

Aneurin Bevan University Health Board

HEAD OF INTERNAL AUDIT OPINION & ANNUAL REPORT 2019/20

April 2020

**NHS Wales Shared Services Partnership
Audit and Assurance Services**

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Audit Committee:	24 June 2020

1. EXECUTIVE SUMMARY

1.1 Purpose of this Report

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. 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 in comparison to the plan and an assessment of conformance with the Public Sector Internal Audit Standards (these are the requirements of Standard 2450).

1.2 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 which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved internal audit plan is biased towards 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 has been formed by summarising audit outcomes across eight key assurance domains. The overall opinion is then based upon these grouped findings. All domains carry equal weighting.

In my opinion, 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.

1.3 Delivery of the Audit Plan

The internal audit plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit Committee. Regular audit progress reports have been submitted to the Audit Committee during the year.

As a result of the COVID-19 pandemic and the response to it from the Health Board we have not been able to complete our audit programme in full. However, 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.

We had anticipated, after adjustments to the original audit plan agreed with the Audit Committee, producing 48 outputs at the year end. However, due to the impact of COVID-19 the final position at the Health Board is: 34 final reports, five draft reports and three audits in progress. Where audits that are work in progress have been used to support the overall opinion (even though the work will not have been reported to the Audit Committee in either final or draft form) this is set out in Section 2.4 of the Opinion.

For those audits that are either at the Draft report stage or are work in progress, we will agree an appropriate approach to complete and finalise those audits with the Health Board for formal submission to the Audit Committee at a later date. In addition, in a small number of cases we were not able to complete work on all the objectives agreed for a particular audit. Where this is the case we have highlighted this in Sections 5.1 to 5.6.

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

Our External Quality Assessment (EQA), conducted by the Chartered Institute of Internal Auditors, and our Quality Assurance and Improvement Programme have both confirmed that our internal audit work 'generally conforms' to the requirements of the Public Sector Internal Audit Standards for 2019/20. We are now able to state that our service 'conforms to the IIA's professional standards and to PSIAS.'

1.4 Summary of Audit Assignments

The report summarises the outcomes from the internal audit plan undertaken in the year and recognising audit provides a continuous flow of assurance includes the results of legacy audit work reported subsequent to the prior year opinion. The report also references assurances received through the internal audit of control systems operated by NWSSP for transaction processing on behalf of the Health Board.

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.

In overall terms, we can provide positive assurance to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively across all domains.

However, whilst comparison year on year should be undertaken with caution due to the risk based nature of internal audit work resulting in different areas of focus from one year to the next, there has been an increase in audits rated with limited assurance when compared with 2019/20.

Of particular concern are limited assurance follow-up reviews of Health and Safety and Fire Safety and the interim report on Clinical Audit highlighting difficulties in implementing recommendations within the agreed timescales. Questions regarding both the appropriateness of the timescales and the progress made have been discussed regarding a number of audits in the Audit Committee.

Limited assurance opinions were also given for Pay Incentives, Job Planning, the Omnicell System and Procurement. All of these reviews contain both an operational and financial element and pose the question of the capacity within divisions to ensure compliance with Health Board policies and processes and the accountability arrangements in place.

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 appropriate, together with the response to the ongoing provision of limited assurance to the Operational Service and Functional Management domain.

In contrast to these areas of focus for improvement, the Health Board's established financial governance and management and strategic planning arrangements generally continue to receive positive internal audit ratings, together with improvement in the outcomes of internal audit work in respect of capital and estates, including the Grange University Hospital. Positive assurance in these areas is important to support the Clinical Futures transformation programme.

The timeliness of responses to our reports has improved this year, resulting in a noticeable increase in performance against the key performance indicator for timely receipt of management responses. Work is ongoing in order to ensure that responsiveness and quality of management responses improves going forward

Please note that our assessment across each of the domains has also taken into account, where appropriate, the number and significance of any audits that have been deferred during the course of the year (see also Sections 2.4.1 and 5.6).

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 organisation'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 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 organisation. 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 Committee, will need to consider the 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 my annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Aneurin Bevan 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 Wales Audit Office in the context of their external audit.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this 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 assurance rating framework for expressing the overall audit opinion was refined in 2013/14 in consultation with key stakeholders across NHS Wales. In 2016/17, following further discussion with stakeholders, it was amended to remove the weighting given to three of the eight domains when judging the overall opinion. This framework has been used again to guide the forming of the opinion for 2019/20.

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 as clarified in 2012/13 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 D**.


The individual conclusions arising from detailed audits undertaken during the year have been summarised by the eight assurance domains that were used to frame the internal audit plan at its outset. The aggregation of audit results by these domains gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion.

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 assurance domain ratings and overall opinion are consistent with the underlying audit evidence and in accordance with the criteria for judgement at **Appendix E**.

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 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		<p>The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
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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* or *no-assurance* reports issued during the year and the significance of the recommendations made.

2.4.2 Basis for Forming the Opinion

In reaching the opinion the Head of Internal Audit has applied both professional judgement and the Audit & Assurance “*Supporting criteria for the overall opinion*” guidance produced by the Director of Audit & Assurance and shared with key stakeholders, see **Appendix E**.

The Head of Internal Audit has concluded *reasonable assurance* can be reported for all domains.

The audit work undertaken during 2019/20 and reported to the Audit Committee has been aggregated at **Appendix B**.

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

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements.
- 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 of corporate governance arrangements.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3 – Other Work for details).

As stated above these detailed results have been aggregated to build a picture of assurance across the eight key assurance domains around which the risk-based Internal Audit plan is framed.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited or no assurance was reported. Further, a small number of audit assignments planned this year did not proceed to full

audits following preliminary planning work and these were either replaced with another audit or deferred until a future audit year. Where changes were made to the audit plan then the reasons were presented to the Audit 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 his overall opinion.

A summary of the findings in each of the domains is set out below. Each domain heading has been colour coded to show the overall assurance for that domain.

Corporate Governance, Risk Management and Regulatory Compliance

- The audit of the Health Board's progress in implementing Welsh language standards received reasonable assurance. Recommendations concerned the monitoring and escalating of significant non-compliance or delays with the delivery of the Standards implementation (High priority) and the allocation of additional resource to the programme (Medium priority).
- The audit of Health and Care Standards received reasonable assurance overall. We raised a high priority recommendation regarding the clarity and flow of assurance reporting of the Standards. We also noted that progress in implementing previous recommendations had not been sustained. This review was limited in scope due to Covid-19.
- The follow-up audit of Health and Safety received limited assurance. We recognised that some progress had been made with all recommendations but that this progress was insufficient and compliance levels regarding regular workplace inspections and risk assessments had not risen sufficiently. A further follow-up review is planned when appropriate in 2020/21.

Strategic Planning, Performance Management & Reporting

- In the audit of Clinical Futures – Staff Engagement, which received substantial assurance, we reported a wide-reaching engagement programme, robust engagement planning and effective management oversight but at the same time noting that the programme was, at that point, early in its timeline.
- The audit of Clinical Futures – Operational Commissioning Planning, which received reasonable assurance, was limited to reviewing that plans in place for the delivery of the new hospital to date are reasonable and that governance arrangements were suitable for the development of operational commissioning planning. Although it did not make any recommendations, from our review of the arrangements in place and consideration of similar schemes that the Health Board is using to benchmark their activity, the audit reported that whilst there is a lot to do and many interdependencies that create risk between now and the opening of the GUH, not least

workforce and finance, the Health Board does not appear to be significantly behind in these plans.

- The audit of Service Change Plan 2 received a reasonable assurance rating. We made one medium priority recommendation regarding the tracking of actions to evidence progress. This review was limited in scope due to Covid-19.

Financial Governance and Management

- The audit of Business Case Scrutiny received reasonable assurance. The audit reviewed controls operating through the Health Board's Pre-Investment and Clinical Futures Investment Panels. The audit made three medium priority recommendations concerning business case evaluations not in accordance with the established procedure, a low level of panel attendances by key participants and an absence of post-investment evaluations.
- The audit of Procurement received limited assurance with three high and two medium priority recommendations. High priority findings concerned information to support Board approval in line with the SFIs, a lack of evidence of regular review of contracts and the regular evaluation of contract value for money. Medium priority recommendations were made covering out of date Financial Control Procedures and an incomplete Procurement Service Level Agreement (SLA) between NWSSP and the Health Board (as at January 2019), with an absence of activities and responsibilities of NWSSP and Health Boards.
- The audit of Charitable Funds received reasonable assurance overall but with one section of the scope rated as limited assurance. We recommended two areas for further improvement in existing processes; in respect of donations receipting and timely banking, and enhancing the value of donations by increasing the claiming of Gift Aid.
- The audit of Patient's Property & Monies received reasonable assurance overall but with one area of limited assurance. We raised two recommendations, the first regarding incomplete documentation recording the details of property handed over by patients for safekeeping and property retained by patients in wards (High priority) and the second regarding its safekeeping (Medium priority).

Clinical Governance, Quality & Safety

- Our review of the Annual Quality Statement ('AQS') was undertaken to assist the Health Board with accuracy checking and triangulation of data and evidence before publication of the AQS. This review was not rated in accordance with the established convention.

- The follow-up review of Discharge Planning received reasonable assurance overall. We reported that the highest priority findings had been implemented and other recommendations implemented in part.
- The audit of Putting Things Right received reasonable assurance overall. The audit focussed on arrangements in the Unscheduled Care Division. We raised two high priority recommendations in respect of the arrangements for learning from complaints and improving divisional monitoring processes.
- We undertook a further follow-up review of Clinical Audit in order to assess progress being made in implementing recommendations from prior limited assurance reports. We provided an interim report, noting that good progress had been made in establishing a Clinical Effectiveness Group to provide leadership to clinical audit processes and progress with divisional assurance processes. We also highlighted that work on the Quality and Patient Safety Strategy and Assurance Framework needs to be completed in order to ensure that clinical audit programmes are fully effective.
- We reported reasonable assurance overall for the audit of Patient Experience (Patient Reported Experience Measures) and identified two high priority, one medium priority and one low priority finding. The high priority findings were in respect of divisional Quality & Patient Safety ('QPS') frameworks capability and readiness to take on operational management of the Patient Reported Experience Measures (PREM) Governance & Reporting Structure which was due to pass to the divisions from April 2020. Other recommendations concern issues concerning content and approval of the PREM Implementation Plan.

Information Governance & IT Security

- The audit of Freedom of information received substantial assurance overall and we made two medium priority recommendations. These concerned firstly the Publication Scheme (the mechanism by which the Health Board provides key information on its business to the public) where we identified that there were areas which contained out of date information. Secondly, whilst in general the use of exemptions (to the statutory requirements to release information) was found to be appropriate, there were a small number of requests examined where the audit challenged the appropriateness of the use of the exemption clauses. We noted a number of areas of good practice during this review.
- The follow-up review of IT Service Management received reasonable assurance and good progress made, with some work still required to fully implement across all 11 recommendations.
- The audit of IT Continuity received reasonable assurance overall. Five medium priority recommendations were made to improve the operation of existing controls.

Operational Service and Functional Management

- We reported limited assurance for the audit of Job Planning, where the audit recorded a significant incidence of consultants without job plans, a lack of SPA session monitoring, instances of insufficient details of objectives or outcomes on Job Plans, incidences of plans that did not record relevant approvals and a high incidence where the contracted number of sessions recorded in the ESR system did not match the sessions stated in the job plan.
- The audit of Outpatients, which reviewed the Referral and Booking Centre (RBC), received reasonable assurance. Recommendations concerned the clinician review of referral prioritisation where there were seen instances of non-compliance with procedures, use by staff of unsupported computer systems (Pathways Operations Database), weak controls around removal of patients from the waiting lists and an absence of a process for monitoring, on a regular ongoing basis, the clinical risk associated with a patient not being seen within their target date.
- The audit of Escalation Policy received reasonable assurance overall. We raised two medium priority recommendations regarding the recording of escalation triggers at sitrep meetings and the need to clarify the recording requirements for the recording of actions and use of standard checklists.
- The Divisional Review audit of Scheduled Care received reasonable assurance. Recommendations concerned the improvement in policy and procedure documentation, an absence in some cases of documented terms of reference to support the division's management groups, declaration of interests register procedure anomalies, weak monitoring of the implementation of patient safety & quality actions and an absence of a formal mechanism to disseminate key information across the working groups of the division.
- We reported limited assurance for the audit of Theatres: Omnicell System, highlighting a number of recommendations which require addressing in order for the Health Board to realise the anticipated benefits of the system and to ensure that the control environment surrounding the system is sufficiently robust.
- We reported reasonable assurance for Theatres: WHO Surgical Safety Checklist, making one high, four medium and one low priority recommendations. These concerned instances where the WHO Surgical Safety Checklist was not completed for invasive procedures, cases of mobile phone use in theatres, non-compliance with the checklist requirements for the introduction of theatre team members, absence of an action plan for the implementation of the recommendations of the 2019 internal Review of Operating Theatre Practice report, potential Datix mis-classification of 'Never Events' and absence of evidence of approval of Local Safety Standards for Invasive Procedures (LocSSIPs).

Workforce Management

- We reported limited assurance for the audit of Pay Incentives, where the audit noted payments to consultants for additional sessions at rates that exceeded agreed WLI rates, additional hours payment cycles that operate in the absence of the prescribed consultant claim forms, an absence of systems that, by storing individual's contracted quotas, readily distinguish consultants additional and contractual sessions, control weaknesses in the recording, approval of rates, and payment of GP out of hours (GPOOH) sessions and anomalies in the use of the Flexible Rewards Scheme.
- The follow-up audit of the PADR process identified progress towards addressing the original audit findings and received a reasonable assurance rating. The audit recorded minor improvement to PADR completion rates, but an improvement in the quality of completed PADRs and full implementation of the recommendations of the original review in respect of the Workforce and OD regular cross-divisional quality review.
- The audit of Healthcare Support Workers (HCSW) Delegation Framework was awarded reasonable assurance and made three low priority recommendations relating to records of HCSWs competencies and the further roll-out of increased delegation of tasks on wards. The scope of this audit was limited due to Covid-19.

Capital & Estates Management

- Audits of the Environmental Sustainability Report and Carbon Reduction Commitment were not rated in accordance with the established convention.
- The follow-up audit of Fire Safety received limited assurance. Similarly to Health and Safety, we reported that progress made had not translated into sufficiently improved compliance regarding inspections and risk assessments.
- The audit of Capital Systems - Financial Safeguarding audit sought to affirm that there were effective controls and systems operating to deter and safeguard against potential fraud within the UHB's Estates function. Positive assurance (Reasonable or Substantial Assurance) was provided on all of the areas subject to audit.
- The Control of Contractors audit received limited assurance with a number of areas of non-compliance identified. As a result, management agreed to take prompt action to improve compliance rates in the non-compliance areas identified, and requested that an early follow-up review be undertaken to enable demonstration of improved compliance. Improvements were subsequently observed in all of the areas examined, with the majority of the initial audit recommendations either fully or partially implemented at the follow up review, resulting in an improved reasonable assurance opinion.

- Five reports were issued in respect of the Grange University Hospital Integrated Audit plan:
 - Validation of Management Action: Reasonable assurance was determined, with only two recommendations remaining to be addressed (1 low priority and 1 medium priority).
 - Governance and Risk Management received reasonable assurance. Recommendations were made in respect of the definition of revised roles and responsibilities, the review of resources afforded to the project, the enhancement of monitoring and reporting arrangements and a review of the costed risk and risk ratings applied at the project.
 - Financial Assurance: Sound financial monitoring and reporting arrangements were evidenced in the project. Monitoring of the Capital Resource Limit was also found to be robust. However, at the time of the review, the Health Board was facing significant cost pressures in a number of key areas in relation to the project, including unfunded equipment, operational commissioning needs and hospital signage. An overall reasonable assurance assessment was determined.
 - Technical Commissioning and Stakeholder Engagement: Reasonable assurance was determined in respect of the arrangements in place to deliver the technical commissioning of the building, services and equipment and the stakeholder engagement arrangements in respect of Equipment & IM&T provision.
 - Open Book/Valuation: the open book audit received a reasonable assurance opinion. The significant element of costs to date were adequately substantiated and accorded with the contractual requirements of the Designed for Life: Building for Wales contract. Three recommendations were raised for consideration by the Health Board i.e. the inclusion of gain share estimate at future valuations for the Mechanical & Electrical sub-contract; the removal of a small amount of disallowable expenses; and the declaration of volume rebates in the Mechanical & Electrical sub-contract for the financial year 2019/20 through to final account.

2.4.3 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.

2.4.4 Period covered by the Opinion

Internal Audit provides a continuous flow of assurance to the Board and subject to recurring audits and 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, all other work in progress will be 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 2019/20 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 limited scope update on the current condition of control and a measure of direction of travel.

There are also some specific assurance reviews which remain relevant to the reporting of the Annual Report required to be published after the year end. These specific assurance requirements relate to the following two public disclosure statements:

- Annual Quality Statement; and
- Environmental Sustainability Report.

The specified assurance work on these statements has been aligned with the timeline for production of the Annual Report and accordingly will be completed and reported to management and the Audit Committee subsequent to this Head of Internal Audit opinion. However, the Head of Internal Audit's assessment of arrangements in these areas is legitimately informed by drawing on the assurance work completed as part of this current year's plan albeit relating to the 2018/19 Annual Report and Quality Statement, together with the preliminary results of any audit work already undertaken in relation to the 2019/20 Annual Report and Quality Statement.

2.5 Required Work

There are a number of pieces of work that Welsh Government has required previously that Internal Audit should review each year, where applicable. These pieces cover aspects of:

- Health & Care Standards, including the Governance, Leadership and Accountability standard;

- Annual Governance Statement;
- Annual Quality Statement;
- Environmental Sustainability Report;
- Carbon Reduction Commitment (ceased following the 2018-19 compliance year); and
- Welsh Risk Pool.

Where appropriate, our work is reported in Section 5 – Risk based Audit Assignments and at **Appendix B**.

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 the Wales Audit Office. In addition, at least once every five years, we are required to have an External Quality Assessment. This was last undertaken by the Chartered Institute of Internal Auditors (IIA) in February and March 2018. The IIA concluded then 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 Committee that it has conducted its audit work at Aneurin Bevan University Health Board in conformance with the Public Sector Internal Audit Standards for 2019/20.

Our conformance statement for 2019/20 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2019/20 which will be reported formally in the Summer of 2020;
- the results of the work completed by Wales Audit Office; and
- the results of the External Quality Assessment undertaken by the IIA.

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 2019/20 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 the Wales Audit Office and Healthcare Inspectorate Wales.

3. OTHER WORK RELEVANT TO THE HEALTH BOARD

As our internal audit work covers all NHS 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. The Head of Internal Audit has had regard to these audits, which are listed below.

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 Hospitals 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:

- Primary Care Services – General Medical Services (Substantial)
- Primary Care Services – General Pharmacy Services (Substantial)
- Primary Care Services – General Ophthalmic Services (Substantial)
- Primary Care Services – General Dental Services (Substantial)
- Primary Care Services – Post Payment Verification (Substantial)
- Procurement - Accounts Payable (Reasonable)
- Employment Services – Payroll (Reasonable)

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 has given an overall rating of Reasonable Assurance.

Six of the seven reports noted above (with the exclusion of the Post Payments Verification Audit) are also included in the table at Appendix B as they are undertaken annually to ensure coverage of the main financial systems and include transactions processed on behalf of the Health Board.

In addition, as part of the internal audit programme at Cwm Taf Morgannwg UHB a number of audits were undertaken in relation to both the Welsh Health Specialist Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC). These audits are listed below and derived the following opinion ratings:

Welsh Health Specialist Services Committee

- Cardiac Review (Reasonable)
- Information Governance (Reasonable)

Emergency Ambulance Services Committee

- Non-emergency patient transport service – (no opinion given)

NHS Wales Informatics Service (NWIS)

We have also undertaken six audits relating to the processes and operations of NWIS:

- Infrastructure / Network Management (Reasonable)
- Service provision (Reasonable)
- Supplier management (Limited)
- Follow up change control (Substantial)
- GDPR – (Limited)
- Pharmacy project – (Reasonable)

While these audits do not form part of the annual plan for Aneurin Bevan University Health Board, they are listed here for completeness as they do impact on the Health Board's activities, and the Head of Internal Audit does consider if any issues raised in the audits could impact on the content of our annual report.

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 University Hospitals NHS Trust Head of Internal Audit Opinion and Annual Report along with the NWIS audits; the WHSSC and EASC audits are detailed in the Cwm Taf Morgannwg UHB Head of Internal Audit Opinion and Annual Report.

4. DELIVERY OF THE INTERNAL AUDIT PLAN

4.1 Performance against the Audit Plan

Because of the unprecedented pressures on the Health Board arising from the emergence and rapid spread of COVID 19 respiratory virus and the re-prioritisation of services normally delivered by NWSSP, a significant number of audits scheduled for quarter 4 in the 2019/20 Internal Audit Plan have not been delivered. Notwithstanding, prior to this, the plan has been delivered substantially in accordance with the schedule agreed with the Audit Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit Committee during the year. Planned audits not started in 2019/20 will be considered for inclusion in the plan for the new year and those not completed but which remain to be reported and reflected within this Annual Report will be reported alongside audits from the 2020/21 operational audit plan.

The assignment status summary is reported at section 5 and **Appendix B**.

In addition, throughout the year we have responded to requests for advice and/or assistance across a variety of business areas. This advisory work undertaken in addition to the assurance plan is permitted under the Public Sector Internal Audit Standards to assist management in improving governance, risk management and control. This activity has been reported during the year within our progress reports to the Audit Committee.

We will continue to support the Health Board as it develops its Board Assurance Framework, risk management and governance processes and the Head of Internal Audit will continue to attend Board and Committee meetings of the Health Board.

4.2 Service Performance Indicators

In order to be able to demonstrate the quality of the service delivered by Internal Audit, a range of service performance indicators supported by monitoring systems have been developed. These have been part of the routine reporting to the Audit Committee during 2019/20. The key performance indicators are summarised in the **Appendix C**.

Delivery performance indicators reveal an improvement over the previous year with all measures being reported as green. In particular, the measure for providing management responses within 15 working days from receipt of the draft report has seen an improvement from 57% to 83%. Nevertheless, work is continuing with the Board Secretary and Chief Executive in order to improve further still the responsiveness of management to our recommendations: the Audit Committee commented in 2018/19 on the need for improvement in the quality of responses and we continue to work with lead executive directors to ensure that responses are clear, timely and directly address our recommendations.

Post audit questionnaires are issued following the finalisation of all audit assignments. We have received five completed post audit questionnaires relating to 2019/20 audits. This response rate is a small reduction compared with previous years. Where respondents have made specific comments, these have been reviewed by the Head of Internal Audit and/or Assistant Director of Specialist Services Unit for any necessary action.

As a service, Audit and Assurance has moved away from seeking feedback scores and more towards seeking qualitative feedback. We seek narrative and for respondents to identify words that they would use to describe the audit. Words used to describe audits were:



In addition, the following comments were received:

- Positive engagement with the auditor and a genuine desire to work with the Corporate/Divisional Team to ensure a meaningful and constructive audit to benefit patients, services and the organisation.
- Helpful in re-enforcing budget holder's role in active management of contracts for which they are responsible.
- Thank you for your help and the speed in which you completed the audit and your responsiveness to queries and comments.

There were no areas of particular concern raised in post audit questionnaires.

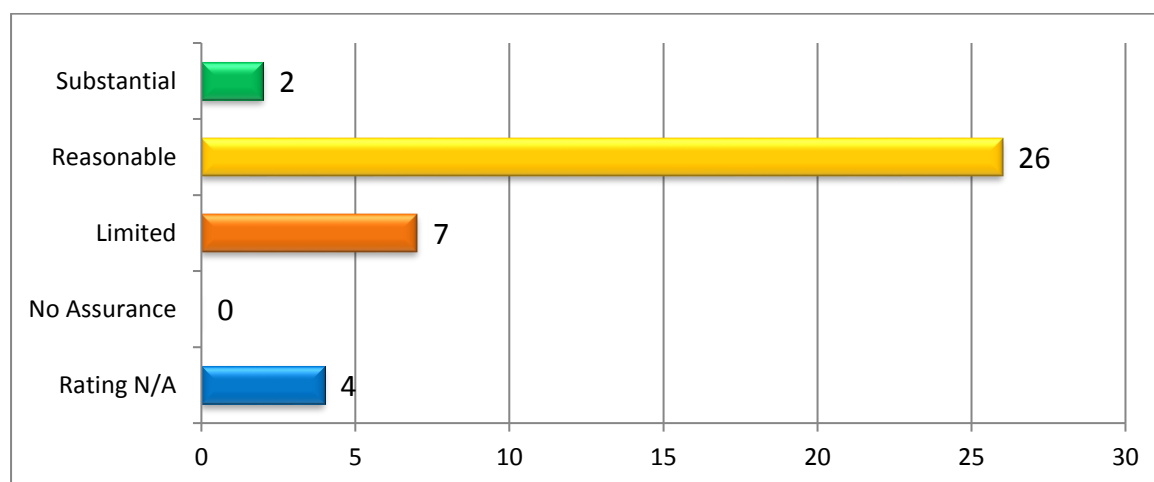
5. RISK BASED AUDIT ASSIGNMENTS

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 39 audit reviews were reported during the year. Figure 1 below presents the assurance ratings and the number of audits derived for each.

Figure 1 Summary of audit ratings



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

In addition to the above, the audits of Risk Management, Losses and Special Payments and Maternity Services are work in progress at the time of this report, with audit work paused in a number of areas as the Health Board responds to Covid-19.

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



In the following review area, 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
Clinical Futures – Staff Engagement FINAL	This review sought to establish whether effective arrangements are in place to ensure that the workforce of the Health Board are sufficiently engaged and prepared for the changes taking place within the Clinical Futures Programme.
Freedom of information FINAL	This review sought to assess the effectiveness of the Health Board's controls to ensure compliance with the Freedom of Information Act.

5.3 Reasonable Assurance



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
Welsh Language Standards FINAL	The purpose of this review was to assess the arrangements that the Health Board has in place to ensure compliance with the Standards.
Health and Care Standards DRAFT	This review assessed the effectiveness of governance and oversight of the Health and Care Standards. The scope was limited due to Covid-19.
Clinical Futures – Operational Commissioning Planning FINAL	This review assessed the effectiveness of project management arrangements in order to ensure that operational commissioning for the Grange University Hospital is proceeding in accordance with plan.
Service Change Plan 2 DRAFT	The overall objective of this review was to determine if progress of each of the four tiers within SCP 2 is on schedule. The scope was limited due to Covid-19.

Review Title	Objective
Financial Planning and Budgetary Control DRAFT	The overall objective of the review was to assess the adequacy and effectiveness of internal controls in operation in the system of financial planning and budgetary control.
Business Case Scrutiny FINAL	The review was undertaken to assess the effectiveness of the pre-investment panel process in scrutinising business cases and whether effective post evaluation and scrutiny are being undertaken.
Charitable Funds FINAL	This review sought to establish whether operational procedure is compliant with policies of the Health Board as trustee in accordance with rotational internal audit coverage.
Patients Property & Monies FINAL	The objective of this was to assess the level of compliance of patient property and monies controls against the Financial Control Procedure in accordance with rotational internal audit coverage.
Discharge Planning Follow-up FINAL	This review was undertaken in order to assess the progress made against the limited assurance report issued in 2018/19.
Putting Things Right FINAL	The review sought to provide assurance that the Health Board complies with standards for the handling of complaints both in terms of quality and content and that improvements are made as a result of deficits identified by means of a deep dive into the Unscheduled Care division.
Patient Experience FINAL	This review assessed the adequacy and effectiveness of the management of the pilot and ongoing implementation of the PREMS system and the design of the intended governance and reporting systems.
IT Service Management Follow-up FINAL	This review was undertaken in order to assess the progress made against the limited assurance report issued in 2017/18.

Review Title	Objective
IT Continuity FINAL	This audit sought to provide assurance that IT backup and continuity arrangements are in place and managed appropriately within its departments to ensure that the organisation has sufficient resilience and can maintain services in the event of an IT disruption.
Outpatients FINAL	The purpose of this review was to assess the level of compliance of with procedures for the booking and scheduling of outpatient appointments to support required improvements in management of outpatient demand.
Escalation Policy FINAL	The objective of this review was to provide assurance the Policy is operating as intended and is being complied with across the Health Board.
Divisional Review – Scheduled Care FINAL	This review sought to assess the level of compliance of systems of control with policies and procedures and the management of risk within the Scheduled Care Division.
Theatres: WHO Surgical Safety Checklist FINAL	The objective of this review was to assess the arrangements in place within the Health Board to ensure effective use and completion of the WHO checklist.
PADR Follow-up FINAL	The purpose of this review was to assess progress made against the limited assurance report issued in 2017/18.
Healthcare Support Workers Delegation Framework FINAL	This review focussed on the framework for delegation to Healthcare Support Workers in order to ensure it is designed and operating effectively. The scope was limited due to Covid-19.
Capital Systems – Financial Safeguarding FINAL	This capital systems review sought to affirm that there were effective controls and systems operating to deter and safeguard against potential fraud within the Estates function.

Review Title	Objective
Estates Assurance – Control of Contractors Follow-up FINAL	The purpose of this review was to assess progress made against the limited assurance report issued earlier in 2019/20.
Grange University Hospital – Validation of Management Action FINAL	This review sought to provide validation in respect of previously agreed management actions.
Grange University Hospital – Governance & Risk Management FINAL	This review considers the current governance arrangements applied at the project, and the ongoing arrangements for the review of risk and associated management of contingency funds.
Grange University Hospital - Financial Assurance FINAL	This review considered the current financial management arrangements applied at the project, in respect of the Capital Resource Limit (CRL) and cashflow management, and capital cost monitoring.
Grange University Hospital- Open Book /Valuation DRAFT	This audit sought to provide assurance that defined costs in relation to the Supply Chain Partner, the Mechanical & Electrical sub-contractor and relevant advisers were in accordance with the terms of the Designed for Life: Building for Wales framework agreement.
Grange University Hospital- Technical Commissioning/ Stakeholder Engagement DRAFT	This review considered the arrangements in place to deliver the technical commissioning of the building, services and equipment and the stakeholder engagement arrangements operating in respect of the Equipment & IM&T project workstreams.

5.4 Limited Assurance



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
Health & Safety Follow-up FINAL	The purpose of this review was to assess progress made against the limited assurance report issued in 2018/19.
Procurement FINAL	This review sought to determine whether the Health Board is complying with required procurement procedures and ensuring value for money in its procurement activities by, for example, reducing variation in use of clinical supplies.
Job Planning FINAL	The purpose of this review was to review whether Health Board procedures for job planning are being followed and clear job plans are in place and monitored where required.
Theatres: Omnicell System FINAL	The purpose of the review was to assess whether anticipated benefits from the introduction of Omnicell are being realised and whether controls are operating effectively.
Pay Incentives FINAL	This review sought to determine whether pay incentives intended to fill shifts and for additional activity are being applied as intended, including both internally generated initiatives and Waiting List Initiative.
Fire Safety Follow-up FINAL	The purpose of this review was to assess progress made against the limited assurance report issued in 2018/19.

Review Title	Objective
Estates Assurance – Control of Contractors FINAL	This audit evaluated the processes and procedures that support the management and control of contractors working for the Health Board.

5.5 No Assurance



There are no audited areas in which the Board has **no assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively, or where action remains to be taken to address the whole control framework with high impact on residual risk exposure until resolved.

5.6 Assurance Not Applicable

The following reviews were undertaken as part of the audit plan and reported or closed by correspondence without the standard assurance rating indicator, owing to the nature of the audit approach, or the reviews are advisory in nature.

Review Title	Objective
Annual Quality Statement FINAL	<p>The overall objective for this review was to assist the Health Board with accuracy checking and triangulation of data and evidence before publication of the AQS.</p> <p>The scope was limited to ensuring that the AQS is complete, consistent with information reported to the Board over the period and in compliance with the Welsh Government AQS guidance for 2018/19.</p>

Review Title	Objective
Environmental Sustainability Report FINAL	The overall objective of this review was to assess the adequacy of management arrangements for the production of the Sustainability Report within the Annual Report: <ul style="list-style-type: none"> • whether the form and content of the statement complies with the requirements of guidance published by the Welsh Government; and • whether the information published within the report provides an accurate and representative picture of the quality of services it provides and the improvements it has committed to undertake.
Carbon Reduction Commitment FINAL	The overall objective of this review was to assess compliance with CRC requirements and guidance.
Clinical Audit Follow-up – Interim Report FINAL	This was intended to assess progress made against previous limited assurance reports. Due to the longer term nature of the actions being implemented, an interim report was provided to inform the Health Board of progress.

Additionally, the following audits were deferred for reasons outlined below. The reason for deferment is outlined for each audit together with any impact on the Head of Internal Audit Opinion.

Review Title	Objective and reason for deferral
Clinical Futures - Transport	This was intended to be a review of key aspects of the delivery programme that are critical to overall delivery of Clinical Futures, focussing on patient transport. It was agreed with management that this review would be deferred to a later date in order to ensure that management actions in this area were embedded prior to audit.
Dashboard Reporting	This was intended to be a review of the controls in place to ensure that performance data being

	<p>reported through developing dashboards is accurate and complete.</p> <p>This review was cancelled due to significant operational pressure due to Covid-19.</p>
Medical Equipment & Devices Follow-up	<p>This was intended to assess progress made against the limited assurance report issued in 2017/18.</p> <p>It was agreed with management that this review should be deferred to 2020/21 in order to enable the larger project on medical devices reported to the February Audit Committee to progress.</p>
111 Service	<p>This was intended to assess whether risks associated with the 111 Service established by the Health Board are being managed effectively.</p> <p>This review was cancelled due to significant operational pressure due to Covid-19.</p>
Staff Experience Framework	<p>This was intended to be a review of actions being undertaken by the Health Board to improve staff experience, including in response to the 2018 NHS Wales Staff Survey.</p> <p>It was agreed with management that this review would be deferred to a later date in order to ensure that management actions in this area were embedded prior to audit.</p>
Major Capital Projects - HSDU	<p>This was intended to be a review of the project management and governance of this project.</p> <p>It was agreed with management that this project is not sufficiently advanced and therefore deferral to 2020/21 was agreed.</p>

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 2019/20 plan.

JAMES QUANCE

Head of Internal Audit

Audit and Assurance Services

NHS Wales Shared Services Partnership

May 2020

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 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 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. WAO 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

	<p>for the organisation. The operational plan gives detail of specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit 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 WAO, 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.
23000 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 Committee.</p> <p>An annual report and opinion is produced for the Audit 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 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.

AUDIT RESULTS GROUPED BY ASSURANCE DOMAIN

Assurance domain	Audit Count	Overall rating	Not rated	No assurance	Limited assurance	Reasonable assurance	Substantial assurance
Corporate Governance, Risk and Regulatory Compliance	3				<ul style="list-style-type: none"> ● Health & Safety Follow-up 	<ul style="list-style-type: none"> ● Welsh Language Standards ● Health & Care Standards 	
Strategic Planning, Performance Management and Reporting	3					<ul style="list-style-type: none"> ● Clinical Futures – Operational Commissioning Planning (Draft) ● Service Change Plan 2 (Draft) 	<ul style="list-style-type: none"> ● Clinical Futures – Staff Engagement
Financial Governance and Management*	11				<ul style="list-style-type: none"> ● Procurement 	<ul style="list-style-type: none"> ● Financial Planning and Budgetary Control ● Business Case Scrutiny ● Charitable Funds ● Patients Property & Monies ■ Accounts Payable ■ Payroll (draft) 	<ul style="list-style-type: none"> ■ GMS ■ GDS ■ GOS ■ Pharmacy Payments

Assurance domain	Audit Count	Overall rating	Not rated	No assurance	Limited assurance	Reasonable assurance	Substantial assurance
Clinical Governance, Quality and Safety	5		<ul style="list-style-type: none"> Annual Quality Statement Clinical Audit Follow-up Interim Report 			<ul style="list-style-type: none"> Discharge Planning Follow-up (Draft) Putting Things Right Patient Experience (Draft) 	
Information Governance and Security	3					<ul style="list-style-type: none"> IT Service Management Follow-up IT Continuity 	<ul style="list-style-type: none"> Freedom of information
Operational Service and Functional Management	6				<ul style="list-style-type: none"> Job Planning Theatres: Omnicell System (Draft) 	<ul style="list-style-type: none"> Outpatients (Draft) Escalation Policy (Draft) Divisional Review – Scheduled Care Theatres: WHO Surgical Safety Checklist (Draft) 	
Workforce Management	3				<ul style="list-style-type: none"> Pay Incentives 	<ul style="list-style-type: none"> PADR Follow-up Healthcare Support Workers Delegation Framework (Draft) 	

Assurance domain	Audit Count	Overall rating	Not rated	No assurance	Limited assurance	Reasonable assurance	Substantial assurance
Capital and Estates Management	11		<ul style="list-style-type: none"> Carbon Reduction Scheme Environmental Sustainability Report 		<ul style="list-style-type: none"> Fire Safety Follow-up Estates Assurance – Control of Contractors 	<ul style="list-style-type: none"> Capital Systems – Financial Safeguarding Estates Assurance – Control of Contractors Follow-up GUH – Validation of Management Action GUH – Governance & Risk Management GUH - Financial Assurance (draft) GUH -- Open Book /Valuation (draft) GUH Technical Commissioning and Stakeholder Engagement (draft) 	

*This domain outcome also includes the six financial system audits undertaken through the audit of NWSSP as they include transactions processed on behalf of the Health Board.

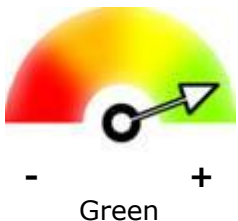

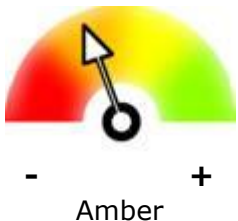
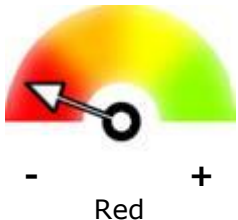
PERFORMANCE INDICATORS

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2019/20	G	March	By 30 March	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2019/20*	G	100%	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%
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%

Key: v = percentage variance from target performance

*Performance indicators are at 29 February 2020. They reflect the latest available performance information under normal operating conditions prior to the impact of COVID-19.

Audit Assurance Ratings

RATING	INDICATOR	DEFINITION
Substantial assurance		The Board can take substantial assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with low impact on residual risk exposure.
Reasonable assurance		The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
Limited assurance		The Board can take limited assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.
No assurance		The Board has no assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with high impact on residual risk exposure until resolved.

Overall opinion assessment matrix
Supporting criteria for the overall opinion

Criteria	Substantial Assurance	Reasonable Assurance	Limited assurance	No assurance
Audit results consideration				
Overall results				
Assurance domains rated green	≥5 green; and			
Assurance domains rated yellow	≤3 yellow; and	≥5 yellow; and		
Assurance domains rated amber	No amber; and	≤ 3 amber; and	≥5 amber; and	
Assurance domains rated red	No red	No red	≤3 red	≥4 red
Audit scope consideration				
Audit spread domain coverage	All domains must be rated	No more than 1 domain not rated	No more than 2 domains not rated	3 or more domains not rated

Note: The overall opinion (see section 2.4.1) is subject ultimately to professional judgement notwithstanding the criteria above.

Confidentiality

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

The Health Board shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the Health Board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies procedures and regulatory requirements and guidance as appropriate.

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. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

Responsibilities

Responsibilities of management and Internal Auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.



GIG
CYMRU
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WALES

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Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
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Audit and Assurance Services

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