

Hywel Dda University Health Board

Intermediate Care Fund – Follow Up

FINAL INTERNAL AUDIT REPORT

May 2019

NHS Wales Shared Services Partnership

Audit and Assurance Services

Assurance Rating



REASONABLE Assurance

Previous Assurance Rating:
Limited Assurance

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| Committee: | Audit and Risk Assurance Committee |

ACKNOWLEDGEMENT

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

Disclaimer notice - Please note:

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1. Introduction and Background

The assignment originates from the Internal Audit Operational Plan 2018/19 and the subsequent report has been submitted to the relevant Executive Director and the Audit & Risk Assurance Committee.

The relevant lead Executive Director for the assignment and the operational lead is the Deputy Chief Executive/Director of Operations.

The original internal audit review (HDHB-1617-28) considered the governance arrangements in place surrounding the Intermediate Care Fund (ICF) programme to ensure that monies were being utilised in line with Welsh Government guidance. A report rating of limited assurance was derived from this review. This audit has reviewed the progress made by management to implement agreed actions to address the key findings identified in the previous report.

2. Scope and Objectives

The objective of the review was to establish progress made by management to implement actions agreed to address key issues identified during the 2016/17 review of governance arrangements in place surrounding the ICF programme to ensure that monies are being utilised in line with Welsh Government guidance.

The scope of the audit was limited to the follow-up of action taken in response to issues raised in the last report.

3. Associated Risks

The risks considered in the review were as follows:

- i. Governance arrangements are not robust;
- ii. The planning and delivery of the programme does not include the areas required by Welsh Government;
- iii. Mandatory reports are not provided to Welsh Government;
- iv. Monies are not suitably allocated across the Health Board region;
and
- v. Recommendations have not been address as agreed by management.

The approach to audit assignments is risk based, where the risks are identified with the lead manager. Controls would then be identified to manage those risks and the assignment scope designed to provide assurances on those issues.


The outcome of this review can be linked or contribute towards the Board Assurance Framework and Health and Care Standards (Governance, Leadership & Accountability).

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 level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the Intermediate Care Fund is **Reasonable** assurance.

| RATING | INDICATOR | DEFINITION |
|----------------------|---|--|
| Reasonable Assurance |  | <p>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.</p> |





Of the 17 recommendations made in the original Intermediate Care Fund audit, 15 had been implemented in full, whilst two recommendations had not been implemented. Two recommendations have been made as a result of the follow-up testing, covering the lack of a Health Board Finance representative at the Ceredigion ICF Panel meetings and the breach in submitting quarterly reports to the Welsh Government by a designated deadline date stated in the Written Agreement.

| Recommendations | | Progress on Implementation | | | |
|-----------------|----------|----------------------------|---------|-----------------|------------|
| Made | Accepted | In Full | In Part | Not Implemented | Superseded |
| 17 | 17 | 15 | 0 | 2 | 0 |

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.

5. Assurance Summary

The summary of assurance given against the audit area raised in the original Intermediate Care Fund audit is described in the table below:

| Audit Area | Assurance Summary* | | | |
|---|---|--|---|---|
| |  |  |  |  |
| Governance arrangements in place surrounding the ICF programme to ensure that monies are being utilised in line with Welsh Government guidance. | | | ✓ | |

* 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 of the Intermediate Care Fund. This is identified in the Management Action Plan as (D).

Operation of System/Controls

The findings from the review have highlighted one issue that is classified as a weakness in the operation of the designed system/control of the Intermediate Care Fund. This is identified in the Management Action Plan as (O).

6. Progress Against Previously Recommended Actions

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|--|--|----------|---|---|-----------------------------|
| 1 | The Terms of Reference relating to the Regional Partnership Board was due for review in December 2016, but this review did not take place. The Terms of Reference for the Integrated Programme Delivery Board remains in draft format. | Terms of Reference for both Committees should be formally approved and reviewed on a periodic basis. | L | The Regional Partnership Board (RPB) has agreed to review its terms of reference in July 2017. The Integrated Programme Delivery Board's terms of reference will be reviewed and formally approved over the summer. Lead: Head of Regional Collaboration Target: July 2017 | ADDRESSED The minutes from the 25 th March 2019 meeting of the West Wales Regional Partnership Board (WWRPB) noted that the revised terms of reference had been approved. We were informed by the Regional Programme & Business Manager that the Integrated Programme Delivery Board has ceased to operate. | No further action required. |
| 2 | Under current arrangements, decisions on the organisation of the ICF and assurance around appropriate use of the funding are effectively devolved to the local level. | The Regional Partnership Board should increase its accountability for the planning and use of ICF funding, as well as ensuring delivery, to maximise outcomes for people and the effective and efficient use of resources. | M | Regional Partnership Board approved revised governance for ICF at its meeting on 15 May 2017. These are contained within a new Written Agreement, which replaces the former MOU. The new arrangements strengthen the role of the Board in shaping the programme and scrutinising delivery. Local boards agreeing ICF programmes will be required to evidence that decisions have been made in accordance with the criteria of ICF and Welsh Government Guidance and submit information on delivery within stipulated deadlines to | ADDRESSED We can confirm that the Written Agreement for 2018/19 states that the project initiation, management and reporting are the joint responsibility of the Local Authority and Health Board via the Regional Partnership Board (RPB). The outlined responsibilities of the RPB include: <ul style="list-style-type: none"> Jointly agreeing projects to be funded through identified local governance | No further action required. |

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|----------|---|---|----------|--|--|-----------------------------|
| | | | | <p>inform quarterly reporting to the Integrated Programme Delivery Board, RPB and Welsh Government.</p> <p>Lead: Head of Regional Collaboration Target: May 2017</p> | <ul style="list-style-type: none"> Evidencing that projects meet the criteria of the Fund Monitoring delivery of activity and associated expenditure and mitigated identified risks to ensure timely delivery of identified objectives and outcomes <p>The amendment made to the Written Agreement for 2018/19 ensures that decisions on the organisation of the ICF and assurance around appropriate use of the funding are retained centrally by the RPB in line with Welsh Government (WG) requirements.</p> <p>In addition, we can confirm that quarterly highlight reports are submitted to the RPB detailing risks, issues, milestones achieved, shortfalls, forecasts for the next period and financial status – see Quarterly report for Q3 (October – December 2018).</p> | |
| 3 | There is no regional policy on dealing with in-year slippage. | A regional policy on dealing with in-year slippage should be agreed and implemented, in | H | The Written Agreement (as referred to in Management Response 2) requires Local Authority and Health Board partners at local level, to: 'manage potential overspends, underspends and | <p>ADDRESSED</p> <p>We can confirm that the Written Agreement for 2018/19 states that the Local Authority and Hywel Dda partners will jointly be responsible</p> | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|--|--|----------|--|---|-----------------------------|
| | | line with point 4.2.18 of the MOU. | | <p>slippage, obtaining formal approval through recognised local and regional governance, proposed reallocation of underspend to eligible projects and submitting these for endorsement by the RPB within [stipulated] timescales.'</p> <p>Lead: Head of Regional Collaboration & Local Programme Leads Target: May 2017</p> | <p>for the development and management of projects in partnership with other stakeholders to be delivered with the available funding.</p> <p>This includes the following narrative that addresses in-year slippage <i>"Manage potential overspends, underspends and slippage, obtaining formal approval through recognised local and regional governance, proposed reallocation of underspend to eligible projects and submitting these for endorsement by the RPB within timescales indicated below"</i>.</p> | |
| 4 | It is unclear whether ICF spending is always aligned to the Health Board's overall strategy and objectives. Review of papers relating to the Health Board's statutory Committees identified that ICF does not appear as a standing item on the | ICF projects, relating to the Health Board, should demonstrate effective links to the overall strategy and objectives of the organisation prior to being approved. ICF projects should be suitably monitored by the Health Board to ensure effective | M | <p>Agreed: Revised Project Brief templates have been issued by the Regional Collaboration Unit for 2017-18 and must be submitted for all funded projects. These explicitly require the identification of links between proposals and (1) local strategies and plans, (2) regional priorities and (3) needs identified in the West Wales Population Assessment'.</p> <p>Alignment to Health Board strategy & objectives</p> | <p>ADDRESSED</p> <p>A review of four project brief templates submitted and approved during 2018/19 were selected at random and tested to ensure clear links to overall strategy and objectives of the organisation were evident.</p> <p>We can confirm that 'Section 1' of the Project Brief templates tested, included background/ rationale of the project, with reference to:</p> | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|---|--|----------|---|---|-----------------------------|
| | agenda of any of the groups. | outcomes are being delivered. | | <p>Carmarthenshire: Both the previous Project Initiation Document (PID) template and the revised PID template for 17/18 require explicit links to HB strategic priorities to be called out. It is accepted that this was completed in varying detail by Project Managers of the various ICF schemes in 16/17, however, this is called out clearly within each PID for 17/18.</p> <p>Lead: Programme Leads & Partnership Governance Manager (Carmarthen) Target: May 2017</p> | <ul style="list-style-type: none"> • Testing alternative delivery concepts • Links with local strategies and plans (e.g. Transforming Clinical Services, IMTP, Well Being Plans, etc.) • How it contributes to regional priorities • Supports the delivery of objectives within the West Wales Area Plan | |
| 5 | The Terms of Reference relating to the ICF panel in Ceredigion had not been appropriately approved for use. | Terms of Reference should be formally approved and reviewed on a periodic basis. | L | <p>This was due to the guidance and allocation for 2016-17 ICF being circulated on the 20th April with PID submissions required by 12th May into the Regional Group and the Ceredigion HSCWB Exec group not meeting until June 2016. The updated Terms of Reference of the Ceredigion Integrated Care Fund Panel will be submitted for ratification to the Ceredigion Health and Social Care Well Being Exec Group on 21st June 2017.</p> <p>Lead: County Director Ceredigion Target: June 2017</p> | <p>ADDRESSED</p> <p>We can confirm that a Ceredigion ICF Panel terms of reference has been produced for 2019-22, with evidence provided of management sign-off in March 2019 by the following individuals (as the HSCWB Executive Group as not met recently or planned to meet in the future).</p> <ul style="list-style-type: none"> ➢ County Director Ceredigion (Hywel Dda) ➢ Chief Executive (CAVO) ➢ Statutory Director of Social Services/ Corporate Lead | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|--|---|----------|--|---|-----------------------------|
| | | | | | Officer for Adult Services (Ceredigion County Council) | |
| 6 | The Terms of Reference document relating to the ICF Project Group in Pembrokeshire was not in the expected format of a Terms of Reference document and did not include the required subjects of such a document. In addition, the document had not been formally approved for use. | A new Terms of Reference document should be developed, in line with an appropriate template for such a document. The Terms of Reference should be formally approved and reviewed on a periodic basis. | M | Terms of Reference for 2017/18 will be developed to address recommendation and to reflect the amended guidance for Integrated Care Fund as issued by Welsh Government. The Terms of Reference will be approved at Pembrokeshire Integrated Care Fund meeting 21st July 2017. Lead: Head of Joint Commissioning Pembrokeshire Target: July 2017 | ADDRESSED We can confirm that a terms of reference for the Pembrokeshire Integrated Care Fund (PICF) Group has been revised and explicitly includes the following: <ul style="list-style-type: none"> ➢ Background ➢ ICF Funding ➢ Purpose of PICF ➢ Roles and Responsibilities ➢ Quorum ➢ Governance Arrangements ➢ Reporting Arrangements Identified members that make up the PICF Group are detailed in the 'Purpose of PICF' section. We can confirm that the PICF terms of reference were agreed at the June 2018 PICF meeting. | No further action required. |
| 7 | An exit strategy has not been devised for the ICF programme. | An exit strategy should be developed to ensure the possible withdrawal of funds is dealt with in the | M | At its meeting on 15 th May 2017, the RPB recognised the need for an effective exit strategy for the programme overall and constituent projects within the remaining lifetime of the ICF, allowing new priorities to be | ADDRESSED The Programme Brief template that all ICF project submissions for 2018/19 required the author to detail their sustainability plans. | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|--|---|----------|--|---|------------------------------------|
| | | most efficient manner. | | <p>addressed whilst shifting the resourcing of successful projects to core funding. New quarterly meetings of the local ICF leads, facilitated by the Regional Collaboration Unit, will provide a forum for further discussion and agreement of shared approach.</p> <p>Lead: Head of Regional Collaboration & Local ICF Leads Target: May 2017</p> | <p>The sustainability plans must describe how successful concepts will be incorporated into either mainstream delivery, IMTP, TCS, Area Plan or Well-Being developments and its exit strategy.</p> <p>We can confirm that sustainability plans were evident for four sampled Project Briefs submitted for 2018/19.</p> | |
| 8 | Project Initiation Documents in Carmarthenshire relating to the TOCALs and Cartref Cynnes projects had not been prepared for the 16/17 financial year. | Project Initiation Documents should be prepared for each project at the start of each new financial year, in order to ensure that the projects are aligned to the ICF criteria. | L | <p>It is accepted that new PID's were not put in place for all recurring ICF schemes during 16/17. All Project Leads under ICF have been requested to submit new Programme Briefs which are on an agreed Regional template to allow consistency across West Wales/HDUHB. All PID's will be in place by Friday 9th June and submitted to the Regional Collaboration Unit.</p> <p>Lead: Partnership & Governance Manager Carmarthenshire Target: June 2017</p> | <p>ADDRESSED</p> <p>A review was undertaken to ensure a sample of approved ICF projects for 2018/19 had been submitted on the agreed regional template.</p> <p>We can confirm that the four ICF projects selected (1x Carmarthen, 2x Pembrokeshire, 1x Ceredigion) had been completed on the agreed regional template.</p> | No further action required. |
| 9 | Review of financial reports for Ceredigion's two selected projects identified recorded figures which were | Communication channels should be enhanced to ensure the finance department is fully aware of the spend | M | <p>Approval to commence the projects had been received on the 16th November; within the six weeks (to the end of quarter 3) little expenditure had been incurred as the majority of activity was in quarter 4.</p> | <p>NOT ADDRESSED</p> <p>A review of the last three ICF Panel minutes (Dec 2018 – March 2019) for 2018/19 within the Ceredigion locality identified the lack of a Health Board Finance Lead at the meetings.</p> | See Finding 1 in Appendix A |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|---|---|----------|--|--|-----------------------------|
| | inconsistent with the actual project spend. | to date on all projects, to ensure all expenditure, including committed expenditure, is accounted for. | | <p>The nominated Health Board Finance lead will attend all Ceredigion Integrated Care Fund Panel meetings to ensure all expenditure is aligned to PID approvals. Next meeting is 1st July 2017.</p> <p>Lead: County Director Ceredigion Target: July 2017</p> | <p>A review of the Ceredigion ICF Panel terms of reference does not list a Health Board Finance representative as a member. A review of the other ICF groups was undertaken to establish whether a Finance representative was a listed member. We noted that the membership of the Pembrokeshire ICF Panel includes a Finance representative, which Carmarthenshire ICF does not.</p> | |
| 10 | Internal Audit was not provided with evidence of the agreement of the Pembrokeshire projects, with the minutes of the ICF Project Group meetings not being provided upon request. | All proposed ICF projects must be agreed and approved by appropriate parties, with a clear audit trail maintained, in the form of minutes of meetings for example, as evidence of the approval. | H | <p>All Pembrokeshire projects had corresponding PIDs and had been approved by appropriate parties. It is acknowledged that not all minutes were available. This has been addressed and rectified for 2017/18 meetings.</p> <p>Lead: Head of Joint Commissioning Pembrokeshire Target: May 2017</p> | <p>ADDRESSED Concluding a review of the Pembrokeshire ICF (PICF) Group minutes for March 2018, we noted the submission of all ICF bids for 2018/19. We can confirm that all bids had a completed 'Project Brief' document to support their submission.</p> <p>All submitted ICF bids were reviewed and scored based on the priorities of the locality. Following this review, the ICF projects for Pembrokeshire were selected.</p> | No further action required. |
| 11 | Internal Audit was unable to locate minutes of any meeting where the | All proposed ICF projects must be agreed and approved by | H | <p>See above for improvements introduced to ensure robust local and regional scrutiny of proposals and delivery. Changes introduced for 2017-</p> | <p>ADDRESSED In 2018/19, ICF projects were required to be presented to the local</p> | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|--|--|----------|--|--|-----------------------------|
| | Behavioural Intervention Service project was officially agreed. | appropriate parties, with a clear audit trail maintained, in the form of minutes of meetings for example, as evidence of the approval. | | <p>18 include provision of a further regional top-slice to support programmes that will be delivered across the region. This will remove the need for colleagues to 'bid' separately in each County area. Approval and monitoring of delivery of these regional programmes will take place at regional level.</p> <p>Lead: Head of Regional Collaboration Target: May 2017</p> | <p>ICF Group before being submitted for approval at the WWRPB.</p> <p>All ICF project, both local and regional, that were approved by the WWRBP were recorded on a central Revenue Investment Plan 2018/19. The development and submission of the Revenue Investment Plan 2018/19 was evident in the WWRPB minutes for April 2018 and Agenda for June 2018.</p> <p>We can confirm that the Behavioural Intervention Service project was listed on the Revenue Investment Plan for 2018/19.</p> | |
| 12 | There was confusion over the actual spend on the Behavioural Intervention Service project. | Appropriate and timely update information should be made available to the regional team upon request. Spending on ICF projects should be in line with the objectives of the ICF and in line with the eligible costs set out in the | H | <p>The structure is now in place to report on spend in line with quarterly requirements.</p> <p>Lead: Head of Regional Collaboration & Programme Leads Target: May 2017</p> | <p>ADDRESSED</p> <p>The reporting of actual spend against budgeted spend for ICF projects are included in 'Highlight Reports' that are submitted to the WWRPB on a quarterly basis.</p> <p>The 'Highlight Report' sets out the progress of approved projects in addition to providing an update on key risks, issues, milestones, shortfalls, forecast for the next period and financial status. The above information was evident in the</p> | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|---|--|----------|--|---|-----------------------------|
| | | Project Initiation Document. | | | <p>'Highlight Report' for Quarter 3 2018/19. In addition, evidence of highlight report submission in the WWRPB agenda for the June 2018 meeting.</p> <p>The WWRPB also submit quarterly reports to the Welsh Government (WG) that supports the 'Highlight Report' with a breakdown of financial progress for every project. We noted the Health Board's ICF submission for Quarter 1 and the subsequent feedback letter received from WG.</p> | |
| 13 | The Regional Team does not hold copies of PIDs for each project on the programme. | Copies of all Project Initiation Documents should be provided to the Regional Team for review as soon as practicable following their agreement at local level. | M | <p>The Written Agreement for 2017-18 requires the completion and submission of Project Briefs for all funded initiatives to the Regional Collaboration Unit. Any failures to produce the required information will be reported to the Regional Partnership Board.</p> <p>Lead: Head of Regional Collaboration & Programme Leads Target: June 2017</p> <p>Carmarthenshire – This is accepted and in line with the response to Recommendation 8, all 17/18 PID's will be submitted to the Regional Team.</p> | <p>ADDRESSED</p> <p>A review was undertaken to ensure the Regional Team had retained copies of approved ICF project briefs for 2018/19.</p> <p>Upon request, Internal Audit were provided with four ICF project briefs (1x Carmarthen, 2x Pembrokeshire, 1x Ceredigion) that had been selected from the Revenue Investment Plan 2018/19.</p> | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|--|--|----------|---|--|---|
| | | | | <p>Lead: Partnership & Governance Manager Carmarthenshire Target: June 2017</p> <p>Ceredigion and Pembrokeshire – As in previous years, Ceredigion and Pembrokeshire will continue to submit all approved PIDs to the Regional Collaborative Unit.</p> <p>Lead: County Director Ceredigion & Pembrokeshire Target: June 2017</p> | | |
| 14 | <p>Quarter 2 and Quarter 3 reports were submitted late, after the required date of submission. The Quarter 3 report was submitted without being signed off by the appropriate Directors.</p> | <p>Quarterly reports and more substantive half yearly and annual reports should be submitted to Welsh Government no later than the mandatory submission dates, and should be signed off in the same manner as the MOU.</p> | H | <p>The Written Agreement stipulates deadlines for submission of information to inform the quarterly reports and also the dates on which resulting reports will be submitted to the Partnership in advance of Welsh Government. Meetings of the Integrated Programme Delivery Board (comprising second tier officers and providing detailed scrutiny of the regional programme generally) and the RPB are now bi-monthly. Where possible, preliminary drafts of the quarterly reports will be considered by the IPDB prior to the full reports going to the RPB. For certain quarters the deadlines for submission to Welsh Government prevent the reports being considered in full by the RPB – on such</p> | <p>NOT ADDRESSED</p> <p>The Written Agreement for 2018/19 explicitly notes the submission dates for the quarterly reports to the WG. The submission date to WG for the Quarter 1 report was the 27th July 2018. However, the Health Board submitted the report to WG on the 28th August 2018.</p> <p>The Regional Programme & Business Manager confirmed this reporting breach and noted that the other three quarterly reports for 2018/19 had not been submitted on time.</p> | <p>See Finding 2 in Appendix A</p> |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|---|---|----------|---|---|-----------------------------|
| | | | | <p>occasions virtual arrangements for sign-off will be in place. Failure by partners to submit required information in time for the quarterly reports will be brought to the attention of the RPB as a significant risk to overall scrutiny and transparency of the programme.</p> <p>Lead: Head of Regional Collaboration & Programme Leads Target: July 2017</p> | | |
| 15 | The Quarter 3 report to Welsh Government was submitted in an incomplete state, with narrative recorded of 'update awaited – to follow' for numerous projects. Of the seven projects that Internal Audit chose for sample testing, three projects (Cartref Cynnes Assessment Beds, Discharge Liaison Nurse and Behavioural Intervention Service) had not provided an | Update and outcome information on all projects should be submitted to the Regional Team in a timely manner. Reports to Welsh Government should be comprehensive and complete. | H | <p>See under Management Response 14 above.</p> <p>Carmarthenshire: There are some instances during the year that the quarterly report returns for 16/17 that reports were submitted with gaps in information. This was either due to no update being provided by the respective project lead or a late submission being provided after the deadline date had passed. To ensure better planning for 17/18, all quarterly report deadline dates have been circulated in advance. There is also some administrative support in place to send out reminder requests to project leads and to gather the information together, to ensure timely submission of the county quarterly report return to</p> | <p>ADDRESSED</p> <p>Concluding a review of the Quarter 1 report submitted to the WG in August 2018, we noted the following:</p> <ul style="list-style-type: none"> ➤ A fully completed highlight report ➤ Signed by key identified individuals in the Health Board and external partners ➤ Monitoring spreadsheet including update narrative for each project | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|--|--|----------|--|--|-----------------------------|
| | update for quarter 3 in time for the submission. | | | <p>the Regional Team. All Project Leads have been reminded of the importance of submitting comprehensive update reports in line with the outcomes they have stated their respective projects will achieve.</p> <p>Lead: Head of Regional Collaboration & Programme Leads Target: July 2017</p> <p>Ceredigion and Pembrokeshire: An outcome framework has been developed with the Regional Collaborative Unit and comprehensive reports will be submitted in a timely manner to agreed timescales. On-going from May 2017.</p> <p>Lead: Partnership & Governance Manager Carmarthenshire Target: May 2017</p> | | |
| 16 | The Regional Partnership Board has approved the report submissions for Quarter 1 and Quarter 2, but has done so retrospectively to the | Reports submitted to Welsh Government should be reviewed and approved by the Regional Partnership Board prior to submission. | H | <p>See under Management Response 14 above.</p> <p>The Quarter 4 report was approved by the RPB at its meeting on 15 May 2017 and subsequently submitted to Welsh Government. The Quarter 3 report was not taken through the IPDB or RPB because meeting dates did not accommodate this. The improved</p> | <p>ADDRESSED</p> <p>A review of the Quarter 1 report submitted to the WG in August 2018 was signed as approved by the following individuals:</p> <ul style="list-style-type: none"> ➤ Chief Executive ➤ Director of Finance | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
|----------|---|--|----------|---|---|-----------------------------|
| | date of submission in both cases. | | | governance arrangements for 2017-18 will address this moving forward. Lead: Head of Regional Collaboration & Programme Leads Target: July 2017 | <ul style="list-style-type: none"> ➤ Director of Communities – Carmarthenshire County Council ➤ Strategic Director Care, Protection & Lifestyle – Ceredigion County Council ➤ Director of Social Services & Leisure – Pembrokeshire County Council | |
| 17 | A formal review has not been undertaken on the apportionment of the ICF monies since the fund's introduction. | The allocation of ICF monies across the region should be periodically reviewed to ensure the apportionment remains reasonable and effective. | L | Revised governance arrangements adopted by the RPB on 15 May 2017 improve regional oversight of the programme, and provide for a greater amount of the funding being held at regional level to support programme coordination, delivery of the RPB's strategic priorities and other initiatives being delivered across the Region. The remainder of the funding is apportioned to each local area on a population basis. As noted above, local accountability and evidencing this to the RPB has been strengthened under the terms of the new Written Agreement. The need for incremental improvements to the management of the Fund, including exit strategies for individual programmes, transfer of resourcing from the ICF to core budgets where appropriate, and | <p>ADDRESSED</p> <p>The ICF Quarterly Report submitted to the June 2018 meeting confirmed that revenue allocation for 2018/19 had been set and allocated to the three localities within the Health Board's area, in addition to regional top slicing in order to contribute towards regional costs/projects.</p> <p>The monitoring and scrutiny of apportioned monies budgeted for regional and local projects are collated and submitted to the WG.</p> | No further action required. |

| Prev Ref | Previous Audit Finding | Previous Audit Recommendation | Priority | Management Response and Agreed Action | Progress on Implementation | Further Actions Required |
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| | | | | <p>further 'regionalisation' of the programme, has been identified by the RPB. Quarterly meetings of local leads, facilitated by the Regional Collaboration Unit, will take place throughout 2017-18 and will provide a forum for these changes to be discussed, with recommendations fed to the RPB as and when appropriate.</p> <p>Lead: Head of Regional Collaboration & Programme Leads Target: May 2017</p> | | |

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 | 1 | 0 | 2 |


| | |
|--|---|
| <p>Finding 1 (D) – Health Board Finance Representative</p> | <p>Risk</p> |
| <p>A review of the last three ICF Panel minutes (Dec 2018 – March 2019) for 2018/19 within the Ceredigion locality identified the lack of a Health Board Finance Lead at the meetings. We also noted that a Health Board Finance Lead was not listed as a member of the Ceredigion ICF Panel terms of reference (nor in Carmarthenshire), whereas the Pembrokeshire ICF Panel terms of reference notes a Finance Lead as a member.</p> | <p>Lack of a regular financial representative from the Health Board attending local ICF Panel meetings.</p> |
| <p>Recommendation 1</p> | <p>Priority Level</p> |
| <p>We would recommend that assessment is undertaken to establish the requirements for finance representative attendance at all ICF panels.</p> | <p>MEDIUM</p> |
| <p>Management Response</p> | <p>Responsible Officer/ Deadline</p> |
| <p>Recommendation agreed - Finance representation will be reviewed by the County Directors in conjunction with the Assistant Director of Finance and new arrangements established as appropriate to ensure a consistent approach across Hywel Dda.</p> | <p>County Directors By July 2019</p> |


| Finding 2 (O) – Welsh Government Submissions | Risk |
|---|---|
| <p>The Written Agreement for 2018/19 explicitly notes the submission dates for the quarterly reports to the Welsh Government (WG). The submission date to WG for the Quarter 1 report was the 27th July 2018. However, the Health Board submitted the report to WG on the 28th August 2018.</p> <p>The Regional Programme & Business Manager confirmed this reporting breach and noted that the other three quarterly reports for 2018/19 had not been submitted on time.</p> | <p>The Health Board is regularly breaching the designated deadline dates of quarterly ICF submissions set out in the Written Agreement.</p> |
| Recommendation 2 | Priority Level |
| <p>Management must ensure that quarterly ICF reports are submitted to Welsh Government no later than the designated submission dates set out in the Written Agreement.</p> | <p>HIGH</p> |
| Management Response | Responsible Officer/ Deadline |
| <p>Late submissions of quarterly reports have been due largely to delays in receiving activity and financial data from partners. Welsh Government has been fully informed of anticipated delays and the reasons for them on all occasions.</p> <p>The Written Agreement will be updated by the end of June 2019 and will provide an opportunity for re-emphasising quarterly reporting deadlines in advance. Increased capacity within the Regional Collaboration Unit will be</p> | <p>Head of Regional Collaboration and local programme leads/ From July 2019 (due date for submission of Q1 report)</p> |


| | |
|---|--|
| deployed to support partners in the retrieval and collation of data for inclusion in the reports. | |
|---|--|


Appendix B - Assurance opinion and action plan risk rating

2018/19 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** that arrangements to secure governance, risk management and internal control, within those areas under review, 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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