

Hywel Dda University Health Board

Standards of Behaviour

Final Internal Audit Report

August 2020

Private and Confidential

NHS Wales Shared Services Partnership

Audit and Assurance Services



| Contents | Page |
|--------------------------------------|---|
| 1. Introduction and Background | 3 |
| 2. Scope and Objectives | 3 |
| 3. Associated Risks | 4 |
| <u>Opinion and key findings</u> | |
| 4. Overall Assurance Opinion | 4 |
| 5. Assurance Summary | 5 |
| 6. Summary of Audit Findings | 8 |
| 7. Summary of Recommendations | 12 |
| Appendix A | Management Action Plan |
| Appendix B | Assurance Opinion and Action Plan Risk Rating |
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1. Introduction and Background

In line with the 2020/21 Internal Audit Plan for Hywel Dda University Health Board (UHB), a review of the management of Standards of Behaviour was undertaken. The relevant lead Executive Director for the assignment was the Board Secretary.

A Standards of Behaviour Framework should be in place in all Health Boards that sets out the arrangements for ensuring that all staff comply with the Welsh Government's *Citizen-Centred Governance Principles*.

These principles integrate all aspects of governance and embody the values and standards of behaviour expected at all levels of public services in Wales and included in these principles is the recording and declaring of potential conflicts of interest and handling of gifts, hospitality, honoraria and sponsorship.

2. Scope and Objectives

The overall objective of the review was to evaluate and determine the adequacy of the systems and controls in place within the Health Board for the management of Standards of Behaviour in order to provide assurance to the Audit & Risk Assurance Committee that the risks material to the achievement of systems objectives are appropriately managed.

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.

The main areas that the review sought to provide assurance on were:

- The Health Board has an appropriate and up to date Standards of Behaviour Framework Policy in place and this is widely available to all relevant parties;
- Effective processes are in place to ensure that all employees and Independent Members are aware of the requirements of the Standards of Behaviour Framework and have access to appropriate information, support and advice;
- Effective arrangements are in place to ensure that specific groups of employees and Independent Members complete a Declaration of Interest Form on initial employment with the UHB and at periodic intervals thereafter;

- The Health Board has an up to date Register of Interests in place and the content is reported to the Audit & Risk Assurance Committee at agreed intervals;
- Effective processes are in place for ensuring that employees and Independent Members declare any offer of a gift, hospitality or sponsorship which requires recording; and
- A register of all declared gifts, hospitality, sponsorship and honoraria, whether accepted or declined, is maintained and the content is reported to the Audit & Risk Assurance Committee at agreed intervals.

3. Associated Risks

The potential risks considered in the review were as follows:

- Lack of awareness and / or application of the required standards of behaviour;
- Relevant interests are not declared which could lead to inappropriate decisions / actions; and
- Inappropriate acceptance of gifts, hospitality or sponsorship.


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 Standards of Behaviour is **Reasonable** assurance.

| RATING | INDICATOR | DEFINITION |
|-----------------------------|---|---|
| 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. |





Overall the controls in place to manage the risks associated with the systems and processes tested within the review are of a reasonable standard. We concluded that there was a current policy in place and systems were in place in order that individuals were adequately kept informed of their responsibilities. In addition the audit identified that registers were in place for both declarations of interests and declared gifts, hospitality, sponsorships or honoraria.





However, the audit identified a number of findings where controls could be strengthened:

- processes and controls, including lessons learned during the Covid pandemic, are required to be reflected in the *Standards of Behaviour Policy*;
- instances of 'Nil Return' declaration forms that had not been recorded on the staff declaration of interest register; and
- instances where a 'Gifts, Hospitality, Honoraria and Sponsorship Form' had not been completed and authorised for items listed on the registers.

5. Assurance Summary

The summary of assurance given against the individual objectives is shown below:

| | | Assurance Summary* | | | |
|------------------------|---|---|--|---|---|
| Audit Objective | |  |  |  |  |
| 1 | The Health Board has an appropriate and up to date Standards of Behaviour Framework Policy in place and | | | ✓ | |

| Audit Objective | | Assurance Summary* | | | |
|-----------------|--|---|--|---|---|
| | |  |  |  |  |
| | this is widely available to all relevant parties | | | | |
| 2 | Effective processes are in place to ensure that all employees and Independent Members are aware of the requirements of the Standards of Behaviour Framework and have access to appropriate information, support and advice | | | | ✓ |
| 3 | Effective arrangements are in place to ensure that specific groups of employees and Independent Members complete a Declaration of Interest Form on initial employment with the UHB and at periodic intervals thereafter | | | | ✓ |
| 4 | The Health Board has an up to date Register of Interests in place and the content is reported to the Audit & Risk Assurance Committee at agreed intervals | | | ✓ | |
| 5 | Effective processes are in place for ensuring that employees and Independent Members declare any offer of a gift, hospitality or sponsorship which requires recording | | | | ✓ |
| 6 | A register of all declared gifts, hospitality, sponsorship and honoraria, whether accepted or declined, is maintained and the content is reported to the Audit & Risk Assurance Committee at agreed intervals | | | ✓ | |

* 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 **one** issue that is classified as a weakness in the system control/design for Standards of Behaviour. This is identified in the Management Action Plan as (D).

Operation of System/Controls

The findings from the review have highlighted **two** issues that are classified as weaknesses in the operation of the designed system/control for Standards of Behaviour. These are 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 Health Board has an appropriate and up to date Standards of Behaviour Policy in place and this is widely available to all relevant parties

The Health Board has in place a *Standards of Behaviour Policy*, which was approved by the Business Planning & Performance Assurance Committee (BPPAC) in August 2019 following a consultation exercise with a review date set for 2022.

We can confirm that there is a dedicated page on the Hywel Dda UHB internet site with reference to the registers of interest and gifts, sponsorship & hospitality. We noted that there was no link to the *Standards of Behaviour Policy* on the internet page. This was highlighted to the Head of Corporate & Partnership Governance and has since been amended.

Review of the policy and the Health Board webpage highlighted that there was conflicting information published around the timeliness of publishing the registers of declaration of interest. The *Standards of Behaviour Policy* states that registers will be published quarterly, whereas the Health Board web page and the recently published paper submitted to the Audit & Risk Assurance Committee (ARAC) for June 2020, state the registers will be published annually. The Head of Corporate & Partnership Governance confirmed that the policy will be updated to reflect that registers will be published annually.

See Finding 1 at Appendix A.

OBJECTIVE 2: Effective processes are in place to ensure that all employees and Independent Members are aware of the requirements of the Standards of Behaviour Framework and have access to appropriate information, support and advice

The Corporate Governance Team have actively promoted the Standards of Behaviour Framework to employees and independent members through a number of methods, including:

- Discussions around the Standards of Behaviour had been minuted at several committees/sub-committees of the Health Board;
- Active promotion via emails to Executives/Managers highlighting their responsibilities had been sent;
- There was utilisation of global emails and payslip messaging to remind staff of their responsibilities;

- Literature in relation to the Standards of Behaviour were found in the corporate induction packs for staff and independent members; and
- Details of the Standards of Behaviour was set out in the employee contracts of employment.

No matters arising.

OBJECTIVE 3: Effective arrangements are in place to ensure that specific groups of employees and Independent Members complete a Declaration of Interest Form on initial employment with the UHB and at periodic intervals thereafter

The arrangements implemented by the Corporate Governance Team to ensure specific groups of staff and Independent Members adhere to the Standards of Behaviour Framework includes the completion of a declaration of interest form.

In February 2020, the Corporate Governance Team contacted all specific groups of staff and independent members requiring the completion of an updated declaration of interest form.

A review of declaration of interest forms returned during February 2020 noted that two County Directors had not submitted their forms. This was highlighted to the Head of Corporate & Partnership Governance during fieldwork with the two County Directors subsequently completing and returning their forms in July 2020.

Testing was undertaken on a sample of 20 returned declaration of interest forms (covering Independent Members, Executives and 'Other Staff') to ensure they were adequately completed and signed by the required individuals. We can confirm that 20 forms had been signed by the individual and line manager where appropriate.

No matters arising.

OBJECTIVE 4: The Health Board has an up to date Register of Interests in place and the content is reported to the Audit & Risk Assurance Committee at agreed intervals

The Corporate Governance Team maintain a register detailing the declaration of interest forms completed by the required specific groups of employees and independent members from across the Health Board.

Testing was undertaken on a sample of 20 returned declaration of interest forms to ensure the recorded details corresponded to that in the registers.

Concluding the review, we noted that the register of staff interests had not recorded the 10 individuals that had submitted 'Nil Returns'.

See Finding 2 at Appendix A.

OBJECTIVE 5: Effective processes are in place for ensuring that employees and Independent Members declare any offer of a gift, hospitality or sponsorship which requires recording

The *Standards of Behaviour Policy* states that employees and independent members have a personal responsibility to volunteer information regarding offers of gifts, hospitality, sponsorship and honoraria including those that have been declined.

The Corporate Governance Team utilised a number of methods to promote the Standards of Behaviour Framework, including the declaration of gifts, hospitality and sponsorship, through global emails and payslip messages.

Additional guidance was issued to staff during the Covid pandemic via global emails highlighting awareness of the need to declare gift items received during a period of increased activity.

No matters arising.

OBJECTIVE 6: A register of all declared gifts, hospitality, sponsorship and honoraria, whether accepted or declined, is maintained and the content is reported to the Audit & Risk Assurance Committee at agreed intervals

The Corporate Governance Team maintain a register detailing the declared gifts, hospitality, sponsorship and honoraria in line with policy. We noted that the register had recently undergone review at the ARAC meeting in June 2020.

A review of the registers was undertaken to establish the appropriateness of accepted and declined gifts and sponsorship. A sample of five declared gifts and five declared instances of hospitality, sponsorship and honoraria was selected from the registers and reviewed. We noted the following:

- Three of the five declared gifts were not supported by an authorised, official form. However, email trails were maintained from the authorising officers;
- For one declared gift, the intention was that it was to be donated to the associated charitable fund, however there was no documentation supporting that this action had been taken; and

- One of the five declared instances of hospitality, sponsorship and honoraria was not supported by an authorised, official form.

We noted that in all cases reviewed the acceptance/rejection of gifts, hospitality, sponsorship and honoraria were deemed appropriate. The registers of gifts, hospitality, sponsorship and honoraria have been uploaded on the Health Board's dedicated internet page.

During the Covid pandemic, the Health Board received an increase in gifts and hospitality, such as donated food and drink from local companies and charitable groups. The *Standards of Behaviour Policy* states that individual gifts under the common industry standard of £6 do not have to be declared. However, we noted occasions during the pandemic where the cumulative total of gifts given amounted to more than £6. The policy does not specify the process in place for declarations in this instance.

See Findings 1 & 3 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 | 3 | 0 | 3 |

| | |
|--|---|
| <p>Finding 1 – Standards of Behaviour Policy (D)</p> | <p>Risk</p> |
| <p>A review of the Standards of Behaviour Policy, including the impact of the Covid pandemic on processes and controls, identified the following issues:</p> <ul style="list-style-type: none"> • The Health Board internet site has conflicting information published with that stated in the policy and ARAC paper covering the timings for the publication of the registers of declaration; and • Individual gifts under the common industry standard of £6 do not have to be declared. However, we noted occasions during the pandemic where the cumulative total of gifts given amounted to more than £6. The policy does not specify the process in place for declarations in this instance. | <p>Lack of awareness and / or application of the required standards of behaviour.</p> |
| <p>Recommendation 1</p> | <p>Priority level</p> |
| <p>Management should ensure that the Standards of Behaviour Policy is updated to reflect current process and controls, and lessons learned during the Covid pandemic.</p> | <p>MEDIUM</p> |
| <p>Management Response</p> | <p>Responsible Officer/ Deadline</p> |
| <p>The Standards of Behaviour Policy has been updated:</p> <ul style="list-style-type: none"> • The following sentence on page 29 of the Policy (extracted below and highlighted in strikethrough) has been removed to reflect current process and controls. This sentence represented an historical position and removing it brings the Policy in line with processes and controls within | <p>Head of Corporate and Partnership Governance 14th August 2020</p> |

| | |
|--|--|
| <p>other Health Boards and Trusts in the rest of Wales where updated versions of registers are made available following their annual presentation to Audit Committee:</p> <p>22. PUBLICATION OF REGISTERS</p> <p>The Registers of Interests and the Registers of Gifts, Hospitality, Honoraria and Sponsorship will be published on the HDdUHB's internet site. An updated version will be added to the website quarterly.</p> <ul style="list-style-type: none"> • The Policy has been updated at Para 8.1.2 Gifts from Suppliers, Contractors and Commercial Organisations to replicate wording contained in Para 8.1.1 in relation to Gifts from Services Users/Patients or their Relatives to state (highlighted in red font below) 'Low cost, branded or promotional gifts may be accepted where they are under the value of the common industry standard of £6 in total (selected with reference to existing industry guidance issued by the ABPI) and need not be declared, other than where several small gifts are received to the value of £6 from the same or closely related source in a 12 month period. <p>The revised Standards of Behaviour Policy has been uploaded to the Corporate Policies webpage with links made available to the dedicated page on the Hywel Dda UHB internet site with reference to the registers of interest and gifts, sponsorship & hospitality.</p> | |
|--|--|

| Finding 2 – Declaration of Interest Register (O) | Risk |
|--|--|
| Of the 20 returned staff declaration of interest forms tested, we identified 10 'Nil Returns' that had not been recorded on the registers. | Relevant interests are not declared which could lead to inappropriate decisions / actions. |

| Recommendation 2 | Priority level |
|--|---|
| <p>Management should ensure that the staff declaration of interest register is updated to include all individuals with 'Nil Returns' for completeness and ease of reference.</p> | <p>MEDIUM</p> |
| Management Response | Responsible Officer/ Deadline |
| <p>The Report on the Adequacy of Arrangements for Declaring, Registering and Handling Interests, Gifts, Hospitality, Honoraria and Sponsorship presented to Audit and Risk Assurance Committee in June 2020 confirmed that any positive staff declarations of interest (56 for 2019/20) had been included in the HDdUHB Staff Register of Interests, with any nil declarations received (268) logged and filed separately; this separation assisted the register in not being unduly inflated by nil returns.</p> <p>Again as reported to the Audit and Risk Assurance Committee, a Declarations of Interest functionality has recently been made available within ESR with the ability to issue computer generated requests for interests to be declared to all staff on an annual basis. Responses will be receipted back into a database with the facility to generate relevant in-house reports to demonstrate compliance levels across the organisation. This will be implemented and promoted within Hywel Dda during 2020/21, with a register of all staff interests, whether a positive or nil return, available in time for the next iteration of the Report on the Adequacy of Arrangements for Declaring, Registering and Handling Interests, Gifts, Hospitality, Honoraria and Sponsorship for presentation to the Audit and Risk Assurance Committee in May 2021.</p> | <p>Head of Corporate and Partnership Governance</p> <p>31st May 2021</p> |


| Finding 3 – Declaration of Gifts & Hospitality Forms (O) | Risk |
|---|---|
| <p>A review of 10 gifts, hospitality, sponsorship and honoraria forms were tested and identified four instances where the form had not been completed or authorised for items listed on the registers, whilst acknowledging the accompanying email trail provided the detail and the authorisation.</p> | <p>Inappropriate acceptance of gifts, hospitality or sponsorship</p> |
| Recommendation 3 | Priority level |
| <p>To strengthen governance and transparency, management should ensure an official form is completed and authorised for all instances of declared gifts, sponsorship, hospitality and honoraria, whether accepted or declined, to reflect what is detailed in the official register.</p> | <p>MEDIUM</p> |
| Management Response | Responsible Officer/ Deadline |
| <p>Whilst requests are made to complete a Declaration of Gifts, Hospitality, Honoraria and Sponsorship Form when offers of such are made known to the Corporate Governance Team, where a fully completed form is not forthcoming, and where the information is contained within the accompanying e-mail trail (which this internal audit review acknowledged is maintained) together with the required authorisation, this is used to complete the register. In the absence of a fully completed declaration form, it is considered more appropriate to adopt this approach and register these gifts, hospitality, honoraria and sponsorship, rather than wait for the fully completed declaration form to materialise.</p> | <p>Head of Corporate and Partnership Governance 31st August 2020</p> |


| | |
|--|--|
| <p>An escalation process will be adopted, up to Director level if necessary, to ensure declaration forms are adequately completed to match the detail within the accompanying registers.</p> | |
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Appendix A - 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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