Mental Health and Learning Disabilities Directorate Governance Review

Final Internal Audit Report

October 2021

Hywel Dda University Health Board

NWSSP Audit and Assurance

GIG CYMRU NHS WALES
Partneriaeth Cydwasanaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services Partnership
Audit and Assurance Services

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Bwrdd Iechyd Prifysgol Hywel Dda University Health Board

Contents

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Executive Summary

Purpose

The purpose of the review was to establish whether the Directorate governance structures follow the principles set out in the Health Board's system of assurance and support the management of key risks.

Overview

The Directorate has faced challenges and difficulties due to the Covid-19 pandemic over the past 18 months that has resulted in the refocus of operational duties through this period. During this period the Directorate has maintained adequate governance structures and arrangements.

We identified one high priority issue in regard of the regular updating and management of risks. In addition, medium priority findings were highlighted to further enhance the current arrangements, including governance reporting and identification of financial saving schemes.

Report Classification

		Trend
Reasonable 	Some matters require management attention in control design or compliance. **Low to moderate impact** on residual risk exposure until resolved.	N/A No previous audit

Assurance summary[1]

Assurance objectives		Assurance
1	Governance Structures	Reasonable
2	Risk Management	Limited
3	Declarations of Interest, Gifts, Hospitality and Sponsorship	Substantial
4	Financial Management	Reasonable
5	Incidents and Concerns	Substantial

Matters Arising

		Assurance Objective	Control Design or Operation	Recommendation Priority
1	Terms of Reference	1	Operation	Medium
2	Risk Register	2	Operation	High
3	Saving Schemes	4	Operation	Medium

[1] The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

1. Introduction

1.1 The governance review of the Mental Health & Learning Disabilities (MHLD) Directorate was completed in line with the 2021/22 Internal Audit Plan. The relevant Executive Director lead for the assignment was the Director of Operations.

1.2 The following inherent risks were considered during this review:

- the directorate is not appropriately governed;
- risks are not identified or addressed;
- the financial position is not met; and
- lessons learned are not captured and addressed.

2. Detailed Audit Findings

Objective 1: The Directorate has appropriate governance structures, with key meetings having approved terms of reference, agendas, and work plans to provide assurance on key objectives and risk areas

2.1 The MHLD Directorate has an established Business Planning and Performance Group (BPPAG) and a Quality, Safety and Experience Group (QS&EG), which is supported by several sub-groups. A review of agendas and papers for the period April to August 2021 confirmed that bi-monthly meetings were being undertaken with key members in attendance.

2.2 A Terms of Reference (ToR) for the BPPAG and QS&EG was in place that describes their purpose, objectives, membership, attendees and operating arrangements. However, a review of the ToR's highlighted the following:

- The BPPAG ToR was dated '28.07.2016' and was referenced as 'Draft'. In addition, the quorate numbers had not been explicitly set out in the ToR.
- Details within the QS&EG ToR require updating, for example, frequency of meetings was stated as monthly. **[Matters Arising 1]**

2.3 We noted that there was an annual work plan in place for the QS&EG detailing the schedule of meetings and reporting cycle for 2021/22. Whilst there was no annual work plan for the BPPAG, we did note that the key standing items had been identified on the agenda around finance, performance, workforce and risk, amongst others. A review of the papers for the period April to August 2021 for both the BPPAG and QS&EG confirmed that sufficient discussion, scrutiny and reporting against key standing items was evident.

2.4 A review was undertaken of the following Directorate sub-groups ToR and minutes and the following noted:

SUB GROUP/ FORUM	VALID TOR	SET PURPOSE/ OBJECTIVE	FREQUENCY OF MEETINGS
IPTS (Integrated Psychological Therapies Services)	No	-	Monthly
Learning Disabilities Clinical Advisory Group (LDCAG)	No	Yes	Monthly
Older Adult Mental Health (OAMH) Dashboard Meeting	No	Yes	Monthly

2.5 The review of the MHLD sub-groups/forums identified one instance where a ToR was unable to be located for the IPTS; whilst the ToR for LDCAG was missing a review

date and the OAMH Dashboard Meeting ToR was due for review in April 2019. **[Matter Arising 1]**

Conclusion:

2.6 The above have resulted in a Reasonable assurance rating.

Objective 2: A risk management process is in place that ensures risks are appropriately identified, assessed, recorded, and escalated.

2.7 We can confirm that the Directorate risk registers were a standing agenda item at the bi-monthly BPPAG meetings and were also presented for information at the QS&EG meetings. A review of the minutes between April and August 2021 confirmed that the risk register had been presented for discussion.

2.8 A review of the latest Directorate risk register was undertaken to establish whether progress actions had been updated or closed. Of the 18 risks recorded on the risk register as at August 2021, we noted that nine risks had not been updated or closed by their set completion dates, including a number of actions that were due for completion in 2020. **[Matter Arising 2]**

Conclusion:

2.9 The above findings have resulted in a Limited rating.

Objective 3: The requirements of the declaration of interests, gifts, hospitality, and sponsorship has been implemented within the Directorate.

2.10 We undertook a review of the 2020/21 Health Board's registers of Staff Interests and Register of Gifts, Hospitality and Sponsorship to identify whether the Directorate had actively contributed to them.

2.11 The Health Board's *Standards of Behaviour Policy* requires specified groups of staff, senior members of staff are required to submit a declaration of interest form. We took a sample of five senior Directorate staff members and checked the Register of Staffs Interests for submission of their form. All five had submitted a Declaration of Interest form.

2.12 The review of the Register of Gifts Hospitality and Sponsorship highlighted three entries on the register of gifts, sponsorships or hospitality had been recorded for staff within the Directorate. All entries had been administered, including gifts that and were observed as all being below the £25 threshold.

Conclusion:

2.13 The above findings have resulted in a Substantial assurance rating.

Objective 4: Appropriate financial management arrangements are in place within the Directorate, including compliance with an up-to-date scheme of delegation.

2.14 We can confirm that the structure of the Directorate is based on the scheme of delegation set out in the Health Board Standing Orders and Standing Financial Instructions and budget holders' roles and responsibilities are defines within the Health Board Standing Financial Instructions.

2.15 We can confirm that the financial position of the Directorate was discussed by the Director of MHLD together with the Senior Finance Business Partner monthly, with ad-hoc meetings also taking place at service level with the Senior Finance Business Partner. We noted that scrutiny of the Directorate's financial position, covering overall and service level status was undertaken and minuted at the BPPAG meetings.

2.16 The Directorate receives a monthly report that details the Directorate's financial position including actual and forecasted spend and other variances to the budget. The Directorate's financial position as at Month 5 highlighted a £195k underspent, with a forecasted underspend for the year of £1.62million, against an annual budget of £82.25m.

2.17 Whilst actions were listed to address the current in-year overspend, specific savings schemes had not been identified to address the overall Directorate deficit reflecting the service pressures during the Covid-19 pandemic. A review of potential savings schemes was requested to be identified by the Finance Business Partner at the BPPAG meeting in May 2021. **[Matter Arising 3]**

Conclusion:

2.18 The finding above has resulted in a Reasonable assurance rating.

Objective 5: Directorate has appropriate processes in place to ensure actions are taken as a result of incidents and concerns.

2.19 We can confirm that incidents and concerns are a standing agenda item on the QS&EG meetings. Review of the minutes for the period April to August 2021 confirmed that incidents and complaints were discussed, monitored, and closed off when necessary. In addition, discussion around incidents and concerns was evidenced within the minutes of 'dashboard' meetings at service level.

Conclusion:

2.20 The findings above have resulted in a Substantial assurance rating.

Appendix A: Management Action Plan

Matter Arising 1: Terms of Reference (Operation)		**Impact**
Review of the BPPAG ToR highlighted the lack of an approval and the review date had lapsed; whilst quorate numbers had not been explicitly referenced. In addition, we noted that the QS&EG ToR requires updating, for example the frequency of meetings. We also identified one instance where a ToR was unable to be located for the IPTS meetings; whilst the ToR for LDCAG meeting was missing a review date and the OAMH meeting ToR was due for review in April 2019.		Potential risk of: • the Directorate is not appropriately governed.
Recommendations		**Priority**
Management should ensure complete and accurate terms of reference for the BPPAG and QS&EG meetings and supporting sub-groups are maintained and approved.		**Medium**
Agreed Management Action	**Target Date**	**Responsible Officer**
Agreed – The BPPAG will be reviewed and ratified, whilst the QS&EG TOR will be amended to reflect bi-monthly meeting in the coming weeks. In addition, a sub-group TOR tracker will be developed.	31st October 2021	Liz Carroll (Director of Mental Health & Learning Disabilities)

Matter Arising 2: Risk Register (Operation)		**Impact**
Of the 18 risks recorded on the Directorate risk register as at August 2021, we noted that nine risks had not been updated or closed by their set completion dates, including a number of actions that were due for completion in 2020.		Potential risk of: • risks are not identified or addressed.
Recommendation		**Priority**
Management must ensure the progress of actions recorded on the Directorate's risk register are updated and reviewed on a regular basis.		**High**
Agreed Management Action	**Target Date**	**Responsible Officer**
Agreed – The Directorate risk register will be reviewed and amended to reflect the current position.	31st October 2021	Karen Amner (Directorate Support Manager)

Matter Arising 3: Saving Schemes (Operation)		**Impact**
Whilst actions were listed to address the current in-year overspend, specific savings schemes had not been identified to address the overall Directorate deficit reflecting the service pressures during the Covid-19 pandemic. A review of potential savings schemes were requested to be identified by the Finance Business Partner at the BPPAG meeting in May 2021.		Potential risk of: • the financial position is not met.
Recommendations		**Priority**
Management should ensure a review and identification of potential saving schemes is undertaken to contribute to addressing the Directorate's financial deficit.		**Medium**
Agreed Management Action	**Target Date**	**Responsible Officer**
Whilst the directorate is currently underspent against budget, work is ongoing with Finance colleagues to scope and identify savings opportunities during 2021/22 and beyond.	31st March 2022	Liz Carroll (Director of Mental Health & Learning Disabilities)

Appendix B: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	**Substantial assurance**	Few matters require attention and are compliance or advisory in nature. **Low impact** on residual risk exposure.
	**Reasonable assurance**	Some matters require management attention in control design or compliance. **Low to moderate impact** on residual risk exposure until resolved.
	**Limited assurance**	More significant matters require management attention. **Moderate impact** on residual risk exposure until resolved.
	**No assurance**	Action is required to address the whole control framework in this area. **High impact** on residual risk exposure until resolved.
	**Assurance not applicable**	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. 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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