

Final Head of Internal Audit Opinion & Annual Report 2021/2022

May 2022

Hywel Dda University Local Health
Board



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Contents

1. EXECUTIVE SUMMARY	3
1.1 Purpose of this Report.....	3
1.2 Head of Internal Audit Opinion 2021-22	3
1.3 Delivery of the Audit Plan	3
1.4 Summary of Audit Assignments	4
2. HEAD OF INTERNAL AUDIT OPINION	6
2.1 Roles and Responsibilities.....	6
2.2 Purpose of the Head of Internal Audit Opinion.....	7
2.3 Assurance Rating System for the Head of Internal Audit Opinion ...	7
2.4 Head of Internal Audit Opinion	8
2.5 Required Work	15
2.6 Statement of Conformance	15
2.7 Completion of the Annual Governance Statement	16
3. OTHER WORK RELEVANT TO THE HEALTH BOARD.....	16
4. DELIVERY OF THE INTERNAL AUDIT PLAN.....	19
4.1 Performance against the Audit Plan	19
4.2 Service Performance Indicators.....	19
5. RISK BASED AUDIT ASSIGNMENTS	20
5.1 Overall summary of results.....	20
5.2 Substantial Assurance (Green).....	21
5.3 Reasonable Assurance (Yellow)	22
5.4 Limited Assurance (Amber)	24
5.5 No Assurance (Red).....	25
5.6 Assurance Not Applicable (Grey)	25
6. ACKNOWLEDGEMENT	27

Appendix A	Conformance with Internal Audit Standards
Appendix B	Audit Assurance Ratings

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Audit & Risk Assurance Committee:	9th June 2022

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit 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 Hywel Dda University Health Board 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. EXECUTIVE SUMMARY

1.1 Purpose of this Report


Hywel Dda University Health Board’s (Health Board) Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation’s objectives and is also responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the Head of Internal Audit.

This report sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

As a result of the continued impact of COVID-19 our audit programme has been subject to change during the year. In this report we have set out how the programme has changed and the impact of those changes on the Head of Internal Audit opinion.

1.2 Head of Internal Audit Opinion 2021-22 (Draft)

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Chief Executive as Accountable Officer and the Board which underpin the Board’s own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is focused on risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement. The overall opinion for 2021/22 is that:

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.
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1.3 Delivery of the Audit Plan

Due to the considerable impact of COVID-19 on the Health Board, the internal audit plan has needed to be agile and responsive to ensure that

key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the Health Board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit & Risk Assurance Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for 2021/22 year was initially presented to the Committee in April 2021. Changes to the plan have been made during the course of the year and these changes have been reported to the Audit & Risk Assurance Committee as part of our regular progress reporting.

There are, as in previous years, audits undertaken at NWSSP, DHCW, WHSSC and EASC that support the overall opinion for NHS Wales health bodies (see section 3).

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of Internal Auditors (in 2018), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work continues to 'generally conform' to the requirements of the Public Sector Internal Audit Standards for 2021/22. For this year, as in 2020/21, our QAIP has considered specifically the impact that COVID-19 has had on our audit approach and programmes. We are able to state that our service 'conforms to the IIA's professional standards and to PSIAS.'

1.4 Summary of Audit Assignments

This report summarises the outcomes from our work undertaken in the year. In some cases, audit work from previous years may also be included and where this is the case, details are given. This report also references assurances received through the internal audit of control systems operated by other NHS Wales organisations (again, see section 3).

The audit coverage in the plan agreed with management has been deliberately focused on key strategic and operational risk areas; the outcome of these audit reviews may therefore highlight control weaknesses that impact on the overall assurance opinion.

Overall, we can provide the following assurances to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the areas in the table below.

Where we have given Limited Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

In addition, and in part reflecting the impact of COVID-19, we also undertook a number of advisory and non-opinion reviews to support our overall opinion. A summary of the audits undertaken in the year and the results are summarised in table 1 below.

Table 1 – Summary of Audits 2021/22

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> • IT Back Ups • Workforce Planning • Performance Management & Reporting • NIS Directives • Organisational Values & Staff Wellbeing • Risk Management & Board Assurance Framework 	<ul style="list-style-type: none"> • HTA Compliance • Single Tender Actions • Women & Child Health Directorate Governance • Medical Staff Recruitment • Waiting List Risk Management • Mental Health & Learning Disabilities Directorate Governance • Prince Phillip Hospital Directorate Governance • Planning Objectives and Recovery Plan • Therapies Directorate Governance • Financial Management & Reporting • IM&T MH PAS Follow up • Use of Consultancy Follow up • Waste Management • Primary Care Clusters • Women and Children Capital Scheme • Nurse Staffing Act • Partnership Governance Follow up • Infection Prevention & Control
Limited Assurance	Advisory/Non-Opinion
<ul style="list-style-type: none"> • Welsh Language Standards • Use of Consultancy • IM&T Mental Health Patient Administration System (MH PAS) • Trittech Governance 	<ul style="list-style-type: none"> • Field Hospital Decommissioning • Discharge Processes • Records Management • Bank Staff Overpayment • Blackline Reconciliation Process

<ul style="list-style-type: none"> • Non Clinical Temporary Staffing • Prevention of Self Harm 	
No Assurance	
N/A	

Please note that our overall opinion has also taken into account both the number and significance of any audits that have been deferred during the course of the year (see section 5.7) and also other information obtained during the year that we deem to be relevant to our work (see section 2.4.2).

2. HEAD OF INTERNAL AUDIT OPINION

2.1 Roles and Responsibilities

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation’s objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Standards; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The Health Board’s risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and

approved by the Audit Risk & Assurance Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Health Board. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Audit Risk & Assurance Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

2.2 Purpose of the Head of Internal Audit Opinion

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Hywel Dda University Health Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement and may also be taken into account by regulators including Healthcare Inspectorate Wales in assessing compliance with the Health & Care Standards in Wales, and by Audit Wales in the context of both their external audit and performance reviews.

The overall opinion by the Head of Internal Audit on governance, risk management and control results from the risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

2.3 Assurance Rating System for the Head of Internal Audit Opinion

The overall opinion is based primarily on the outcome of the work undertaken during the course of the 2021/22 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

A quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting

process to ensure the overall opinion is consistent with the underlying audit evidence.

We take this approach into account when considering our assessment of our compliance with the requirements of PSIAS.

The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.


This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix B**.

The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight assurance domains that were used to frame the audit plan at its outset (see section 2.4.2).

2.4 Head of Internal Audit Opinion

2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk-based audit plan which has been agreed with senior management and approved by the Audit and Risk Assurance Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management, and control is set out below.

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.
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any Limited Assurance opinions issued during the year and the significance of the recommendations made (of which there were six audits in 2021/22).

2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2021/22 and reported to the Audit & Risk Assurance Committee has been aggregated at Section 5.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit & Risk Assurance Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).
- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).
- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of ad hoc work and support provided; liaison with other assurance providers and inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

As stated above, these detailed results have been aggregated to build a picture of assurance across the Health Board.

In reaching this opinion we have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the opinions issued during the year, six were allocated Substantial Assurance, eighteen were allocated Reasonable Assurance and six were allocated Limited Assurance. No reports were allocated a 'no assurance' opinion. In addition, five advisory or non-opinion reports were also issued.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan;

removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit & Risk Assurance Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

A summary of the findings is shown under the eight sections below.

Corporate Governance, Risk Management and Regulatory Compliance

We have undertaken one audit in this area, along with a review of the Governance Statement.

The audit of the Risk Management and Board Assurance Framework concluded that the Health Board has an effective corporate risk management process in place, incorporating a robust Board Assurance Framework aligned to strategic objectives.

A review of the Governance Statement highlighted that its description of arrangements was considered to be consistent with our knowledge of the UHB, through the audit work performed in the Internal Audit plan and a review of other organisational information.

Strategic Planning, Performance Management & Reporting

We have undertaken three audits in this area.

The audit of Performance Management & Reporting identified that the Health Board had made a number of developments to its arrangements during the last year and the audit concluded positively with Substantial Assurance given.

The audit of the Annual Plan & Planning Objectives concluded with Reasonable Assurance.

The follow up audit of Partnership Governance identified that many of the recommendations had been actioned by management with Reasonable Assurance being given.

Financial Governance and Management

We have undertaken five audits in this area at the Health Board, including one in year follow up audit and one non opinion review. In addition to the Health Board work, the audits of the national financial systems operated at NWSSP have been completed.

The audit of Financial Management & Reporting concluded positively with Reasonable Assurance.

An audit of the Use of Consultancy identified a number of key findings and was given Limited Assurance. A follow up audit was undertaken later in the year and noted management had taken prompt action in addressing the findings from the earlier audit with Reasonable Assurance given to the follow up audit.

The audit of Single Tender Actions concluded with Reasonable although the report identified areas where controls required strengthening.

In addition to this we have completed a non-opinion review on the Blackline reconciliation system.

The audits of the payment systems provided by NWSSP, which we audit each year to provide assurance to the Health Board all concluded with positive assurance. The primary care contractor payment systems audit was given Substantial Assurance, with the audits of and Accounts Payable and Payroll receiving Reasonable Assurance.

Quality & Safety

We have undertaken four audits in this area, three being given Reasonable Assurance and one limited Assurance.

The audits of Nurse Staffing Act, HTA Compliance and Infection Prevention and Control concluded positively with Reasonable Assurance, although some areas for improvement were recommended in each audit.

During the year management request that an audit of Prevention of Self Harm was included within the plan as it had been identified as an area of risk. The audit identified several key findings and gave Limited assurance to this area. An action plan has been agreed with management in order to strengthen the control environment and will be followed up as part of the 22/23 audit plan.

Information Governance & Security

We have undertaken four audits in this area, including one in year follow up audit.

The audits of IT Backs ups and NIS Directives concluding positively with Substantial Assurance in given for each audit.

An audit of the implementation of WPAS into Mental Health identified a number key weakness relating to the project management and system implementation arrangements. A number of high priority recommendations were made as a result, with a rating of Limited Assurance given. A subsequent follow up during the year review identified that management had taken prompt action to address several of these findings within a short timescale with a follow up rating of Reasonable given.

Operational Service and Functional Management

We have undertaken eleven audits in this area, including three non-opinion reviews.

Directorate Governance audits were carried out in each of the four following areas, Prince Phillip Hospital, Women & Child Health, MHLD and Therapies. The audits concluded Reasonable Assurance in each case, although recommendation to further strengthening the control environment was made in each audit.

The audits of Primary Care Clusters and Waiting List Risk Management both concluded with Reasonable Assurance.

During the year management request that an audit of Tritech was included within the plan, looking at the arrangements for establishing the new collaboration, as it had been identified as an area of potential risk. The audit identified several key findings and gave Limited assurance to this area. An action plan has been agreed with management in order to strengthen the control environment and will be followed up as part of the 22/23 audit plan.

During the year an audit of Welsh Language Standards was undertaken, and the audit identified several key findings and gave Limited assurance to this area. An action plan has been agreed with management in order to strengthen the control environment and will be followed up as part of the 22/23 audit plan.

Three non-opinion audits were undertaken during the covering Records Management follow up, Field Hospital Decommissioning and Discharge Process. The audit of Discharge Process did highlight a number of areas for management consideration where improvements were required and will be followed up as part of the 22/23 audit plan.

Workforce Management

We have undertaken five audits in this area, including one non opinion audit.

The audits of both Workforce Planning and Organisational Values & Staff Wellbeing both concluded positively with each receiving Substantial Assurance, with the audit of Medical Staff Recruitment being given Reasonable Assurance.

During the year management request that an audit of Non Clinical Temporary Staffing was included within the plan as it had been identified as an area of risk. The audit identified several key findings and gave Limited assurance to this area. An action plan has been agreed with management

in order to strengthen the control environment and will be followed up as part of the 22/23 audit plan.

A non-opinion audit has been undertaken looking at aspects of the Bank Staff Payment Process.

Capital & Estates Management

We have undertaken two audits in this area, with both the audits of Women and Children's Capital Scheme 2021/22 and Waste Management both being concluded with a Reasonable Assurance.

2.4.3 Approach to Follow Up of Recommendations

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance. We also undertake some testing on the accuracy and effectiveness of the audit recommendation tracker.

In addition, Audit Risk & Assurance Committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit risk and assurance committee meetings and observe the quality and rigour around these processes.

For the second year in a row, due to the impact of COVID-19, we are aware that it has been more difficult than usual for NHS organisations to implement recommendations to the timescales they had originally agreed. In addition, we also recognise that for new recommendations it may be more difficult to be precise on when exactly actions can be implemented by. However, it remains the role of Audit Risk & Assurance Committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management. Where appropriate, we have adjusted our approach to follow-up work to reflect these challenges.

Going forward, given that it is very likely that the number of outstanding recommendations will have grown during the course of the pandemic, audit committees will need to reflect on how best they will seek to address this position.

We have considered the impact of both our follow-up work and where there have been delays to the implementation of recommendations, on both our ability to give an overall opinion (in compliance with the PSIAS) and the level of overall assurance that we can give.

The Health Board's recommendation tracking process continued during 2021/22, but the pandemic effected the ability of management to take

forward recommendations in some areas. The Audit Risk & Assurance Committee have been updated during the year about the ongoing position of recommendations implemented and the level of recommendations still to be actioned.

From the specific follow up audits undertaken in 2021/22, it was identified that progress had been made by management in implementing recommendations from both the Mental Health PAS and Use of Consultancy audits with an improved assurance rating given. However, limited progress was seen with the progression of some recommendations associated with Records management. Internal Audit has also undertaken work with the Health Board's Risk & Assurance team to review outstanding recommendations.

2.4.4 Limitations to the Audit Opinion

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

As mentioned above the scope of the audit opinion is restricted to those areas which were the subject of audit review through the performance of the risk-based Internal Audit plan. In accordance with auditing standards, and with the agreement of senior management and the Board, Internal Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems. In addition, the impact of COVID-19 on this year's (and to an extent last year's) programme makes any comparison even more difficult.

2.4.5 Period covered by the Opinion

Internal Audit provides a continuous flow of assurance to the Board and, subject to the key financials and other mandated items being completed in-year, the cut-off point for annual reporting purposes can be set by agreement with management. To enable the Head of Internal Audit opinion to be better aligned with the production of the Annual Governance Statement a pragmatic cut-off point has been applied to Internal Audit work in progress.

By previous agreement with the Health Board, audit work reported to draft stage has been included in the overall assessment, with all other work in

progress rolled-forward and reported within the overall opinion for next year.

The majority of audit reviews will relate to the systems and processes in operation during 2021/22 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the Health Board's Annual Report and accordingly will be completed and reported to management and the Audit & Risk Assurance Committee subsequent to this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed by drawing on the assurance work completed as part of this current year's plan.

2.5 Required Work

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2021/22.

2.6 Statement of Conformance

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of Internal Audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Internal Auditors (IIA) in February and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Audit & Risk Committee that it has conducted its audit at Health Board in conformance with the Public Sector Internal Audit Standards for 2021/22.

Our conformance statement for 2021/22 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2021/22 which will be reported formally in the Summer of 2022; and
- the results of the work completed by Audit Wales.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2021/22 QAIP report. There are no significant matters arising that need to be reported in this document.

2.7 Completion of the Annual Governance Statement

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to take into account other assurances and risks when preparing their statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- direct assurances from management on the operation of internal controls through the upward chain of accountability;
- internally assessed performance against the Health & Care Standards;
- results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management;
- reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales.

3. OTHER WORK RELEVANT TO THE HEALTH BOARD

As our internal audit work covers all NHS Wales organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation's audit programme, will cover activities relating to other Health bodies. These are set out below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership;
- Digital Health & Care Wales;
- Welsh Health Specialised Services Committee; and
- Emergency Ambulance Services Committee.

NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre University NHS Trust, a number of audits were undertaken which are relevant to the Health Board. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the Health Board, derived the following opinion ratings:

Audit	Opinion	Outline Scope
Procure to Pay (P2P)	Reasonable	The purpose of the audit review was to evaluate and determine the adequacy of the systems and controls in place over the management of the NWSSP Procure to Pay (P2P) service.
Payroll	Reasonable	The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for the management of Payroll Services.
Primary Care Services –Medical (GMS), Pharmaceutical (GPS), Dental (GDS), and Ophthalmic (GOS) Services	Substantial	The overall objective of the review was to evaluate and determine the adequacy of controls in place to administer timely and accurate payments to primary care contractors

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

Digital Health & Care Wales (DHCW)

As part of the internal audit programme at DHCW, a Special Health Authority that started operating from 1 April 2021, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

Audit	Opinion	Outline Scope
Welsh Radiology Information System	Reasonable	To provide assurance over the adequacy of the processes in place in DHCW for the management of the WRIS and the data within it.
Data Centre Transition	Substantial	To evaluate and determine the adequacy of the processes in place in DHCW for the management of the Data Centre move and the current Data Centre Service.

Data Analytics (Information)	Reasonable	To provide assurance to DHCW that arrangements are in place to enable NHS Wales to maximise the use of analytics in an appropriate and secure manner.
System Development	Reasonable	To provide assurance over the adequacy of the processes in place in DHCW for securely developing and maintaining applications for NHS Wales.
GP System Procurement Project	Substantial	To provide assurance over the GP System Procurement project to ensure that appropriate project governance is in place, that stakeholders are fully engaged and that there is clarity over costs and benefits.

Please note that other audits of DHCW activities are undertaken as part of the overall DHCW internal audit programme. The overall Head of Internal Audit Opinion for DHCW is Reasonable Assurance.

Welsh Health Specialised Services Committee (WHSSC) and Emergency Ambulance Services Committee (EASC)

The work at both the Welsh Health Specialist Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC) is undertaken as part of the Cwm Taf Morgannwg internal audit plan. These audits are listed below and derived the following opinion ratings:

Audit	Opinion	Outline Scope
WHSSC – Risk management	Reasonable	To evaluate and determine the adequacy of the systems and controls in place in relation to risk management.
WHSSC – Cancer and blood services	Substantial	To evaluate and determine the adequacy of the systems and controls in place for the Cancer and Blood Programme.
WHSSC – All Wales Positron Emission Tomography (PET) Service	Reasonable	To evaluate the oversight and delivery of the PET programme and to determine the adequacy of the systems and controls put in place by WHSSC. The audit also examined the arrangements in place at WHSSC to obtain assurances from the resulting projects.
EASC – Governance arrangements	Reasonable	To evaluate and determine the adequacy of the governance arrangements in place with a focus on the governance

		framework and the mechanisms of committees and groups.
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Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report. DHCW audits are summarised in the DHCW Head of Internal Audit Opinion and Annual Report, and the WHSSC and EASC audits are summarised in the Cwm Taf Morgannwg University Health Board Head of Internal Audit Opinion and Annual Report.

4. DELIVERY OF THE INTERNAL AUDIT PLAN

4.1 Performance against the Audit Plan

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit & Risk Assurance Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit & Risk Assurance Committee during the year. Audits that remain to be reported but are reflected within this Annual Report will be reported alongside audits from the 2022/23 operational audit plan.

The revised audit plan approved by the Committee in April 2021 contained 37 planned reviews. Changes have been made to the plan with eight audits added and ten deferred/cancelled. All these changes have been reported to and approved by the Audit & Risk Assurance Committee. As a result of these agreed changes, we have delivered 35 audits.

The assignment status summary is reported at section 5.

In addition, we may respond to requests for advice and/or assistance across a variety of business areas across the Health Board. This advisory work, undertaken in addition to the assurance plan, is permitted under the standards to assist management in improving governance, risk management and control. This activity is reported during the year within our progress reports to the Audit & Risk Assurance Committee.

4.2 Service Performance Indicators

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed, as are set out for 2021/22 in the table below.

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2021/22	G	April	By 30 June	Not agreed	Draft plan	Final plan
<i>Total assignments reported against adjusted plan for 2021/22</i>	G	100%	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	94%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%

5. RISK BASED AUDIT ASSIGNMENTS

The overall opinion provided in Section 1 and our conclusions on individual assurance domains is limited to the scope and objectives of the reviews we have undertaken, detailed information on which has been provided within the individual audit reports.

5.1 Overall summary of results

In total 35 audit (one tba) reviews were reported during the year. Figure 2 below presents the assurance ratings and the number of audits derived for each.

Figure 2 Summary of audit ratings

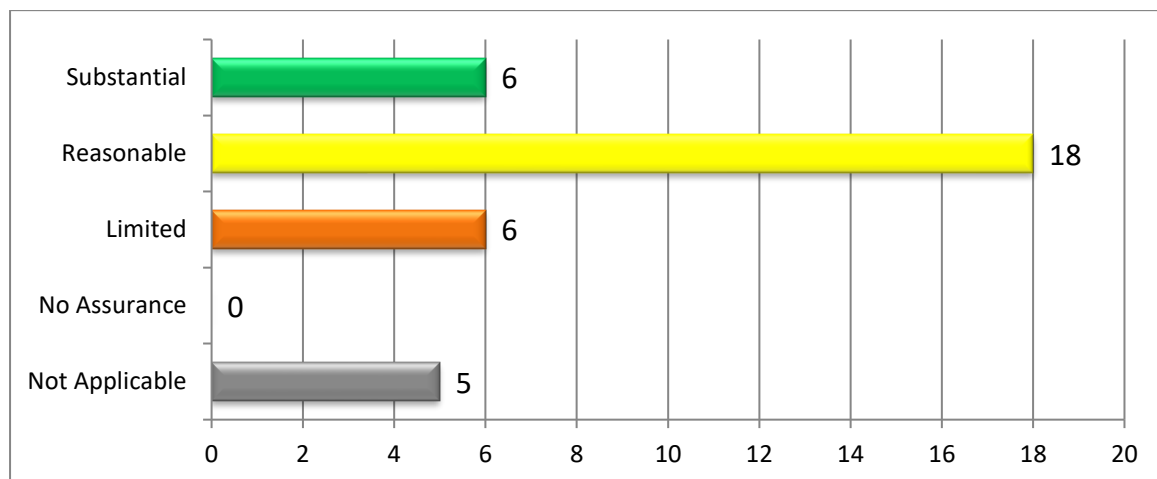


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP, EASC, WHSSC and DHCW.

The assurance ratings and definitions used for reporting audit assignments are included in **Appendix B**.

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management. In some cases, the impact of COVID-19 was the reason for the deferral or cancellation and in other cases, it was recognised that there was action required to address issues and/or risks already known to management and an audit review at that time would not add additional value. These audits are documented in section 5.7.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

5.2 Substantial Assurance (Green)



In the following review areas, the Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Those few matters that may require attention are compliance or advisory in nature with low impact on residual risk exposure.

Review Title	Objective
IT Back Ups	The purpose of the review is to provide assurance that a process is in place for ensuring that adequate plans exist, which are followed for the routine backup of systems or critical data and for the recovery of these items after an interruption of processing.
Workforce Planning	The purpose of the review was to evaluate and determine the adequacy of the systems and controls in place within the Health Board for the development and management of the Workforce Plan
Performance Management & Reporting	The purpose of this audit review is to provide assurance to the Health Board of the the quality of information and effectiveness of the arrangements in place for the monitoring and reporting of performance.
NIS Directives	Review arrangements in place for the implementation of the NIS Directive in the Health Board, including the Cyber Assessment Framework (CAF), improvement plan and overarching governance.
Organisational Values & Staff Wellbeing	The purpose of the review was to establish whether appropriate arrangements are in place for the monitoring and continued review and implementation of the Organisational Values and Behaviours Framework and to evaluate adequacy of assessment and response to Staff Wellbeing levels.
Risk Management & Board Assurance Framework	To review the organisation-wide risk management arrangements and the development of the board assurance framework. This audit focused on the corporate risk management arrangements including corporate oversight of Directorate risks.

5.3 Reasonable Assurance (Yellow)



In the following review areas the Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Some matters require management attention in either control design or operational compliance and these will have low to moderate impact on residual risk exposure until resolved.

Review Title	Objective
HTA Compliance	The purpose of the review is to establish whether clear and appropriate arrangements are in place to manage and monitor compliance with the Human Tissue Act (HTA).
Single Tender Actions	The purpose of the review is to establish whether appropriate arrangements are in place for the use of single tender actions.
Women & Child Health Directorate Governance	The purpose of the review is 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.
Medical Staff Recruitment	The overall objective of this review is to establish and evaluate the Health Board processes around medical staff recruitment, particularly the efficiency of recruiting new staff and the effectiveness of onboarding procedures.
Waiting List Risk Management	The purpose of this audit review is to provide assurance to the Health Board of the processes surrounding the management, co-ordination and prioritisation of waiting lists in line with the national standard.
Mental Health & Learning Disabilities Directorate Governance	The purpose of the review is 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.
Prince Phillip Hospital Directorate Governance	The purpose of the review is 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.
Planning Objectives and Recovery Plan	The overall objective of the review is to evaluate and determine the adequacy of the systems and controls in place within the Health Board for the development and management of the Annual Recovery Plan and Planning Objectives
Therapies Directorate Governance	The purpose of the review is 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.

Review Title	Objective
Financial Management & Reporting	The purpose of this audit review is to provide assurance to the Health Board of the effective processes surrounding the management, co-ordination, monitoring and reporting of budgets
IM&T MH PAS Follow up	To assess progress in implementing the recommendations arising from the 2021/22 internal audit review which concluded Limited assurance.
Use of Consultancy Follow up	To assess progress in implementing the recommendations arising from the 2021/22 internal audit review which concluded Limited assurance, for use of consultancy.
Waste Management	The audit was undertaken to assess the UHB's compliance with relevant waste management legislation and guidance, and progress towards agreed national and local waste reduction targets.
Primary Care Clusters	The overall objective of this audit is to review primary care cluster plans and arrangements in place to monitor their delivery.
Women and Children Capital Scheme	The audit was undertaken to review the delivery and management arrangements in place during 21/22 to progress the Women & Children redevelopment project at Glangwili Hospital.
Infection Prevention & Control	Our review will focus on the arrangements in place to manage the risks relating to IPC, including compliance with social distancing and PPE requirements.
Nurse Staffing Act	The objective of the review is to evaluate and determine the adequacy of the systems and controls in place within the Health Board for ensuring compliance with the Nurse Staffing Level (Wales) Act (NSLWA).
Partnership governance Follow up	Follow up of Previous Limited Assurance report.

5.4 Limited Assurance (Amber)



In the following review areas the Board can take only **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.

Review Title	Objective
Welsh Language Standards	The purpose of the review was to establish whether clear and appropriate arrangements are in place to ensure the Health Board was compliant with the Welsh Language Standards.
Use of Consultancy	The purpose of the review is to establish whether appropriate arrangements are in place for the appointment and monitoring of consultancy services.
IM&T Mental Health Patient Administration System (MH PAS)	Review arrangements in place for the implementation of WPAS into MH&LD.
Tritech Governance	The overall objective of the review was to evaluate and determine the adequacy of the systems and controls in place within the Health Board for governance arrangements for the TriTech Institute
Non Clinical Temporary Staffing	The purpose of the review is to establish whether appropriate arrangements are in place for the appointment and monitoring of temporary staffing solutions.
Prevention of Self Harm	The purpose of the audit is to review the arrangements in place for the prevention of self-harm following several improvement actions identified by Health Inspectorate Wales (HIW) to mitigate points of ligature risk within the Health Board.

5.5 No Assurance (Red)



No reviews were assigned a 'no assurance' opinion.

5.6 Assurance Not Applicable (Grey)



The following reviews were undertaken as part of the audit plan and reported without the standard assurance rating indicator, owing to the nature of the audit approach. The level of assurance given for these reviews are deemed not applicable – these are reviews and other assistance to management, provided as part of the audit plan, to which the assurance definitions are not appropriate, but which are relevant to the evidence base upon which the overall opinion is formed.

Review Title	Objective
Field Hospital Decommissioning	The overall objective of the review is to assess the arrangements in place to manage the decommissioning of field hospitals.
Discharges	The overall objective of the review is to assess the 'business-as-usual' discharge processes in place across the three counties within Hywel Dda University Health Board, and to ensure that robust measures and controls have been established to mitigate issues and risks arising from the COVID-19 pandemic.
Records Management	The overall objective of this review is to provide a position statement highlighting ongoing work by the organisation to improve Records Management arrangements.
Bank Staff Overpayment	To review the root cause of the error and actions taken to prevent reoccurrence.
Blackline Financial Reconciliation System	Non Opinion review of implemented reconciliation system.

5.7 Deferred Audits

Additionally, the following audits were deferred for the reasons outlined below. We have considered these reviews and the reason for their deferment when compiling the Head of Internal Audit Opinion. As there were audits deferred during the year, eight audits were added to the plan as a result of discussion with Management. These adjustment to the plan were subject to approval at the Audit & Risk Assurance Committee during the year.

Review Title	Comments
Quality & Safety Governance Framework	Deferred due to operational service pressures as a result of the pandemic.

Review Title	Comments
Restart of Elective Work /Planned Recovery	Deferred due to operational service pressures as a result of the pandemic.
Clinical Audit	Deferred due to operational service pressures as a result of the pandemic.
Public Health	Deferred due to operational service pressures as a result of the pandemic.
Continuing Health Care	Deferred due to operational service pressures as a result of the pandemic
IT Infrastructure	Operational service pressures as a result of the pandemic impacted on timescales for infrastructure update.
Commissioning	Deferred due to operational service pressures as a result of the pandemic.
Consultants Job Planning	Deferred due to operational service pressures as a result of the pandemic.
Decarbonisation	Deferred based on changes to national deadlines and requirements.
Falls	Deferred due to operational service pressures as a result of the pandemic.

6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the Health Board to support delivery of the Internal Audit assignments undertaken within the 2021/22 plan.

James Johns

Pennaeth yr Archwiliad Mewnol/Head of Internal Audit
 Gwasanaethau Archwilio a Sicrwydd/Audit and Assurance Services
 Partneriaeth Cydwasanaethau GIG Cymru/NHS Wales Shared Services
 Partnership
 May 2022

Appendix A

ATTRIBUTE STANDARDS	
1000 Purpose, authority and responsibility	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit & Risk Assurance Committee on an annual basis.
1100 Independence and objectivity	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit & Risk Assurance Committee chair.
1200 Proficiency and due professional care	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
1300 Quality assurance and improvement programme	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
PERFORMANCE STANDARDS	
2000 Managing the internal audit activity	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of specific assignments and sets out

	<p>overall resource requirement. The audit strategy and annual plan is approved by Audit & Risk Assurance Committee.</p> <p>Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with Audit Wales, HIW and LCFS.</p>
2100 Nature of work	The risk based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
2200 Engagement planning	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
2300 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
2400 Communicating results	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit & Risk Assurance Committee.</p> <p>An annual report and opinion is produced for the Audit & Risk Assurance Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
2500 Monitoring progress	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit & Risk Assurance Committee. In addition, audit reports are followed-up by Internal Audit on a

	selective basis as part of the operational plan.
2600 Communicating the acceptance of risks	If Internal Audit considers that a level of inappropriate risk is being accepted by management, it would be discussed and will be escalated to Board level for resolution.

Appendix B - 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:

	<p>Substantial assurance</p>	<p>Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.</p>
	<p>Reasonable assurance</p>	<p>Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.</p>
	<p>Limited assurance</p>	<p>More significant matters require management attention. Moderate impact on residual risk exposure until resolved.</p>
	<p>No assurance</p>	<p>Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.</p>
	<p>Assurance not applicable</p>	<p>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.</p>



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