

Bundle Audit & Risk Assurance Committee 23 June 2020

- 9.1 Audit Wales Structured Assessment 2020 - Briefing Note
 - Audit Wales Email C Moseley 08.06.20
 - Structured Assessment 2020 Briefing Note

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Subject: Structured Assessment 2020 project brief

Sent on behalf of Carol Moseley

Dear colleagues

We will be commencing our 2020 structured assessment this month and the attached briefing sets out our approach. As in previous years, our work is focused on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. This helps the Auditor General meet his statutory requirement to satisfy himself that NHS bodies have proper arrangements in place to secure economy, efficiency and effectiveness in the use of their resources.

We recognise that this year's Structured Assessment work takes place at a time when NHS bodies are responding to the unprecedented challenges presented by the COVID-19 pandemic. This year's Structured Assessment work has therefore been designed in the context of the on-going response to the pandemic. A suitably pragmatic approach has been adopted which helps the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continue to respond to the next phase of the COVID-19 pandemic.

Our work will be done remotely given our on-site work remains suspended in accordance with government advice on social distancing, and our desire to ensure our work does not impede NHS bodies' continuing response to the pandemic. Our work will be based on a review of relevant documentation, virtual observations at board and committee meetings and a structured discussion with the Board Secretary. It is not our intention to conduct the normal range of formal interviews this year, although it may be necessary to speak to some members of staff other than the Board Secretary to ensure we fully understand the current arrangements.

We are aware that several NHS bodies have correctly asked Internal Audit to carry out rapid governance reviews as part of their internal audit plans. We are liaising with the NHS Wales Audit and Assurance Service to ensure our respective work is coordinated and relevant information is shared to avoid any duplication in evidence gathering. Where possible, we will place reliance on the work of others, including Internal Audit.

The performance audit lead for your organisation will be in touch with you to agree the precise timing and focus of any structured discussion, and any information required to support our work that is not in the public domain. In the meantime, don't hesitate to contact me if you had any queries or questions.

Kind regards
Carol

Carol Moseley

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Structured Assessment 2020 - Project Brief

Background

- 1 The Auditor General has a statutory requirement to satisfy himself that NHS bodies have proper arrangements in place to secure economy, efficiency and effectiveness in the use of their resources as set out in Section 61 of the Public Audit Wales Act 2004. To help in the discharge of this responsibility, the Auditor General introduced the concept of a Structured Assessment in 2010, as an evolution of the work that auditors previously undertook to enable the Auditor General to draw a 'Value for Money Conclusion' for each NHS body. This briefing sets out the approach that will be adopted for Structured Assessment work in 2020.
- 2 Of course, this year's Structured Assessment work takes place at a time when NHS bodies are responding to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. On 13 March 2020, the Minister for Health, Social Services and Sport issued a framework of actions to help prepare the system for the expected surge in Covid-19 cases. The framework included the cessation of non-urgent planned activity and the relaxation of targets and monitoring arrangements across the health and care system. Emergency funding arrangements were also introduced to facilitate the wide range of actions needed to respond urgently to the COVID-19 pandemic.
- 3 On 6 May 2020, a Quarter one Operating Framework for the NHS was published setting out key considerations for the planning of the next phase of the pandemic, for maintaining delivery of essential services, and a movement towards recovery and gradual reinstatement of some services.
- 4 This year's Structured Assessment work has therefore been designed in the context of the on-going response to the pandemic. A suitably pragmatic approach has been designed which helps the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continue to respond to the next phase of the COVID-19 pandemic.

Why are we doing this work

- 5 The COVID-19 pandemic required NHS bodies to quickly adapt their arrangements in respect of governance and decision making to ensure timely action was taken to respond to the predicted surge in emergency COVID-19 demand and ensure the safety of staff and patients. In making these changes, Welsh Government expects

NHS bodies to maintain a focus on their arrangements for good governance and ensuring value for money. It is important that NHS boards, the public and key stakeholders are assured that governance arrangements remain effective.

Audit approach

- 6 As in previous years, our work is focused on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. Auditors will pay attention to progress made to address previous recommendations where these relate to important aspects of organisational governance and financial management, to ensure business is conducted as effectively as possible in the current circumstances. The work will be structured under the following themes:
- Leadership and governance;
 - Financial management; and
 - Operational planning.
- 7 The review will seek to address the following question: **Are the organisation's arrangements supporting good governance and the efficient, effective and economical use of resources?** Exhibit 1 sets out the key lines of enquiry we will consider.

Exhibit 1: key lines of enquiry

Are the organisation's arrangements supporting good governance and the efficient, effective and economical use of resources?

1. Is the organisation well led and well governed?

- Is the Board and its sub-committees working effectively?
- Is board assurance underpinned by an effective system of internal control?

In answering the questions in the context of COVID-19 we will consider, for example, the smooth continuation of governance arrangements in line with Welsh Government guidance, appropriate governance around decision making, and well documented processes for departures from standard operating practices.

2. Are financial resources well managed?

- Is the organisation achieving key financial objectives?
- Are required financial controls in place?
- Are arrangements for financial monitoring and reporting satisfactory?

In answering the questions in the context of COVID-19 we will consider, for example, the continuation of financial governance arrangements in line with Welsh Government guidance, including maintaining financial controls and monitoring and reporting COVID related expenditure.

3. Is there an effective approach to planning?

- a. Has the organisation developed a realistic short to medium term operational plan?
- b. Does the plan identify the resources needed to deliver it?
- c. Is there effective board level scrutiny, assurance and decision making in relation to the plan?

In answering the questions in the context of COVID-19, we will consider the progress made in developing an operational plan to support the continued response to the pandemic balanced against the provision of other essential services in accordance with Welsh Government's operating framework for quarter 1 (2020/21).

- 8 Auditors will work remotely to carry out this year's Structured Assessment work given our on-site work remains suspended in accordance with government advice on social distancing, and our desire to ensure our work does not impede NHS bodies' continuing response to the pandemic. Our work will be based on a review of relevant documentation, virtual observations at board and committee meetings and a structured discussion with the Board Secretary.
- 9 It is not our intention to conduct the normal range of formal interviews this year, although it may be necessary to speak to some members of staff other than the Board Secretary to ensure we fully understand the current arrangements in place within the NHS body. We will continue to keep our delivery arrangements under review to ensure that our audit work does not have a detrimental impact on the organisation.
- 10 We are aware that several NHS bodies have asked Internal Audit to carry out rapid governance reviews as part of their internal audit plans. We are liaising with the NHS Wales Audit and Assurance Service to coordinate our work and information collected by our auditors and the NHS Wales Audit and Assurance Service respectively may be shared to avoid any duplication in evidence gathering where this is feasible. This may include personal data, such as opinion information, and our privacy notice is available below at Appendix 1. Please note that this does not affect our statutory rights of access to information. Where possible and subject to our own testing, we may place reliance on the work of others, including Internal Audit.

- 11 We will work with the Board Secretary to agree the precise timing and focus of any structured discussion, and any information required to support our work that is not in the public domain.
- 12 Where we process personal data, this is in accordance with data protection legislation, including the Data Protection Act 2018 and the General Data Protection Regulation. Further information is set out in our fair processing notice attached at [Appendix 1](#). We ask that you share this project brief with Board members to ensure they understand the purpose and scope of our review and how information may be used and shared.

Timing of the work

- 13 The indicative timescales for the key stages of the work are shown in [Exhibit 2](#).

Exhibit 2: timing of the work

Key stage	Timing
Set up	June 2020
Evidence gathering	June to July 2020
Draft report	End of August 2020
Final report	End of September 2020

Reporting our findings

- 14 We will agree a mechanism for informal feedback with the Board Secretary as the work progresses, particularly where any concerns emerge. We will prepare a short report for individual NHS bodies setting out local findings and any recommendations arising from the work. In line with Audit Wales arrangements for public reporting, we will publish the report on our website once it has been formally considered by the relevant Board committee.

Appendix 1 – Fair Processing Notice

This privacy notice tells you about how the Wales Audit Office processes personal data provided by you in connection with our Structured Assessment of NHS Trusts and Health Boards in Wales.

Who we are: The Auditor General for Wales examines how public bodies manage and spend public money, and the Wales Audit Office (WAO) provides staff and resources to enable him to carry out his work.

Data Protection Officer (DPO): Our DPO is Martin Peters, who can be contacted by telephone on 029 20320500 or by email at: infoofficer@audit.wales.

The relevant laws (legal basis): We process personal data in accordance with the Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR). Our lawful basis for processing is the statutory powers and duties under the Public Audit (Wales) Act 2004, the Government of Wales Act 1998 and Well-being of Future Generations (Wales) Act 2015.

Purpose of processing: We are collecting opinions and information to help us carry out our Structured Assessment of health bodies. Some of this information may be about identifiable individuals, which would make it personal information, even though the purpose of our work is not in itself to collect information about identifiable individuals. The information collected will be used for this work and may also be used in our wider statutory audit work.

Who will see the data? The Auditor General and the WAO audit team will have access to the information you provide. We may share some information with senior management at the audited bodies involved, and our published report may include some information. We may share some data with the NHS Wales Audit and Assurance Service for the purpose of its internal audit and such information will be processed in accordance with the NHS Wales Audit and Assurance Service privacy policies.

How long we keep the data? We will keep the information collected, including your personal data, for a period of 6 years following publication of our report, or 25 years if published within a report, and we will hold your data securely in accordance with our Information Security Policy.

Your rights: You have rights to ask for a copy of the current personal information held about you or to object to data processing that causes unwarranted and substantial damage and distress. Contact the Information Officer, Wales Audit Office, 24 Cathedral Road, Cardiff, CF11 9LJ or email infoofficer@audit.wales.

The Information Commissioners Office: If you require further information in relation to your rights under data protection law or are dissatisfied with how we are handling your personal data you may contact the Information Commissioner at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF, or email casework@ico.gsi.gov.uk or telephone 01625 545745.