



**CYFARFOD BWRDD PRIFYSGOL IECHYD
UNIVERSITY HEALTH BOARD MEETING**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	27 July 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Head of Internal Audit Opinion and Annual Report 2022/23
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	James John, Head of Internal Audit
SWYDDOG ADRODD: REPORTING OFFICER:	James John, Head of Internal Audit

Pwrpas yr Adroddiad (dewiswch fel yn addas) Purpose of the Report (select as appropriate)
Er Sicrwydd/For Assurance

ADRODDIAD SCAA SBAR REPORT
<u>Sefyllfa / Situation</u>
The Head of Internal Audit Opinion and Audit Annual Report for 2022/23, presented to the Board, provides an overall opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control. This report was presented to Audit and Risk Assurance Committee on 20 June 2023 by the Head of Internal Audit.
<u>Cefndir / Background</u>
The report sets out the Head of Internal Audit Opinion, a schedule of assurance ratings given through the year together with the summarised results of the internal audit work performed, which support the overall opinion. The report also includes a summary of audit performance in comparison to the plan and an assessment of conformance with the Public Sector Internal Audit standards.
<u>Asesiad / Assessment</u>
The Head of Internal Opinion and Annual Report for 2022/23 provides a Reasonable Assurance overall opinion on the adequacy and effectiveness of the Health Board's framework of governance, risk management and control.
<u>Argymhelliad / Recommendation</u>
The Board is asked to take an assurance from the Head of Internal Audit Opinion.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Internal Audit reports cover a range of organisational Risks.

Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:

Ar sail tystiolaeth: Evidence Base:	Internal Audit Plan & Charter. Assurance ratings from individual Internal Audit reports. Evidence gathered as part of the delivery of audit Assignments.
Rhestr Termiau: Glossary of Terms:	Contained within the reports.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	Director of Corporate Governance/Board Secretary Executive Directors and Senior Managers relevant to the individual audits. Audit and Risk Assurance Committee

Effaith: (rhaid cwblhau) Impact: (must be completed)

Ariannol / Gwerth am Arian: Financial / Service:	Not applicable
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable
Gweithlu: Workforce:	Not applicable
Risg: Risk:	Not applicable
Cyfreithiol: Legal:	Not applicable
Enw Da: Reputational:	Not applicable

Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Not applicable

Final Head of Internal Audit Opinion & Annual Report 2022/2023

June 2023

Hywel Dda University Local Health Board



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Report status:	FINAL
Draft report issued:	3 rd May 2023
Final report issued:	12 th June 2023
Author:	Head of Internal Audit
Executive Clearance:	Director of Corporate Governance
Audit & Risk Assurance Committee:	June 2023

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.

1.2 Head of Internal Audit Opinion 2022-23

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 2022/23 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

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 2022/23 year was initially presented to the Committee in April 2022. 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 Public Finance and Accountancy (in March 2023), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work 'fully conforms' to the requirements of the Public Sector Internal Audit Standards (PSIAS) for 2022/23. 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.

A summary of the audits undertaken in the year and the results are summarised in table 1 below.

Table 1 – Summary of Audits 2022/23

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> • Public Inquiry Preparedness • Cyber • Fire Governance • Blackline Financial System • IT WPAS Follow up • TriTech Governance follow up 	<ul style="list-style-type: none"> • Quality & Safety Governance • Service Reset & Recovery • Continuing Health Care • Directorate Governance Withybush • Directorate Governance Glangwili • Individual Patient Funding Requests • Safety Indicators • Patient Experience • Falls Prevention & Management • IT Infrastructure • Regional Integration Fund • Glangwili Hospital Women & Children Development • Glangwili Fire Precautions Phase 1 • Withybush General Hospital Fire Precautions: Phase 1 • Welsh Language Follow up • Non Clinical Temporary Staffing Follow up • Prevention of Self Harm Follow up • Overpayment of Salary Follow up* • Withybush Fire Enforcement Works Phase 1 • Lessons Learned • Financial Management • Agency & Rostering
Limited Assurance	Advisory/Non-Opinion
<ul style="list-style-type: none"> • Overpayment of Salary (See Follow up*) • Job Planning • Records Digitisation • Theatre Loan Trays 	<ul style="list-style-type: none"> • Fitness for Digital • Decarbonisation • HMWW Programme Forward Look Governance

<ul style="list-style-type: none">• Strategic Transformation Programme Governance	
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 2022/23 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 5 audits in 2022/23).

2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2022/23 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, twenty two were allocated Reasonable Assurance and five were allocated Limited Assurance. No reports were allocated a 'no assurance' opinion. In addition, three 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 Public Inquiry Preparedness concluded Substantial Assurance highlighting that adequate resources had been identified to support the Public Inquiry preparations, with robust arrangements established for the identification, collation and secure storage of evidence relating to the Health Board's pandemic response.

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 two audits in this area.

The audit of Planned Care Service Reset & Recovery concluded with Reasonable Assurance.

The audit of Strategic Transformation Programme Governance concluded with Limited assurance, highlighting a number of key areas which require improvement. This audit will be subject to a follow up audit in 2023/24 audit year.

Financial Governance and Management

We have undertaken two audits in this area at the Health Board. 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 with Reasonable Assurance, with the audit of Blackline Financial System concluded with Substantial assurance.

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 six audits in this area, with all being given Reasonable Assurance.

The review of Quality & Safety Governance concluded with reasonable Assurance noting improvements in the directorate governance arrangements.

The audit of Falls Management & Prevention concluded with Reasonable Assurance, although the audit did highlight a number of areas for improvement particularly around falls risk assessments.

The audit of Lessons Learned audit concluded with Reasonable Assurance

The audits of Safety Indicators concluded with Reasonable Assurance, although the audit did highlight some areas for improvement particularly around incident investigations.

The audit of Patient Experience concluded Reasonable Assurance, as well as the follow up audit of Prevention of Self Harm where considerable progress had been made to address previously identified weakness.

Information Governance & Security

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

The audit of Cyber concluded positively with Substantial Assurance.

The second follow up audit of the Deployment of the WPAS into Mental Health identified significant progress with the implementation of recommendations from the original audit with Substantial Assurance given.

The audit of IT Infrastructure concluded with Reasonable Assurance although noting some improvements required particularly in relation to old equipment and patching.

A non-opinion audit covering Fitness for Digital highlighted that the Health Board was well placed to utilise digital technologies to improve healthcare across its area.

The audit of Records Digitisation concluded with Limited Assurance, highlighting There was no overarching programme for records digitalisation. This audit will be subject to a follow up audit in 2023/24 audit year.

Operational Service and Functional Management

We have undertaken eight audits in this area, including two follow up reviews.

Directorate Governance audits were carried out in Glangwili and Withybush. The audits concluded Reasonable Assurance in each case, although recommendations to further strengthening the control environment was made in both audits.

The audits of Continuing Health Care & Funded Nursing Care and Individual Patient Funding Requests (IPFR) both concluded with Reasonable Assurance.

The audit of the Regional Integration Fund concluded Reasonable assurance, however noted that an appropriate Memorandum of Understanding had not been in place during the year.

The follow up audit of Tritech Governance highlighted significant progress with the implementation of recommendations with Substantial Assurance given, and the follow up audit of Welsh Language Standards also noting progress with Reasonable Assurance given.

The audit of Theatre Loan Trays and High Cost Consumables, which was specifically request by the UHB as a result of emerging concerns, concluded with Limited Assurance highlighted a range of control weakness. This audit will be subject to a follow up audit in 2023/24 audit year.

Workforce Management

We have undertaken five audits in this area, including one in-year follow up.

An audit of Salary Overpayments undertaken early in the audit year was given Limited Assurance over the adequacy of internal controls and process to identify and ascertain the reason for overpayments and the actions taken to reduce current numbers. A subsequent in year follow up was undertaken which highlighted that actions had been implemented to address many of the weakness previously identified, with some work still required in relation to the use of manager self- service. Reasonable assurance was given to the Follow up audit.

The follow up audit of Non Clinical Temporary Staffing concluded Reasonable Assurance noting some progress made in address the previous identifies weaknesses, although further work was required particularly to embed the new processes established.

The audit of Agency & Rostering concluded with Reasonable Assurance, although highlighted improvement required relating to senior review of final rosters, retrospective recording/approval of over established shifts and also non-framework agency spend being non-compliant with regulations.

The audit of Job Planning has concluded with Limited Assurance, and highlighted a number of control weakness particularly around service outcomes, sessions recorded on ESR and the overall compliance levels. This audit will be subject to a follow up audit in 2023/24 audit year.

Capital & Estates Management

We have undertaken seven audits in this area, including two non-opinion reviews.

The audits of Women and Children's Capital Scheme 2022/23, Withybush Fire Precautions Phase 1, Withybush Enforcement Works Phase 1 and Glangwili Fire Enforcement works all concluded with a Reasonable Assurance.

The Fire Governance review concluded with Substantial Assurance highlighted good progress had been made in addressing the recommendations made in the Health Board's own internal governance review.

Two non-opinion reviews have been undertaken covering Decarbonisation and Governance Forward Look in relation to the Healthier Mid and West Wales Programme.

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.

We recognise that it has been more challenging 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 recent years, 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 2022/23, but organisational pressures 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 2022/23 that related to Limited assurance audits in the previous year's audit plan, it was identified that good progress had been made by management in implementing recommendations from the audits of Welsh Language, IT WPAS, Prevention of Self Harm, TriTech Governance and Non Clinical temporary Staffing. In addition, the in-year follow up of the Overpayments of Salary Audit also highlighted progress with the implementation of the recommendations. Internal Audit has also undertaken work with the Health Board's Risk & Assurance team to review outstanding recommendations and evidence supporting management assessment of where actions have been completed.

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.

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 2022/23 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 2022/23.

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 Public Finance and Accountancy (CIPFA) in March 2023. CIPFA concluded that NWSSP's Audit & Assurance Service fully conforms to the requirements of the 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 2022/23.

Our conformance statement for 2022/23 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2022/23 which will be reported formally in the Summer of 2023;
- the results of the External Quality Assessment; 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 2022/23 QAIP report. There are no significant matters arising that need to be reported in this document.

We also note that there have been no impairments to the independence of the Head of Internal Audit or to any other members of NWSSP's Audit & Assurance Service who undertook work on the UHB's audit programme for 2022/23.

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
Accounts Payable	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 Accounts Payable 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.
Recruitment Services	Reasonable	The overall objective of this audit was to assess the adequacy and effectiveness of systems and controls for the management of Recruitment Services.

Procurement	Reasonable	Review of national sourcing procurement activity within the new integrated procurement teams to establish consistency in processes and assess compliance with procurement guidance.
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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
Switching Services	Reasonable	To ensure that the switching service is maintained appropriately and that risks to the operation of the service are appropriately managed.
Embedding the Stakeholder Engagement Plan	Reasonable	To provide an opinion over the arrangements for the embedding of the External Stakeholder Engagement Plan.
Centre of Excellence	Reasonable	To provide an opinion over the controls for the establishment of the Office 365 Centre of Excellence.
Technical Resilience	Substantial	To establish and assess the organisation's position to maintain acceptable service levels through, and beyond, severe disruptions to its critical processes and the IT systems which support them
Cyber Security	Substantial	To ensure that the organisation is working to improve its cyber security position, and that appropriate reporting is in place that shows the current status.

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 – Quality Unit	Substantial	To evaluate and determine the adequacy of the systems and controls in place within WHSSC in relation to quality assurance reporting.
WHSSC – Neurosciences and long term conditions	Substantial	To evaluate and determine the adequacy of the systems and controls in place for the Neurosciences and Long-Term Conditions Programme.
EASC – Ambulance handover improvement arrangements	Substantial	We focused on the adequacy of the systems and controls in place within EASC for the development of the seven Welsh health boards’ ambulance handover improvement plans and their Integrated Commissioning Action Plans (ICAPs) and ongoing monitoring.

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 2023/24 operational audit plan.

The audit plan approved by the Committee in April 2022 contained forty planned reviews. Changes have been made to the plan with five audits added, eight deferred/cancelled and two audits combined. 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 36 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 2022/23 in the table below.

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2022/23	G	April	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported to at least draft against adjusted plan for 2022/23	G	100%	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	89%	80%	v>20%	10%<v<20%	v<10%

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Report turnaround: time taken for management response to draft report [15 working days]	G	83%	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 36 audits reviews were reported during the year. Figure 2 below presents the assurance ratings and the number of audits derived for each.

3 audits to be Agreed and finalised – table to be updated

Figure 2 Summary of audit ratings

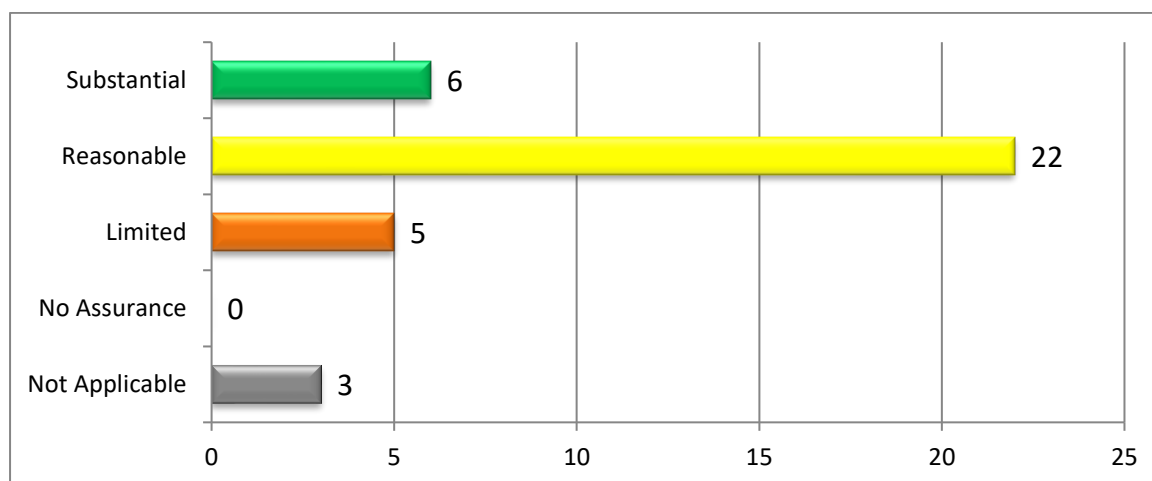


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP, EASC, WHSSC and DHCW.

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

In addition to the above, the report considers any audits which did not proceed following preliminary planning and agreement with management. In some cases, organisational pressures 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
Cyber	To provide assurance over the Cyber Security Programme, and back-up testing and security.
Deployment of WPAS to Mental Health & LD – 2 nd Follow up	To assess progress in implementing the recommendations arising from the full 2021/22 internal audit review (report HDUHB-2122-16) which concluded Limited assurance and the follow-up review (report HDUHB-2122-42) which concluded Reasonable assurance.
Public Inquiry Preparedness	To review the Health Board’s arrangements to prepare for the upcoming UK COVID-19 Public Inquiry.
Tritech Governance Follow up	This review has sought to establish progress made by management to implement agreed actions arising from the previous internal audit [report HDUHB-2122-40 refers], which concluded limited assurance over the governance arrangements in place within the TriTech Institute.
Blackline Financial System	Review of Blackline modules to ensure they comply with approved standard operating procedures.
Fire Governance	This audit sought to establish and assess the arrangements in place for ensuring that recommendations from the Health Board’s internal

Review Title	Objective
	Fire Safety Governance review are implemented and effective.

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
Quality & Safety Governance Arrangements	Review of the operational quality & safety governance arrangements in place at directorate level to ensure that issues fundamental to the quality and safety of services are managed, monitored, and escalated where appropriate.
Safety Indicators	The purpose of the audit is to review the arrangements for the prevention, management and learning from pressure damage and medication error incidents.
Patient Experience	The purpose of the audit is to review arrangements improving patient experience and utilising feedback.
Prevention of Self Harm Follow up	This review has sought to establish progress made by management to implement agreed actions arising from the previous internal audit [report HDUHB-2122-45 refers], which concluded limited assurance over the arrangements in place for the prevention of self-harm.
Falls Prevention & Management	The purpose of the audit is to review arrangements across the Health Board for the prevention of falls and the effective management of patients following a fall.
Directorate Governance Glangwilli	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.
Directorate Governance Withybush	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

Review Title	Objective
	assurance and support the management of key risks.
IT Infrastructure	To provide assurance that a process is in place for ensuring that the infrastructure hardware is tracked, maintained, and supported, and that the network is managed sufficiently to provide services for the organisation.
Continuing Health Care and Funded Nursing Care	Review of Continuing Healthcare (CHC) and Funding Nursing Care (FNC) to ensure the Health Board complies with the revised national framework.
Individual Patient Funding Requests	The overall objective of this audit is to establish and review the systems and processes in place to assess, make decisions on, and monitor spend related to Individual Patient Funding Requests (IPFR's).
Regional Integration Fund	The overall objective of this review was to evaluate and determine the adequacy of systems and controls in place for the administration of the Regional Integration Fund (RIF).
Service Reset & Recovery Planned Care	This audit has assessed the arrangements for the reset and recovery of Planned Care services within the Health Board in line with the NHS Planning Framework and other statutory requirements.
Glangwili Hospital Women & Children Development	The audit was undertaken to review the delivery and management arrangements in place to progress the Women & Children's redevelopment project at Glangwili Hospital. This is the fourth review of the project. The prior audit determined "reasonable" assurance, though there remained on-going issues in delivery to time and cost arising from contractor performance issues.
Glangwili Fire Precautions Phase 1	The audit was undertaken to review the delivery and management arrangements in place to progress the Glangwili General Hospital (GGH) Fire Precautions: Phase 1; and the performance, against its key delivery objectives i.e., time, cost, and quality.
Withybush General Hospital Fire Precautions: Phase 1	The audit was undertaken to review the delivery and management arrangements in place to progress the Withybush General Hospital (WGH) Fire Precautions: Phase 1; and the performance, against its key delivery objectives i.e., time, cost, and quality.
Withybush Fire Enforcement Works Phase 1	The audit was undertaken to review the delivery and management arrangements in place to progress the Withybush General Hospital (WGH) Fire Precautions Programme: Phase 1; and the performance, against its key delivery objectives i.e., time, cost, and quality. This is the second audit of the Phase 1

Review Title	Objective
	project, the previous review having determine Reasonable Assurance.
Welsh Language Follow up	This review has sought to establish progress made by management to implement agreed actions arising from the previous internal audit [report HDUHB-2122-12 refers], which concluded limited assurance over the adequacy of arrangements in place to ensure Health Board compliance with the Welsh Language Standards.
Non Clinical Temporary Staffing Follow up	This review has sought to establish progress made by management to implement agreed actions arising from the previous internal audit [report HDUHB-2122-39 refers], which concluded limited assurance over the arrangements in place for the management of non-clinical temporary staff.
Overpayment of Salary Follow up	This review has sought to establish progress made by management to implement agreed actions arising from the previous internal audit [report HDUHB-2223-08 refers], which concluded limited assurance over the adequacy of internal controls and process to identify and ascertain the reason for overpayments and the actions taken to reduce current numbers.
Lessons Learned	This audit will review the arrangements in place for the implementing of lessons learned and actions as a result of incidents, claims, complaints and other indicators in accordance with the Putting Things Right process.
Financial Management & Reporting	To assess the adequacy and operation of financial reporting mechanisms and the identification and delivery of savings schemes.
Agency & Rostering	The overall objective of this audit is to establish and review the systems and processes in place to manage and control agency use.

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
Overpayments of Salary	To review the adequacy of internal controls and process to identify and ascertain the reason for overpayments and the actions taken to reduce the risk of overpayments. (This audit was subject to an in year follow up as noted above.)
Job Planning	The purpose of the audit is to review arrangements across the Health Board for management of the systems and controls in place for consultant job planning.
Records Digitisation	This review considered the progress made, and governance arrangements in place for the Records Digitisation Project
Theatre Loan Trays & Consumables	To provide assurance over the arrangements and processes in place for the decontamination of theatre trays loaned to and reprocessed for private healthcare providers' use, and the issue of single use consumables for use within private facilities
Transformation Programme Governance	High level review of the governance arrangements in place to ensure that identified schemes are achievable and managed as formal transformational programmes with appropriate assurance reporting mechanisms in place.

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
Fitness for Digital	An advisory review of the organisation's position and preparedness for the current and future provision of services using digital technology will be undertaken.
Decarbonisation	Audits were planned to be undertaken simultaneously across NHS Wales to provide assurance to respective NHS Wales bodies on their arrangements to reduce carbon emissions and control climate change as outlined above. Reviews were not scheduled at Public Health Wales or Health Education and Improvement Wales for 2022/23.
Healthier Mid & West Wales Programme – Governance Future Look	This review was advisory in nature and seeks to provide proactive advice on the proposed governance arrangements to see the Programme through the activities outlined above with an eye on the next key juncture (i.e. Outline Business Case production).

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, five 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
Workforce Strategies	Ongoing work with the UH regarding Workforce Site Stabilistaion.
Discharge Management	Woking still ongoing with UHB to address this areas along with work being undertaken by other review bodies.
Records Management	Some aspects covered in another audit, with a full review in a future year.
Accelerated Cluster Development	In order from arrangements to become established with the UHB.
Public Health	Deferred due to operational service pressures and change in Executive Director.

Review Title	Comments
Healthier Mid & West Wales Programme	Programme had progressed as original timeline. A governance forward look is being covered under the major programme review.
Transforming Urgent & Emergency Care	Some aspects covered in another audit. Need to include an additional audit at a late stage in the year.
Mental Health Commissioning	The review became a review of the governance of wider transformation programmes.

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 2022/23 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
June 2023

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. There have been no impairments to our independence during 2022/23.
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 2023.
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.

	<p>The operational plan gives detail of specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit & Risk Assurance Committee. 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	<p>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.</p>
2200 Engagement planning	<p>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.</p>
2300 Performing the engagement	<p>The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.</p>
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	<p>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</p>

	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>



NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ
Website: [Audit & Assurance
Services - NHS Wales Shared
Services Partnership](#)