

Quality Assurance and Improvement Programme

Internal Audit Report

2018/19

NHS Wales Shared Services Partnership

Audit and Assurance Services

Private and Confidential

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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.

Please note

This report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Audit Charter and Terms of Reference, approved by the Audit Committee. Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the NHS Wales Shared Services Partnership and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. Introduction

This paper sets out the Quality Assurance and Improvement Programme (QAIP) for 2018/19 and the approach and work for 2019/20.

The QAIP is a requirement of the Public Sector Internal Audit Standards (PSIAS).

2. Approach

Audit & Assurance's Quality Manual states:

"The Director of Audit & Assurance must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity (Standard 1300). This should include internal and external assessments (standards 1311 and 1312)."

Last year we have had the mandatory External Quality Assessment (EQA) which was undertaken by The Chartered Institute of Internal Auditors (the organisation that sets the International Standards for Internal Audit) – Section 2.1.

The internal assessments will cover:

1. Quality Reviews - organisation focussed reviews to ensure each NHS organisation and Head of Internal Audit and the Specialist Services Team (SSu) are covered (2.1)
2. Internal Audit Quality Assurance Framework (IAQAF) (2.2)
3. EQA Follow-Up (2.3)

In addition, there will be other information that supports the QAIP:

4. Results of Audit Satisfaction Surveys (a survey is sent after each audit) (2.4)
5. Key performance Indicator Outcomes (2.5)
6. Audit Committee assessments of their own effectiveness that include Internal Audit (2.6)
7. Wales Audit Office review (WAO) with recommendations for improvement (2.7)
8. Head of Internal Audit/Head of SSu 'Conformance Statements' (2.8)
9. Formal meetings with Chairs of Audit Committees and Board Secretaries (2.9)
10. Other relevant Information (2.10 & Sections 3.1 to 3.2).

2.1 Quality Reviews

A total of 26 file reviews were undertaken on 2018/19 audits (22 in 2017/18). All were undertaken by the Director of Audit & Assurance (DAA). The audits reviewed were:

No.	Health Body	Audit	Team	Rating
1	Aneurin Bevan	Patient Discharge Process	South East Wales	Limited
2	Aneurin Bevan	Medical Records Digitisation	IM&T	Reasonable
3	ABM	Corporate Legislative Compliance	Swansea	Reasonable
4	ABM	Princess of Wales Delivery Unit Governance Review	Swansea	Limited
5	Betsi Cadwaladr	West Locality Compliance with Budget Setting Methodology	North Wales	Reasonable
6	Betsi Cadwaladr	WAO Hospital Catering & patient Nutrition Follow-up	North Wales	Limited
7	Cardiff & Vale	Legislative / Regulatory Compliance	South Central Wales	Limited
8	Cardiff & Vale	PCIC CB – District Nursing Rotas	South Central Wales	Reasonable
9	Cwm Taf	Facilities Directorate Review – Management Arrangements	South Central Wales	Reasonable
10	Cwm Taf	Raising Concerns	South Central Wales	Limited
22	Cwm Taf	Prince Charles Hospital Redevelopment	Capital & Estates	Limited
11	Hywel Dda	Treasury Management	Carmarthen	Substantial
23	Hywel Dda	Accounts Receivable	Carmarthen	Reasonable
24	Hywel Dda	Charitable Funds	Carmarthen	Substantial
12	Hywel Dda	IM&T Security Policy & Procedures Follow-Up	IM&T	Reasonable
13	Powys	Dental Services – Monitoring of the GDS Contract	South East Wales	Limited

14	Powys	Putting Things Right – Lessons Learned (Midwifery)	South East Wales	Reasonable
21	Powys	Capital Systems	Capital & Estates	Reasonable
15	PHW	Directorate Review: Operations & Finance	South Central Wales	Reasonable
16	Velindre	Health & Safety Review	South Central Wales	Reasonable
17	WAST	111 Service Provision	South East Wales	Reasonable
18	HEIW	Core Financials – Financial Accounting	South Central Wales	Reasonable
26	HEIW	Core Financials – Budgetary Control	South Central Wales	Reasonable
19	NWSSP	Business Continuity Planning	South East Wales	Reasonable
20	NWIS	Business Continuity	IM&T	Reasonable
25	NWIS	Change Control	IM&T	Limited

22 of the files were chosen at random from a list of completed audits for each HB/Trust as at the end of February 2019. The remaining 4 were chosen because either the organisation was new to Internal Audit or because we were auditing a particularly sensitive or high risk area.

The files were reviewed between February and April 2019 by the DAA using the 2018/19 QR checklist which links to the Public Sector Internal Audit Standards.

Overall, the results were positive and demonstrated a high level of quality consistent with recent years. However, in a small number of instances, discussions were needed with the Head of Internal Audit to confirm findings and a number of exceptions were noted. The exceptions will continue to be built into the TeamMate approach going forward and we intend to rerun training on the use of TeamMate in 2019/20 for all staff.

The exceptions, communicated to the Heads of Internal Audit/Head of SSu in April 2019, are covered at Appendix C.

On the basis of the reviews undertaken there were no specific matters that needed to be reported in the Annual Head of Internal Audit opinion in terms of compliance with the PSIAS.

2.2 Internal Audit Quality Assurance Framework (IAQAF)

One section of four has been reviewed "Purpose & Positioning". See Appendix A for an explanation of this approach and Appendix B for the detailed assessment underpinning this review.

For this section, the review was undertaken by the Director of Audit & Assurance with support from the Heads of Internal Audit.

The section covers 5 areas, each with a number of good practice statements. For each area, Audit & Assurance needs to decide whether, in terms of the statements, it conforms fully, generally, partially or not at all. Conforming fully or generally is considered appropriate to be able to state that the PSIAS are being complied with. The summary results are:

- Remit (4 statements) – 'fully conforms'
- Reporting Lines (7 statements) – 'generally conforms'
- Independence (9 statements) 'fully conforms'
- Risk based plan/audit strategy (11 statements) – 'generally conforms'
- Integration with other assurance providers (4 statements) – 'fully conforms.'

To enable NWSSP Audit & Assurance to receive a 'fully conforms' assessment, two key actions are needed:

- Update audit approach documentation to reflect approach in NHS Wales through NWSSP/Director of Audit & Assurance arrangements
- Aspects of the risk based plan could be stated more effectively in the audit plan template.

The specific actions to address these points will be both discussed and agreed with key stakeholders – Board Secretaries and Chairs of Audit.

2.3 External Quality Assessment Follow-Up

In February and March 2018 Audit & Assurance Services were subject to a formal External Quality Assessment. This assessment is required by the PSIAS and was undertaken by The Chartered Institute of Internal Auditors (IIA). Their report was presented to the Velindre Audit Committee for Shared Services on 24 April 2018.

The IIA noted that:

“This external quality assessment was conducted as a validation of the self-assessment carried out by NWSSP Audit and Assurance Services using the methods prescribed by Chartered Institute of Internal Auditors. We reviewed a wide range of documentary evidence, surveyed representative stakeholders and interviewed members of the Internal Audit teams and stakeholders. We have provided the Director of Audit and Assurance with our comments in a detailed standard-by-standard checklist as a separate document.”

The assessment concluded that:

“It is our view that NWSSP Audit and Assurance Services conforms to all ... 64 fundamental principles ... and it is therefore appropriate for NWSSP Audit and Assurance Services to say in reports and other literature that it **‘conforms to the IIA’s professional standards and to PSIAS.’**”

The report noted a number of Key Achievements:

“NWSSP Audit and Assurance Services has firm foundations based on an Internal Audit Charter, an Audit Manual and meticulous quality assurance processes. The International Standards (PSIAS) are embedded into the TeamMate audit software and auditors are reminded of the Standards and their ethical responsibilities at every stage of their audit work. The TeamMate software has also enabled a consistent and disciplined approach to audit work across different sites and audit clients. In one client organisation it has been shared with management to assist in the follow through of agreed actions.

NWSSP Audit and Assurance Services is well respected by management and the Audit Committees for its professionalism and is seen as a source of risk, control and governance advice. With a resource base of 57 including the Director of Audit and Assurance the team has a good spread of skills and can offer career development and specialist audits in Capital, Estates and Information Management and Technology. Specialist guest auditors including clinicians enable them to cover a wide range of operational risks. A scheme in conjunction with Swansea University has sourced new talent at the undergraduate level. There is a budget allocation to supplement in-house expertise through co-sourcing as appropriate.

There is an effective and consultative planning process including recognition of the current business strategy and good alignment to

strategic risks. Audit Committee chairs have commented favourably on the flexibility of planning to accommodate changing needs for assurance.

The recipients confirmed that NWSSP Audit and Assurance Services is delivering the required assurance (audit report ratings encompass all four grades of opinion) and a degree of advice and insight particularly in drawing together lessons learned and examples of good practice from all parts of NHS Wales and beyond.”

There were two specific areas of focus/recommendations from the 2018 EQA:

1). Audit coverage – links to strategic objectives and risks and other assurance providers

All HIAs have been asked to focus on this during audit planning for 2019/20 but there still remains the issue of Board Assurance Frameworks needing further development to clearly identify the work of other assurance providers and the strength of the first and second lines of defence within individual organisations. We are also working on a suite of Quality KPIs for 2019/20 and beyond that will include measures such as the % of time spent on corporate risks.

2). Achieving efficiency in the audit methodology

We are, at present, going through an exercise to determine if TeamMate will remain as our audit software going forward. Until we make that decision we have decided not to change our audit methodology unless there are changes to the PSIAS that we need to respond to.

We will provide an update on our response to the EQA and our work on Quality KPIs in next year’s QAIP.

2.4 Audit Satisfaction Surveys

Audit satisfaction surveys are submitted to HBs/Trusts at the conclusion of each audit. Response rates are relatively low although this does differ by organisation. Copies of the survey are retained on the individual audit files. A summary of the response rates and findings are included in each Head of Internal Audit Opinion.

In addition, we receive feedback through regular meetings with both HB/Trust Executives and Audit Committees.

We continue to work with HBs/Trusts to improve the response rates to the surveys as this can be a key driver in helping to improve the focus and outcomes of audits.

2.5 Key Performance Indicators

At the end of May 2019 (when Final opinions are issued), KPIs for 2018/19 showed:

KPI	SLA	Target	Overall
Audit plans agreed [2018/19]	√	100%	100%
Audit opinions/annual reports compiled [2017/18]	√	100%	100%
Audits reported over total planned audits	√	Target	100%
		Actual	98%
Work in progress	No	N/A	2%
Report turnaround fieldwork to draft reporting [10 days]	√	80%	95%
Report turnaround management response to draft report [15 days]	√	80%	68%
Report turnaround draft response to final reporting [10 days]	√	80%	99%

In 2018/19 we have delivered 370 outputs to support the Head of Internal Audit Opinions for the 13 NHS Bodies we audit (7 Health Boards, 3 Trusts, HEIW, NWSSP and NWIS).

In terms of the delivery of the audit programme we are often asked to delay reviews until late in the financial year. We are happy to accommodate this but it does mean that we sometimes need to use contractor staff to ensure delivery which does increase costs. The KPIs for each HB/Trust are reported in their individual Head of Internal Audit Opinion.

During 2019/20 we will be looking to introduce and begin monitoring a number of Quality based KPIs around areas such as the impact of implemented audit recommendations.

2.6 Audit Committee self-assessments

Each year, Audit Committees will produce an annual report of their own activities and undertake a self-assessment against key criteria set out in the HFMA Audit Committee Handbook. Results of this work, which includes an assessment of Internal Audit, are used to help inform Audit & Assurance's forward strategy at both a Directorate and individual HB/Trust level.

2.7 Wales Audit Office (WAO) review

Each year, Wales Audit Office (WAO) undertakes an overview of Internal Audit as part of their work programme. The relevant extracts from this year's Management Letter, presented to the Velindre Audit Committee for Shared Services (July 2019) are included below.

"Local health body audit teams need to consider ISA 610 – Using the work of internal auditors – to assess the adequacy of Internal Audit work for the purposes of the audit. To aid this evaluation, we considered the arrangements in place against the requirements of the Public Sector Internal Audit Standards (PSIAS).

We did not identify any issues regarding NWSSP – AAS's compliance with the PSIAS standards that would prevent us taking assurance from their work."

In addition, the Director of Audit & Assurance meets regularly with both WAO NHS leads and the Velindre audit team to ensure that internal audit's work is co-ordinated, where appropriate, with the work of WAO. Heads of Internal Audit also meet regularly with the relevant WAO leads for each health Board and Trust to ensure work is co-ordinated effectively.

2.8 Conformance self-assessments

Each year, all Heads of Internal Audit/SSu complete a self-assessment against the PSIAS which is submitted to the Director of Audit & Assurance for review. After review, the self-assessments are discussed with the relevant Head of Internal Audit/SSu if there are any matters requiring attention.

Overall, there are very few highlighted areas of 'partial compliance' (and none of 'does not comply') from the self-assessments either from ticking a specific box or from the narrative. This is an improvement on previous

years and reflects, in part, the successful outcome of the External Quality Assessment in March 2018.

Areas of focus highlighted were:

1). Still more to do on having IM&T skills even distributed across all teams although we have a dedicated IM&T team who undertake work at all bar one audit. The one remaining audit has two members of staff (including the Head of Internal Audit) who lead on our Technology work and have the appropriate IM&T skills.

Action: We anticipate increasing our resource in the area of IM&T to meet demand from both audit teams and NWIS (as we anticipate an increased audit plan in 2019/20).

2). We do not measure the cost of assurance against the benefits formally.

Action: In 2019/20 as part of a move to more quality based KPIs we will be undertaking specific work in a couple of areas to measure the cost and impact/benefits of assurance work.

3). Some HIAs noted that they report to the AC rather than the Board so assessed conformance as partial.

Action: The only action we take formally on this is to note it as the PSIAS assume 'delegation' of some key roles.

4). With likely changes to our audit software we will need to adjust our document retention policy during 2019 so this was raised as an area we need to resolve.

Action: This will be signed off formally during 2019/20.

2.9 Formal meetings with Chairs of Audit Committees and Board Secretaries

During 2018/19 the Director of Audit & Assurance met with the Board Secretaries and Chairs of Audit Committee groups on the following occasions:

- Board Secretaries: 22 June and 14 December 2018
- Chairs of Audit Committee: 26 September 2018 and 27 March 2019.

Areas discussed included:

- Recommendation monitoring and tracking
- Quality based KPIs

- The all-Wales audit of Ambulance handovers
- Themes emerging from audit work across NHS Wales
- External Quality Assessment
- Internal Audit Strategy.

Further meetings are planned in 2019/20. In addition, the Director of Audit & Assurance has also met with a number of Chairs, Finance Directors, Executive Directors and full Boards during the course of the year.

2.10 Audit Approach

There were no changes to our audit approach in 2018/19 as we undertook an exercise in the previous year to update our Audit Approach (Quality Manual) to reflect previous QAIP findings and changes to the Public Sector Internal Audit Standards from 1 April 2017.

3. Other Quality Assurance and Improvement Areas

3.1 Wider role of Director of Audit & Assurance/Heads of Internal Audit

The Director of Audit & Assurance is an observer on the Public Sector Internal Audit Standards Advisory Board, a member of the Wales Public Sector Heads of Internal Audit Forum, and a co-opted member of the CIPFA Wales Council. He is also an Independent Member of the Audit Committee of Bristol City Council. One Head of Internal Audit is the Independent Chair of the Audit Committee at Swansea City Council.

3.2 QAIP Approach for 2019/20

The QAIP approach for 2019/20 will include (in addition to the standard areas):

1. A further part of the IAQAF approach
2. Follow up of the EQA and previous QAIPs.

APPENDIX A

IAQAF

HM Treasury has put together an Internal Audit Quality Assessment Framework (IAQAF) – published May 2013 – to “help evidence effective internal auditing in line with the Public Sector Internal Audit Standards. If the Standards are followed appropriately, this should enable internal auditors to state that their work is ‘conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.’”

The IAQAF is intended to apply to all government internal audit services where compliance with the Public Sector Internal Audit Standards (PSIAS) is required. The definition of an internal audit service will vary depending on the arrangements in place for the particular government body. For NWSSP, the appropriate definition is a group internal audit service with an overall assessment being made on the quality of the internal audit provided to the bodies that the group audits.

Where an internal audit service is provided by an integrated group the assessment should be performed on the group service as a whole, with specific reference to a representative sample of bodies to which the group service is provided. The results of the assessment should then be shared with each of the individual bodies that receive a service from the group.

The Framework has four sections reflecting four questions that the evaluation seeks to address:


- Purpose and positioning – Does the internal audit service have the appropriate status, clarity of role and independence to fulfil its professional remit?
- Structure and resources – Does the internal audit service have the appropriate structure and resources to deliver the expected service?
- Audit execution – Does the internal audit service have the processes to deliver an effective and efficient internal audit service?
- Impact – Has the internal audit service had a positive impact on the governance, risk and control environment within the organisation?

Each section is divided into several sub-sections covering key elements of an effective internal audit service as follows:

Purpose and positioning	Structure and resources	Audit execution	Impact
<ul style="list-style-type: none"> • Remit • Reporting lines • Independence • Risk based plan • Assurance strategy • Other assurance providers 	<ul style="list-style-type: none"> • Competencies • Technical training & development • Resourcing • Performance management • Knowledge management 	<ul style="list-style-type: none"> • Management of the IA function • Engagement planning • Engagement delivery • Reporting 	<ul style="list-style-type: none"> • Standing and reputation of internal audit • Impact on organisational delivery • Impact on governance, risk, and control

For each sub-section a series of statements of good practice are provided as a guide in determining the performance of the service. Against this an assessment should be made as to the degree of conformance using the following scale, aligned with the PSIAS:

- **Fully Conforms** the reviewer concludes that the internal audit service fully complies with each of the statements of good practice.
- **Generally Conforms** means the reviewer has concluded that the relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects. For the sections and sub-sections, this means that there is general conformance to a majority of the individual statements of good practice, and at least partial conformance to the others, within the sub-section. As indicated above, general conformance does not require complete/perfect conformance
- **Partially Conforms** means the reviewer has concluded that the internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit. Some deficiencies may be beyond the control of the service and may result in recommendations to senior management or the board of the organisation.
- **Does Not Conform** means the reviewer has concluded that the internal audit service is not aware of, is not making efforts to



comply with, or is failing to achieve many/all of the objectives and good practice statements within the section or sub-section. These deficiencies will usually have a significant negative impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the board.

- An overall assessment of the performance of the internal audit service in conforming to good practice should be made using the same scale.

APPENDIX B

Purpose and Positioning

Does the internal audit service have the appropriate status, clarity of role and independence to fulfil its professional remit?

Remit		
Statements of good practice	Assessment	Evidence
<p>An internal audit Charter defines the purpose, authority and responsibility, within the organisation, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards</p> <p>The internal audit Charter is approved by the AO and the Board and is regularly reviewed, and communicated to all senior management and other relevant people</p> <p>The Charter defines the nature and scope of the assurance and consulting services provided to the organisation (including any assurances provided to parties outside of the organisation) is such that it can provide independent and objective assurance and is not part of the direct control framework</p> <p>The Charter clearly defines internal audit's role in evaluating and contributing to the development of risk management, control and governance processes Internal audit's role in relation to any fraud-related / investigations work is clearly defined within the Charter.</p>	<p>√</p> <p>Fully conforms Generally conforms Partially conforms Does not conform</p> <p>Associated references PSIAS:</p> <p>Code of Ethics 1000 Purpose, Authority and Responsibility 1110 Organisational Independence 1210 Proficiency 2110 Governance 2120 Risk Management 2130 Control</p>	<p>Included in the Internal Audit Charter which is reviewed and updated (where appropriate) annually.</p> <p>The Internal Audit Charter is approved by the Audit Committee who are delegated to approve on behalf of the AO and the Board.</p> <p>Included in the Internal Audit Charter. We do not provide third-party assurances. As part of NWSSP we are independent of all other NHS organisations with the exception (technically) of Velindre University Hospitals NHS Trust as host to NWSSP.</p> <p>Included in the Internal Audit Charter. Counter-fraud is a separate function within NHS Wales but we have a signed protocol for joint working and hold regular meetings with colleagues in Counter Fraud.</p>

Reporting lines

Statements of good practice	Assessment	Evidence
<ul style="list-style-type: none"> The Board reviews and approves the appointment of the Chief Audit Executive (CAE) Reporting lines for the CAE support independence, with functional reporting to the Board The AO/Board agree the strategy/plans of the internal audit service The CAE or their representative attend all Board and/or senior management meetings, particularly where key issues are discussed relating to governance, risk management or control across the department and its ALBs The CAE meets regularly with the Accounting Officer The AO/Board Chair routinely see and consider the outputs of the internal audit service The Board is routinely updated with internal audit status and activity reports 	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto; text-align: center;">√</div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div>	<p>Formal appointments are made by the Director of Audit & assurance as a part of his remit but these are discussed and agreed beforehand with individual NHS organisations.</p> <p>Reporting lines and access support independence and functional reporting.</p> <p>The Audit Committee approved the annual Internal Audit plan.</p> <p>Relevant Board/Senior Management Team meetings are attended <u>but</u> not every single Board/SMT is attended.</p> <p>Head of Internal Audit has regular meetings with Directors of Governance (Board Secretary) and Audit Committee Chairs.</p> <p>The Audit Committee receives all Internal Audit outputs and our work is summarised in the Annual Governance Statement signed by the Chair of the Board and the AO. A separate annual opinion is also produced for each NHS organisation.</p> <p>Progress reports are produced for each Audit Committee and key messages are shared with the Boards.</p>
	<p>Fully conforms</p> <p>Generally conforms</p> <p>Partially conforms</p> <p>Does not conform</p>	
	<p>Associated references</p> <p>PSIAS:</p> <p>1100 Independence and Objectivity</p> <p>1110 Organisational Independence</p> <p>1111 Direct Interaction with the Board</p> <p>2010 Planning</p> <p>2060 Reporting to Senior Management and the Board</p>	

Remedial actions	Target date	Responsibility
Update audit approach documentation to reflect approach in NHS Wales through NWSSP/Director of Audit & Assurance arrangements.	September 2019	Director of Audit & assurance

Independence

Statements of good practice	Assessment	Evidence
<p>Internal audit's position within the organisation is clearly established including authorisation for access to records, personnel and physical properties relevant to the performance of engagements</p>	<p>√</p>	<p>Included in the Internal Audit Charter</p>
<p>The internal audit service is entirely free of executive responsibilities such that it can provide independent and objective assurance and is not part of the direct control framework</p>	<p>Fully conforms Generally conforms Partially conforms Does not conform</p>	<p>We have no Executive responsibilities in any organisation other than the Director of Audit & Assurance is part of NWSSP's Management Team</p>
<p>Conflict of interests are identified, appropriately managed and avoided including those transferring to internal audit from elsewhere in the organisation</p>	<p>Associated references PSIAS:</p> <p>Code of Ethics</p> <p>1100 Independence and Objectivity</p> <p>1110 Organisational Independence</p> <p>1120 Individual Objectivity</p> <p>1130 Impairment to Independence or Objectivity</p>	<p>Full disclosure undertaken annually</p>
<p>Audit personnel are routinely rotated on assignments</p>		<p>Yes</p>
<p>Audit personnel do not have any conflicting operating responsibilities or interests</p>		<p>Covered and monitored under the annual declarations of interest process</p>
<p>Consultancy work that internal audit may undertake is clearly defined and agreed by the Audit and Risk Assurance Committee</p>		<p>Yes, this is reported in the progress reports and we have a separate consulting protocol</p>
<p>Areas which have been the recipient of internal audit 'consultancy' work are subject to audit review by personnel independent of the consultancy work</p>		<p>Yes, this is built in to the Protocol</p>
<p>The CAE, at least annually, confirms to the Accounting Officer/Board the organisational independence of the internal audit activity</p>		<p>Yes, confirmed in the Annual Report.</p>
<p>The CAE notifies the appropriate parties if independence or objectivity is impaired in fact or appearance</p>		<p>This is built into the Internal Audit Charter and would be reported.</p>

Risk based plan

Statements of good practice	Assessment	Evidence				
<p>A risk based internal audit plan has been developed which:</p> <ul style="list-style-type: none"> • considers the relative risk maturity of the organisation • considers the risk appetite as defined by management • includes an assessment of optimal resources and skills required to deliver both the audit assurance and consultancy work, including identification of specialist skills, which may be required • is clearly designed to enable the CAE to deliver an annual opinion on the effective of Governance, risk management and the system of control • has been approved by the Accounting Officer and Board • has been promulgated to all relevant parties including members of the audit team, excluding any restricted information for senior managers only • is subject to regular review to ensure that it remains appropriate and current <p>Either the audit plan or a separate audit strategy document should:</p> <ul style="list-style-type: none"> • include an assessment of risks that the audit service itself faces in delivering the plan and plans for controlling and mitigating the risks identified • include consideration of if, and how, internal audit will rely on the assurance provided by other assurance providers • include an assessment of the range of audit techniques that have been selected as the most effective for delivering the audit objectives • set out how the internal audit service will measure its performance, quality assure itself and seek continuous improvement 	<table border="1" data-bbox="632 434 782 698"> <tr><td></td></tr> <tr><td>√</td></tr> <tr><td></td></tr> <tr><td></td></tr> </table> <p>Fully conforms Generally conforms Partially conforms Does not conform</p> <p>Associated references PSIAS: 2010 Planning 2020 Communication and Approval 2030 Resource Management</p>		√			<p>Yes – as part of the planning process</p> <p>Yes – as part of the planning process</p> <p>Yes – as part of the planning process</p> <p>Yes – range of work and link to risks outlined in plan</p> <p>Yes – all audit plans are approved by the relevant Audit Committee</p> <p>Yes – as part of the audit management process</p> <p>Yes – noted in plan that it will be subject to review and all changes are approved by the relevant Audit Committee</p> <p>Included in the IMTP</p> <p>Yes, in terms of external audit, counter-fraud, HIW and other regulatory and statutory providers</p> <p>Yes, included in individual internal audit scopes</p> <p>Yes, KPIs are reported and QAIP process undertaken by Director of Audit & Assurance</p>
√						

Remedial actions	Target date	Responsibility
Aspects of the risk based plan could be stated more effectively in the audit plan template	September 2019	Director of Audit & Assurance

Integration with other assurance providers

Statements of good practice	Assessment	Evidence
<ul style="list-style-type: none"> The internal audit service effectively co-ordinates with appropriate assurance providers to reduce the duplication and minimise gaps in the assurance framework 	√	<p>Ongoing liaison with external audit (through Protocol), Counter-Fraud (through Protocol) and HIW.</p> <p>Yes, through regular meetings and protocol.</p> <p>Yes, work done at NWSSP, NWIS, WHSSC and EASC is reported in the annual Head of Internal Audit Opinions and Annual Reports.</p> <p>N/A at this point – but a process would need to be developed if this were to happen.</p>
<ul style="list-style-type: none"> Internal audit promote co-operation between internal and external audit (particularly as set out in the Good Practice Guide published by HM Treasury and National Audit Office) 	<p>Associated references PSIAS: 2050 Coordination</p>	
<ul style="list-style-type: none"> When auditing shared service functions consideration is given to audit work being performed by other audit services such that duplication is minimised 		
<ul style="list-style-type: none"> When internal audit needs to work with other internal auditors from another organisation, the respective roles and responsibilities of the involved parties have been clearly defined and agreed with each Board 		

APPENDIX C

Quality Reviews 2018/19 – Exceptions and differences noted:

Independence, objectivity and competency (Q1 – 3)

No specific comments other than to note that external support was used to undertake 3 of the audits. In two cases the auditors had/have worked with us for some time while in one case the auditor was new to NWSSP and the NHS in Wales.

Engagement Planning (Q4 – 9)

Q5 – in a couple of instances, the scope had been changed either between draft and final or between final and the conclusion of the audit. In most cases the explanation was clear on the file and reasonable, however, in a couple of cases I needed to speak to the relevant HIA to understand the rationale. Also, in a small number of instances the brief on file was the 'draft' rather than the 'final' but there was evidence that the HB/Trust had agreed the scope.

Performing the engagement (Q10 – 11)

Q10 – it was clear generally how the findings recorded on the file linked to the findings in the report (draft and final), for example where the number of issues recorded did not match the number of recommendations made in the report it was clear how they had been merged or where additional information had cleared the original finding. Evidence recorded on files was generally to a high standard. This was consistent with previous years.

Supervision and review (Q12 – 13)

Q13 – Head of Internal Audit review was clear in all cases which was an improvement on previous years.

Q13 – there was one instance where a few 'steps' remained to be reviewed.

Q13 – there are small differences in the way each team uses the structure and steps to record evidence of work done and the findings e.g. the use of 'Current Issues' and 'Formulate Findings'. In addition, Teams have added additional schedules and matrixes where appropriate.

Reporting (Q14)

No specific comments other than to say I thought the quality of the reports was good and a number contained examples of good and comparative practice.

Completion (Q15 – 16)

Q15 – All teams now use the checklist to demonstrate that process and quality checks have been performed before the issue of the draft/final reports. In a few instances I think that files could have been signed-off as complete quicker than they were (after final report and the issue of a management feedback request).

Q16 – we have sought feedback for most reviews but only a couple had any evidence on file of the feedback. However, all reports do go through to Audit Committee which acts as a measure of the quality and relevance of our work and satisfaction surveys are included in each Head of Internal Audit and Annual Report.

Other Comments (Q17)

Specific comments on files are included on each individual checklist which has been sent to each HIA.

Overall Summary

Overall, the quality of audit files is good. The number of findings is consistent with the previous year. The key lesson going forward is to consistently demonstrate/evidence any changes between the draft and final reports.

There are small differences between the ways teams use TM steps and some have introduced their own schedules and matrixes. Going forward, we will set aside time to compare and contrast these documents to see if we adopt nationally or retain local discretion.