

Hywel Dda University Health Board

Environmental Sustainability Report

Final Internal Audit Report

August 2020

Private and Confidential

NHS Wales Shared Services Partnership

Audit and Assurance Services



Contents	Page
1. Introduction and Background	4
2. Scope and Objectives	4
3. Associated Risks	4
<u>Opinion and key findings</u>	
4. Overall Assurance Opinion	5
5. Assurance Summary	6
6. Summary of Audit Findings	7
<u>Conclusion and Recommendation</u>	
7. Summary of Recommendations	8
Appendix A	Management Action Plan
Appendix B	Assurance Opinion and Action Plan Risk Rating
Review reference:	HDUHB-2021-36
Report status:	Final Internal Audit Report
Fieldwork commencement:	8 th June 2020
Fieldwork completion:	14 th July 2020
Draft report issued:	20 th July 2020
Management response received:	14 th August 2020
Final report issued:	17 th August 2020
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ACKNOWLEDGEMENT

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

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1. Introduction and Background

The review of the Environmental Sustainability Report was completed in line with the Internal Audit Plan 2020/21. The review sought to provide Hywel Dda University Health Board with assurance regarding the process for the production and approval of the Environmental Sustainability Report. The relevant lead Executive for the assignment was the Director of Operations.

2. Scope and Objectives

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:

- The form and content of the report complies with the requirements of guidance published by the Welsh Government; and
- The information published within the report provides an accurate and representative picture of the quality of services it provides and the improvements it has committed to undertake.

The audit has focused upon the 2019/20 Sustainability Report, which will be published within the Annual Report. The scope of the audit review was limited to the following aspects:

- The Health Board has appropriate arrangements for the preparation, approval and publication of the report including ensuring compliance with relevant guidance; and
- Testing a sample of selected indicators to ensure the underpinning data is robust and reliable, conforms to specified data quality standards and prescribed definitions, and is subject to appropriate scrutiny and review.

3. Associated Risks

The potential risks considered during this review were as follows:

- i. Reputational risk from non-compliance with Welsh Government guidance and breach of key public disclosure reporting requirement and lack of transparency;
- ii. Reputational risk that published information does not present a fair and balanced picture to stakeholders of the performance in the year; and

- iii. Data quality risk that published information is either incomplete or inaccurate due to information governance controls overall or system control over reported information for individual data elements.


OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the adequacy of management arrangements in the production of the Environmental Sustainability Report is **Substantial** assurance.





RATING	INDICATOR	DEFINITION
<p style="text-align: center;">Substantial Assurance</p>		<p>The Board can take substantial assurance 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 low impact on residual risk exposure.</p>

Overall the controls in place to manage the risks associated with the systems and processes tested within the review are of a reasonable standard. The audit concluded that the draft version of the Environmental Sustainability Report was consistent with the reporting structure and format set out in the Welsh Government Guidance. The preparation and compilation of the report is supported by a set of documented procedures.

The audit also highlighted that the sample of indicators tested were able to be verified to the source documentation confirming the accuracy and completeness of the submitted figures.

5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Audit Risk		Assurance Summary*			
					
1	The form and content of the report complies with the requirements of guidance published by the Welsh Government				✓
2	The information published within the report provides an accurate and representative picture of the quality of services it provides and the improvements it has committed to undertake				✓

* The above ratings are not necessarily given equal weighting when generating the audit opinion.

Design of Systems/Controls

The findings from the review have highlighted no issues that are classified as weaknesses in the system control/design for the production of the Environmental Sustainability Report.

Operation of System/Controls

The findings from the review have highlighted **one** issue that is classified as a weakness in the operation of the designed system/control in the production of the Environmental Sustainability Report. This is identified in the Management Action Plan as (O).

6. Summary of Audit Findings

The key findings are reported in the Management Action Plan at Appendix A.

OBJECTIVE 1: The form and content of the report complies with the requirements of guidance published by the Welsh Government

A review of the Health Board's Sustainability Report 2019/20 confirmed that the structure and contents met with requirements set out in the NHS Wales Manual for Accounts 2019/20, including the key performance indicators for greenhouse gas emissions, waste management and use of resource.

The Environmental Team had extant documented procedures in place for the preparation of the Sustainability Report that included instructions on how each item of data is compiled. These procedures were being reviewed and updated at the time of fieldwork to ensure they met the criteria set out in ISO14001. An audit is currently being undertaken by an external appointed UKAS organisation.

No matters arising.

OBJECTIVE 2: The information published within the report provides accurate and representative picture of the quality of services it provides and the improvements it has committed to undertake

A data quality review of the figures recorded within the Sustainability Report 2019/20 was undertaken to verify their accuracy and completeness to source documentation.

Concluding a review of a sample of 10 periods across different resources and locations, we can confirm that the figures held locally reconciled to invoices received from the utility companies.

RESOURCE	LOCATION	PERIOD TESTED
Water	Amman Valley Hospital	October 2019 & February 2020
Electricity	Withybush General Hospital	June 2019 & January 2020
Oil	Glangwili General Hospital	April & October 2019
Gas	Prince Phillip Hospital	May & December 2019
Waste	Bronglais General Hospital	September 2019 & March 2020

The NHS Wales Manual for Accounts 2019/20 requires the Health Board to provide narrative on current year performance, future targets and direction. Whilst we noted this narrative was complete for Greenhouse Gas Emissions, the narrative provided for Waste Management and Use of Resources elements did not provide reference to future targets or organisational direction.

The Health Board were required to complete and return an 'Estates and Facilities Performance Management System' (EFPMS) to the Specialist Estates Services of NHS Wales Shared Services Partnership by the 30th June 2020. However, due to the impact of the Covid-19 pandemic, the submission of this year's EFPMS information is due by 20th November 2020.

See Finding 1 at Appendix A.

7. Summary of Recommendations

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.


A summary of these recommendations by priority is outlined below.


Priority	H	M	L	Total
Number of recommendations	0	0	1	0


<p>Finding 1 – Reporting of Targets & Direction (O)</p>	<p>Risk</p>
<p>The Sustainability Report 2019/20 provided narrative for Greenhouse Gas Emissions. However, the narrative provided for Waste Management and Use of Resources elements did not provide reference to targets or future direction.</p>	<p>Reputational risk that published information does not present a fair and balanced picture to stakeholders of the performance in the year.</p>
<p>Recommendation 1</p>	<p>Priority level</p>
<p>Management should ensure narrative of targets and future direction for waste management and use of resources is included in future reports in line with the NHS Wales Manual for Accounts.</p>	<p style="text-align: center;">LOW</p>
<p>Management Response</p>	<p>Responsible Officer/ Deadline</p>
<p>The narrative on targets will be included in the next report prepared by the Health Board (as part of 20/21 report).</p>	<p>Director of Estates, Facilities and Capital Management 28th February 2021</p>


Appendix B - Assurance Opinion and Action Plan Risk Rating

2020/21 Audit Assurance Ratings

 **Substantial Assurance** - The Board can take **substantial assurance** 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 **low impact on residual risk** exposure.

 **Reasonable Assurance** - 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.

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

 **No Assurance** - The Board has **no assurance** arrangements in place to secure governance, risk management and internal control, within those areas under review, which are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved.

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are 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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