covid	The overall objective of this audit was to confirm that the Health Board had the ability to flex the workforce in order to meet Covid-19 planning arrangements.
Estates Assurance Follow up	The overall objective of this audit was to establish progress made by management to implement actions agreed to address key issues identified at previous estates assurance audits.
Environmental Sustainability	The overall objective of the review was to assess the adequacy of management arrangements for the production of the Sustainability Report within the Annual Report.
Fire Safety	An assessment of the actions being taken by the UHB to address the Fire Enforcement Notices and Letters of Fire Safety specifically at WGH.

Review Title	Objective
Data Modelling	The objective of the audit was to confirm the modelling toolkit developed is consistent with the real-world position and produces reliable forecasting information in order to allow stakeholders to rely on the model's results with confidence.

### 5.3 Reasonable Assurance



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
Quality & Safety Governance	The overall objective of this audit was to establish that the revised governance arrangements allow for the reporting of quality and safety issues from services and directorates through to the Health Board and that the business goals of quality and safety groups and committees are driven by the risk register.
Standards of Behaviour	The purpose of this review was to establish whether the Health Board has the processes in place to ensure that all its employees and Independent Members practice the highest standards of conduct and behaviour.
Accounts Receivable	The purpose of the review was to establish if the Health Board has appropriate processes in place for the recording and accounting of income, and that timely information is received by management.
Contracting Follow up	The scope of this audit was limited to the follow-up of action taken in response to issues raised in the previous report.
Closure of Actions	The overall objective of the review was to ensure that adequate arrangements were in place for the closure of improvement and learning actions.

Review Title	Objective
Backlog Maintenance	The review was 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.
Welsh Community Care Information System (WCCIS)	The objective of the audit was to ensure that appropriate project governance was in place, the project included appropriate controls over implementation and rollout, and that there was clarity over costs and benefits realisation.
Bronglais Directorate Follow up	The scope of this audit was limited to the follow-up of action taken in response to issues raised in the previous report.
Research and Development Follow up	The scope of this audit was limited to the follow up of action taken in response to issues raised in the previous report.
Additional Learning Needs & Education Tribunal Act	The purpose of the review was to establish whether the Health Board had appropriate processes to enable it to achieve compliance prior to the legislation going live in September 2021.
Follow up Capital	The overall objective of this audit was to establish progress made by management to implement actions agreed to address key issues identified at previous capital audits.
Patient Experience	The purpose of the review was to establish whether clear and appropriate arrangements are in place to capture and address patient experience feedback.
Health & Safety	The purpose of this review is to provide the Health Board with assurance regarding the arrangements in place within the organisation for the management of Health & Safety.
Welsh Immunisation system	To review the local deployment of the Welsh Immunisation System.

## 5.4 Limited Assurance



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
Partnership Governance	The overall objective of this audit was to confirm that the appropriate arrangements and management of allocated integrated care funds in line with national legislation.
Records Management Follow up	The scope of this audit was limited to the follow-up of action taken in response to issues raised in the last report.
Women & Children Capital Scheme	The audit was undertaken to evaluate the processes and procedures established to support the management and control of the Women and Children's project (Phase 2) at Glangwili Hospital.

## 5.5 No Assurance



There are no audited areas in which the Board has **no assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively, or where action remains to be taken to address the whole control framework with high impact on residual risk exposure until resolved.

## 5.6 Assurance Not Applicable

The following reviews were undertaken as part of the audit plan and reported or closed by correspondence without the standard assurance rating indicator, owing to the nature of the audit approach.

Review Title	Objective
Governance During Covid 19 Pandemic	The review assessed the adequacy and effectiveness of internal controls in operation during the Covid-19 outbreak, with particular regard to the Principles set out by the Welsh Government regarding maintaining financial governance.
Governance During Covid 19 Pandemic update	The review assessed the adequacy and effectiveness of internal controls in operation during the second wave of the Covid-19 outbreak, with particular focus changes to operating practices including any lessons learned from the first wave and considerations made in the original rapid governance review.
Consultants Job Plans (Quality Review)	This audit evaluated and determined the quality of Consultant job plans in a limited number of service areas within the Health Board, where it was likely the level of impact of the pandemic has still allowed for the job planning process to continue.
IM&T Control Risk Assessment	The overall objective of the audit was to establish the processes and mechanisms in place for management of IG/ ICT within the organisation. The review sought to provide a baseline picture of the organisation's status and provide suggestions for areas of improvement or future development.
Capital Governance	The UHB commissioned this exercise to consider the capital governance arrangements within the UHB against the key observations from the Audit Wales review at Ysbyty Glan Clwyd to ensure that appropriate controls are in place to manage/ mitigate associated risks.
Mass Vaccination Programme	The review assessed the adequacy of the systems and controls in place within the Health Board for the management of the mass vaccination programme, with particular regard to the Delivery Plan.
Specific Brexit Risks	The review assessed the adequacy and effectiveness of the implementation of planned workforce and data sharing actions following the post-Brexit agreement.
Withybush Wards 9 & 10	To review lessons learned from the capital scheme.
BGH Final Account – Front of House Scheme	The audit was undertaken to determine the accuracy of the final account calculations and the adequacy of information supporting the final account.

## 5.7 Deferred Audits

Subsequent to the approval of the updated plan in June 2020, the following audits were deferred. The reason for deferment is outlined for each audit together with any impact noted on the Head of Internal Audit Opinion.

Review Title	
IT Infrastructure	Replaced by an audit of Data Modelling
Job plan following up	Deferred due to the impact of the pandemic on the job planning process.
Transformation steering group	Deferred due to operational pressure as a result of the pandemic.
Operational response to covid	Deferred due to operational pressure as a result of the pandemic
Field hospitals (x3)	An external review was commissioned by Welsh Government.
Outpatients	Deferred due to operational pressure as a result of the pandemic
Annual Quality Statement	Requirements changed for 2020/21

## **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 the delivery of the Internal Audit assignments undertaken within the 2020/21 plan.

**James Johns**

**Head of Internal Audit**

**Audit & Assurance Services**

**NHS Wales Shared Services Partnership**

**May 2021**



<b>ATTRIBUTE STANDARDS:</b>	
<b>1000 Purpose, authority and responsibility</b>	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 Committee on an annual basis.
<b>1100 Independence and objectivity</b>	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 Committee chair.
<b>1200 Proficiency and due professional care</b>	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 a professionally qualified.
<b>1300 Quality assurance and improvement programme</b>	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. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
<b>PERFORMANCE STANDARDS:</b>	
<b>2000 Managing the internal audit activity</b>	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 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 and Local Counter Fraud Specialist.
<b>2100 Nature of work</b>	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.
<b>2200 Engagement planning</b>	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.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and each report is quality reviewed before issue.
<b>2400 Communicating results</b>	<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 Committee.</p> <p>An annual report and opinion is produced for the Audit Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
<b>2500 Monitoring progress</b>	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit Committee. In addition, audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.
<b>2600 Communicating the acceptance of risks</b>	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.

### **AUDIT RESULTS GROUPED BY ASSURANCE DOMAIN**

Assurance domain	Report Number	Not rated	No	Limited assurance	Reasonable assurance	Substantial assurance
Corporate governance, risk and regulatory compliance	5	<ul style="list-style-type: none"> <li>● Covid-19 Governance</li> <li>● Covid Governance Update</li> </ul>			<ul style="list-style-type: none"> <li>● Standards of Behaviours</li> </ul>	<ul style="list-style-type: none"> <li>● WRP Claims</li> <li>● Health &amp; Care Standards</li> </ul>
Strategic planning, performance management and reporting	4	<ul style="list-style-type: none"> <li>● Mass Vaccination Programme</li> <li>● Specific Brexit Risks</li> </ul>		<ul style="list-style-type: none"> <li>● Partnership Governance</li> </ul>	<ul style="list-style-type: none"> <li>● Research &amp; Development Follow up</li> </ul>	
Financial governance and management *	4				<ul style="list-style-type: none"> <li>● Contracting follow up</li> <li>● Accounts Receivable</li> <li>▢ NWSSP Payroll</li> <li>▢ NWSSP Accounts Payable</li> </ul>	<ul style="list-style-type: none"> <li>● Finance Team Transformation</li> <li>● Charitable Funds</li> <li>▣ NWSSP Primary Care Services – Medical (GMS), Pharmaceutical (GPS), Dental (GDS), and Ophthalmic (GOS) Services</li> </ul>
Clinical governance quality and safety	4				<ul style="list-style-type: none"> <li>● Quality &amp; Safety Governance</li> <li>● Closure of Actions</li> <li>● ALNET Act</li> <li>● Patient Experience</li> </ul>	
Information governance and security	6	<ul style="list-style-type: none"> <li>● IM&amp;T Control Risk Assessment</li> </ul>			<ul style="list-style-type: none"> <li>● WCCIS</li> <li>● Welsh Immunisation System</li> </ul>	<ul style="list-style-type: none"> <li>● IT Covid Deployment</li> <li>● Information Governance</li> <li>● Data Modelling</li> </ul>

Assurance domain	Report Number	Not rated	No	Limited assurance	Reasonable assurance	Substantial assurance
Operational service and functional management	2			● Records Management Follow up	● Bronglais Governance follow up	
Workforce management	2	● Consultants Job Planning (Quality Review)				● Workforce Planning during Covid
Capital and estates management	10	● Capital Governance Advisory ● BGH Final Account ● Wards 9 &10 Withybush		● Women & Children Capital Scheme	● Capital Follow up ● Backlog Maintenance ● Health & Safety	● Environmental Sustainability Reporting ● Estates Assurance Follow up ● Fire Safety
	<b>37</b>	<b>9</b>		<b>3</b>	<b>14</b>	<b>11</b>

\* This domain includes the outcome of two financial system audits undertaken through the audit of NWSSP as they include transactions processed on behalf of the Health Board.

**Key to symbols:**





- Audit undertaken within the annual Internal Audit plan
- Italics* Reports not yet finalised but have been issued in draft
- Audits undertaken as per of the NWSSP Internal Audit Plan.

### **PERFORMANCE INDICATORS**

<b>Indicator Reported to NWSSP Audit Committee</b>	<b>Status</b>	<b>Actual</b>	<b>Target</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>
Operational Audit Plan agreed for 2020/21	<b>G</b>	April 2020 and June 2020	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2020/21	<b>G</b>	100%	100%	$v > 20\%$	$10\% < v < 20\%$	$v < 10\%$
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	<b>G</b>	90%	80%	$v > 20\%$	$10\% < v < 20\%$	$v < 10\%$
Report turnaround: time taken for management response to draft report [15 working days]	<b>G</b>	93%	80%	$v > 20\%$	$10\% < v < 20\%$	$v < 10\%$
Report turnaround: time from management response to issue of final report [10 working days]	<b>G</b>	100%	80%	$v > 20\%$	$10\% < v < 20\%$	$v < 10\%$

Key: v = percentage variance from target performance

## 2020/21 Audit Assurance Ratings

RATING	INDICATOR	DEFINITION
Substantial Assurance	 <p style="text-align: center;">-                      + Green</p>	<p>The Board can take <b>substantial assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with <b>low impact on residual risk</b> exposure.</p>
Reasonable Assurance	 <p style="text-align: center;">-                      + Yellow</p>	<p>The Board can take <b>reasonable assurance</b> 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 <b>low to moderate impact on residual risk</b> exposure until resolved.</p>
Limited Assurance	 <p style="text-align: center;">-                      + Amber</p>	<p>The Board can take <b>limited assurance</b> 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 <b>moderate impact on residual risk</b> exposure until resolved.</p>
No Assurance	 <p style="text-align: center;">-                      + Red</p>	<p>The Board has <b>no assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with <b>high impact on residual risk</b> exposure until resolved.</p>

## **Confidentiality**

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

The Health Board shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

## **Audit**

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the Health Board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies, procedures and regulatory requirements and guidance as appropriate.

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. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

## **Responsibilities**

Responsibilities of management and Internal Auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.





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