

Hywel Dda University Health Board

Business Continuity

Draft Internal Audit Report

April 2020

Private and Confidential

NHS Wales Shared Services Partnership

Audit and Assurance Services

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Review reference:	HDUHB-1920-10
Report status:	Draft Internal Audit Report
Fieldwork commencement:	20 th February 2020
Fieldwork completion:	20 th March 2020
Draft report issued:	2 nd April 2020
Management response received:	
Final report issued:	
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Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

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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This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit & Risk Committee.

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1. Introduction and Background

The review of business continuity arrangements within Hywel Dda University Health Board was completed in line with the approved 2019/20 approved internal audit plan.

The relevant lead Executive Director for the review was the Director of Public Health and the operational lead for the assignment was the Head of Health Emergency Planning.

The scope of this review was limited in regard of testing within directorates and services due to the restrictions imposed following the national outbreak of the coronavirus (COVID-19).

The undertaking of fieldwork and sampled business continuity management plans, and supporting information, was gathered and tested prior to the national measures introduced by the Welsh Government following the outbreak of coronavirus COVID-19 and did not included any work associated with the pandemic.

2. Scope and Objectives

The overall objective of this review was to evaluate and determine the adequacy of the systems and controls in place for the management of business continuity, in order to provide assurance to the Audit & Risk Assurance Committee that risks material to the achievement of system objectives are managed appropriately.

The purpose of the review was to establish if the Health Board has appropriate processes in place to ensure the establishment of business continuity arrangements across departmental services within the Health Board.

The objective of the review was to provide assurance that:

- The Health Board has an agreed business contingency policy in place and arrangements for the monitoring of plans have been established;
- Core function analysis and risk identification has been undertaken on behalf of the identified Executive Directors;
- Directorates and services should have an established business continuity management plan that is regularly reviewed;
- Business continuity management plans are made available to directorate and service employees; and
- Training is provided for relevant employees within directorates and services.

3. Associated Risks

The risks considered in the review were as follows:

- i. Lack of organisational arrangements in place for the management and monitoring of business continuity;
- ii. No business continuity management plans have been developed or implemented across directorates or services; and
- iii. Delegated management arrangements within directorates and services have not been established or cascaded to employees.


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 scope of this review was limited in regard of testing within directorates and services due to the restrictions following the commencement of the pandemic. This audit did not include a review of any plans or work associated with the pandemic.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with Business Continuity 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.





The Emergency Planning Team have established a satisfactory monitoring arrangement to collate submitted business continuity management (BCM) plans and identify directorates, services and departments displaying non-compliance. The Health Board also have in place a Business Continuity Planning Policy and a dedicated intranet page.

One high priority findings was identified during this review, relating to the lack of identifying the training needs of those responsible for business continuity management within directorates/services/departments. In addition, a number of medium priority findings were also identified particularly around up to date plans and Business Impact Analyses and Risk Identification exercises.

The findings identified within this report has resulted in a Reasonable assurance rating being awarded.

5. Assurance Summary

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

		Assurance Summary*			
Audit Objective					
1	The Health Board has an agreed business continuity policy in place and arrangements for the monitoring of plans have been established			✓	
2	Core Function Analysis and Risk Identification has been undertaken on behalf of the identified Executive Directors			✓	
3	Directorates and Services should have an established business continuity management plan that is regularly reviewed			✓	
4	Business Continuity Management Plans are made available to			✓	

		Assurance Summary*			
Audit Objective					
	directorates and service employees				
5	Training is provided for relevant employees within directorates and services		✓		

* 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 Business Continuity.

Operation of System/Controls

The findings from the review have highlighted **seven** issues that are classified as weaknesses in the operation of the designed system/control for Business Continuity. 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 agreed business contingency policy in place and arrangements for the monitoring of plans has been established

The Health Board has in place a *Business Continuity Planning Policy* that was available to employees on the Emergency Planning and Business Continuity intranet site. The policy was approved by the Business Planning and Performance Assurance Committee on 11th January 2017 but was due for review on 11th January 2020.

The Health Board has a dedicated Emergency Planning Team that collates and monitors compliance of directorate/service/department business continuity plans in line with policy requirements. Where directorates/services/departments have not submitted their business continuity plan, the Emergency Planning Team would contact the areas to highlight their non-compliance.

See Findings 2 & 3 at Appendix A.

OBJECTIVE 2: Core function analysis and risk identification has been undertaken on behalf of the identified Executive Directors

A sample of 20 directorates/services/departments was selected to establish whether Business Impact Analyses (BIA) and Risk Identification (RI) exercises had been undertaken and forwarded to the Emergency Planning Team.

Concluding testing, BIA and RI exercises had not been completed for eight of the 20 directorates/services/departments sampled. However, three departments were identified as having had made some progress towards completing a draft version. Of the 12 directorates/services/departments where a BIA and RI had been completed, approved uniform templates had been used.

See Finding 4 at Appendix A.

OBJECTIVE 3: Directorates and services should have an established business continuity management plan that is regularly reviewed

A sample of 20 directorates/services/departments were selected to establish whether a current business continuity management (BCM) plan was in place. Of the 20 directorates/services/departments tested, it was found that there were:-

- Nine instances where a current plan was in place.

- Five instances where a plan was in the process of being developed.
- One instance where there was an outdated plan in place (dated 2013).
- Five instances where there was no plan in place.

Of the areas without a current business continuity management plan in place, we can confirm that the Emergency Planning Team had communicated with the directorates/services/departments informing them of their need review and update their business continuity management plan.

See Finding 5 at Appendix A.

OBJECTIVE 4: Business continuity management plans are made available to directorate and service employees

A review was undertaken to establish whether BCM plans had been made available to directorate and service employees. Of the 10 BCM plans that were in place (of the 20 sampled), Internal Audit received confirmation only six of the areas had cascaded the plans to directorate or service employees. One department was in the process of cascading their plan to staff, whilst three departments did not respond to Internal Audit's email request in regard of this topic.

The *Business Continuity Planning Policy* states that BCM plans should be made accessible to all staff via the Health Board intranet. Concluding testing, no plans appear to have been shared on the Health Board intranet.

See Findings 6 & 7 at Appendix A.

OBJECTIVE 5: Training is provided for relevant employees within directorates and services

The Emergency Planning Officer will provide business continuity training to plan owners or managers upon request. The *Business Continuity Planning Policy* states that those responsible for BCM must ensure that training needs are identified and training records maintained.

Of the 10 directorates/services/departments (of the 20 sampled) that had a BCM plan in place, seven areas stated that they had not undertaken any BCM training whilst three departments had not respond to Internal Audit's email request in regard of this topic.

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	1	6	0	7

Finding 1 - Business Continuity Training (O)	Risk
<p>The <i>Business Continuity Planning Policy</i> states that those responsible for BCM must ensure that training needs are identified and training records maintained.</p> <p>Of the 10 directorates/services/departments (of the 20 sampled) that had a BCM plan in place, seven areas stated that they had not undertaken any BCM training whilst three departments did not respond to Internal Audit's email request in regard of this topic.</p>	<p>Delegated management arrangements within directorates and services have not been established or cascaded to employees.</p>
Recommendation 1	Priority level
<p>The Emergency Planning Team should inform department management of their responsibility to ensure identified business continuity leads have received the require training to undertaking the business continuity review and that a record of training is held locally.</p>	<p>HIGH</p>
Management Response	Responsible Officer/ Deadline

Finding 2 - Business Continuity Policy (O)	Risk
The Health Board's <i>Business Continuity Planning Policy</i> was due for review on the 11 th January 2020.	Lack of organisational arrangements in place for the management and monitoring of business continuity.
Recommendation 2	Priority level
Management should ensure the Business Continuity Planning Policy is reviewed, updated and submitted for approval at the Business Planning & Performance Assurance Committee.	MEDIUM
Management Response	Responsible Officer/ Deadline

Finding 3 – Non-Compliance Reporting (O)	Risk
The Health Board has a dedicated Emergency Planning Team that collates and monitors compliance of directorate/service/department business continuity plans in line with policy requirements. Where directorates/services/departments have not submitted their business continuity plan, the Emergency Planning Team would contact the areas to highlight their non-compliance.	Lack of organisational arrangements in place for the management and monitoring of business continuity.
Recommendation 3	Priority level
The Emergency Planning Team should periodically escalate instances of continued non-compliance where business continuity management plans have not been reviewed and implemented by departments to the appropriate group or committee.	MEDIUM
Management Response	Responsible Officer/ Deadline

Finding 4 - Core Function Analysis and Risk Identification (O)	Risk
<p>Business Impact Analyses (BIA) and Risk Identification (RI) exercises had not been completed for eight of the 20 directorates/services/departments sampled. However, three departments were identified as having had made some progress towards completing a draft version.</p> <p>GGH Chemotherapy Day (In progress) Swn Y Gwynt Hospital Finance Directorate Ceredigion Community Premises Radiology - Pembrokeshire (In progress) BGH Angharad Ward Public Health - Smoking Cessation Pharmacy and Medicines Management - Corporate Wide (In progress)</p>	<p>No business continuity management plans have been developed or implemented across directorates or services.</p>
Recommendation 4	Priority level
<p>The Emergency Planning Team should continue to liaise with identified department business continuity leads to ensure a core function analysis and risk identification exercise is undertaken prior to the creation of a business continuity management plan.</p>	<p>MEDIUM</p>
Management Response	Responsible Officer/ Deadline

Finding 5 - Business Continuity Management Plans (O)	Risk
<p>A sample of 20 directorates/services/departments were selected to establish whether a current business continuity management (BCM) plan was in place. Of the 20 directorates/services/departments tested, it was found that there were:-</p> <p><i>Five instances where a plan was in the process of being developed</i></p> <p>GGH Chemotherapy Day Unit Pembrokeshire Radiology Corporate Wide Outpatients Corporate Wide Communications Corporate Wide Pharmacy and Medicines Management</p> <p><i>One instance where there was an outdated plan in place (dated 2013)</i></p> <p>Tregaron Hospital</p> <p><i>Five instances where there was no plan in place</i></p> <p>Swn Y Gwynt Hospital Finance Directorate Ceredigion Community Premises Ceredigion Angharad Ward Public Health Smoking Cessation</p>	<p>No business continuity management plans have been developed or implemented across directorates or services.</p>
Recommendation 5	Priority level
<p>The Emergency Planning Team should escalate non-complaint departments that have not submitted a business continuity management plan to the appropriate Executive Director.</p>	<p>MEDIUM</p>

Management Response	Responsible Officer/ Deadline

Finding 6 – Cascading of Business Continuity Plans (O)	Risk
Of the 10 BCM plans that were in place (of the 20 sampled), Internal Audit received confirmation only six of the areas had cascaded the plans to directorate or service employees. One department was in the process of cascading their plan to staff, whilst three departments did not respond to Internal Audit's email request in regard of this topic.	Delegated management arrangements within directorates and services have not been established or cascaded to employees.
Recommendation 6	Priority level
The Emergency Planning Team should inform department management of their requirement to cascade their business continuity management plans to all relevant staff.	MEDIUM
Management Response	Responsible Officer/ Deadline

Finding 7 – Sharing of Business Continuity Plans (O)	Risk
The Business Continuity Planning Policy states that BCM plans should be made accessible to all staff via the Health Board intranet. Concluding testing, no plans appear to have been shared on the Health Board intranet.	Delegated management arrangements within directorates and services have not been established or cascaded to employees.
Recommendation 7	Priority level
The Emergency Planning Team should ensure that all directorate, service and department business continuity management plans are shared on the Health Board intranet in line with the Business Continuity Planning Policy.	MEDIUM
Management Response	Responsible Officer/ Deadline

Appendix B - Assurance Opinion and Action Plan Risk Rating

2019/20 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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