

Risk Management & Board Assurance Framework

Final Internal Audit Report 2024/25

Cardiff & Vale University Health Board



Reasonable Assurance

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Review Reference

Fieldwork
Executive Sign Off
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CVU-2425-01

January - March 2025

April 2025

May 2025

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Gwasanaethau Archwilio a Sicrwydd
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Executive Summary

Purpose

The purpose of this review was to assess the effectiveness of the procedures for identification, management and reporting of strategic and key operational risk through the Board Assurance Framework and the Corporate Risk Register.

Overview

The Board Assurance Framework (BAF) provides the Board with the key strategic risks that could impact upon the delivery of the Health Board’s Strategy. A new proposal for the format and content of the BAF was taken to a Board Development session in June 2024 and an updated BAF was taken to the Board meeting in September 2024¹. The update is intended to better align the strategic objectives and strategic portfolios with the strategic risks. The BAF comprises six risk themes which are applicable to the four strategic objectives. The two delivery focused risk themes are Quality and Health Equity. The four key enabling risk themes are People, Digital, Infrastructure and Sustainability.

The Corporate Risk Register (CRR) ensures the Board has an overview of the key operational risks from the Clinical Boards and Corporate Directorates. Currently, the Health Board is rolling out the Audit Management and Tracking software (AMaT) for risk management across a number of Clinical Boards.

We have concluded **reasonable** assurance on this area. The matters requiring management attention are:

- Risk Management documentation and the Risk Appetite Statement are overdue for review although we acknowledge that these will be updated once the new risk management software is fully operational;
- Strategic risks on the Board Assurance Framework are allocated to specific Board sub-committees but only the People and Culture Committee had evidence of these risks being regularly reviewed;
- Although the Corporate Risk Register is taken to each Board meeting, its current format and length makes it extremely difficult to gain assurance on how those risks are being managed;
- The Corporate Risk Register makes no reference to risk appetite although the use of target scores does provide an indication of the level of risk that the Health Board is prepared to accept; and
- The Risk module within the AMaT system needs to be implemented as soon as possible.

Full details of matters arising are detailed within the Findings & Agreed Action Plan.

Scope & Assurance Summary

Objectives	The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.	Related Findings	Assurance
1	Risk Management and Assurance arrangements are defined within an up-to-date Strategy and Framework and associated procedures, aligned to the Health Board’s objectives and strategic direction.	1	Reasonable
2	Processes are in place to support the monitoring and review of key risks and assurance mechanisms, including the BAF and CRR, across the Health Board, including at Committee and Board level.	2,3	Reasonable
3	The BAF aligns to the Health Board’s strategic objectives, and both the BAF and CRR have considered risk appetite.	4	Reasonable

¹ cavuhb.nhs.wales/files/board-and-committees/board-2024-25/2024-09-26-board-papers-bundled-pdf pg 37-68

4	Strategic and corporate risks are regularly reviewed, and processes are in place to support, and evidence changes in risk scores.	2,3	Reasonable
5	Where gaps in control and assurance are identified, action plans that are regularly monitored are in place setting out the work required to close those gaps.	3	Reasonable
6	The audit will identify the progress of implementing the internal audit recommendations raised in the 2023/24 audit of Risk Management. (CVU2324.05).	5	Limited

Management Actions

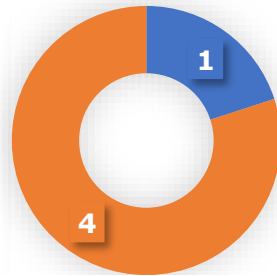


High Priority



Medium Priority

Themes



■ Policies & Procedures

■ Risk Management

Risk Types

Public Perception & Reputational Risk

Legal & Regulatory Non-Compliance

Findings & Agreed Action Plan

Objective 1: Risk Management and Assurance arrangements are defined within an up-to-date Strategy and Framework and associated procedures, aligned to the Health Board’s objectives and strategic direction.

Reasonable

Overview / Summary of Observations

Although both the Risk Management and Board Assurance Framework Strategy, and the Risk Management Procedure are past their review date, there is nothing in the content that is inaccurate, or which does not reflect current practice. The documents are well-written and provide a meaningful and readable guide on how to manage risk within the Health Board. It is also acknowledged that the reasons for the delay in reviewing the documentation is largely due to the on-going implementation of new risk software (AMaT), which will require a degree of revision to the Strategy and Procedures. The Risk Appetite Statement, which forms part of the Strategy, is similarly in need of review to ensure that it remains meaningful to the Health Board.

Key Findings	Risk & Impact	Agreed Management Action
<p>1 Risk Management Documentation</p> <p>The Risk Management and Board Assurance Framework Strategy, and the Risk Management Procedure are past their review date, although there is nothing in the content that is inaccurate, or which does not reflect current practice. However, once the new risk management software is implemented, these documents will need to be reviewed and revised where appropriate. The Risk Appetite Statement is also overdue for formal review.</p>	<p>The Health Board is not compliant with its stated timelines for review of formal policies and procedures.</p>	<p>Suggested Action:</p> <p><i>Once the new risk software is fully implemented across the Health Board, the Risk Management and Board Assurance Framework Strategy, the Risk Management Procedure, and the Risk Appetite Statement will be reviewed, revised as appropriate, and approved by the Board.</i></p>
	<p>Medium Priority</p>	<p>Expected Evidence of Implementation:</p> <p>Updated Strategy and Procedure</p>
<p>Theme: Policies & Procedures</p>	<p>Control Operation</p>	<p>Officer: Corporate Archivist & Records Management Manager</p> <p>Target Implementation Date: March 2026</p>

Objective 2: Processes are in place to support the monitoring and review of key risks and assurance mechanisms, including the BAF and CRR, across the Health Board, including at Committee and Board level.

Reasonable

Overview / Summary of Observations

The BAF is taken to every Board meeting and features prominently towards the start of the agenda. The format and presentation of the BAF has been significantly revised over recent months and now revolves around six risk themes. The flow of the BAF content is good but it contains a lot of information and whilst amendments and updates are shown in track changes, the covering paper provides no detail on key messages from the BAF but rather still focuses on the process of preparing it. Although Board sub-committees should be taking on the responsibility for the detailed review of specific strategic risks, the only demonstrable evidence of this is at the People and Culture Committee.

The Corporate Risk Register is again presented to the Board but only for information towards the end of the agenda. It is in urgent need of review as it contains far too many risks to be of use to the Board in its current format. There is again an inconsistent approach in terms of how Board sub-committees are reviewing corporate risks, but the monthly Clinical Board performance reviews do provide a means of assessing progress for those risks specific to each Clinical Board. We further understand that changes are proposed to the Clinical Board structure which should strengthen governance and risk arrangements. New risk management software is being piloted across the Health Board so that operational risks can be reviewed and rationalised where possible, but this is taking longer than was anticipated to implement.

Key Findings	Risk & Impact	Agreed Management Action
<p>2 Review of Strategic Risks</p> <p>The strategic risks contained within the BAF are being reviewed on a regular basis through presentation to the Board but there is little evidence of the more detailed review intended for the board sub-committees taking place with the exception of those risks linked to the People and Culture agenda.</p> <p>The cover Board paper for the BAF does not highlight any key messages in terms of specific risks that Board members may need to be alerted to.</p> <p>Theme: Risk Management</p>	<p>Key risks to the Health Board's strategic objectives may not be being effectively managed and controlled.</p> <p>Medium Priority</p> <p>Control Operation</p>	<p>Suggested Action:</p> <p><i>The sub-committees of the Board will ensure that their agenda includes review of the strategic risks allocated to them in the BAF.</i></p> <p><i>The cover Board paper for the BAF will contain a brief update on any key messages in the overall management of strategic risks where appropriate.</i></p> <p>Expected Evidence of Implementation:</p> <p>Sub-Committee Agenda and Minutes</p> <p>Officer: Director of Corporate Governance</p> <p>Target Implementation Date: September 2025</p>
<p>3 Review of Corporate Risk Register</p>	<p>Key corporate risks may not be being</p>	<p>Suggested Action:</p> <p><i>Once migrated to the new risk management software, the Corporate Risk Register will be refreshed to ensure that it can be</i></p>

<p>The Corporate Risk Register is again presented to the Board, but its current format provides little or no assurance that the risks included within it are being effectively managed.</p>	<p>effectively managed and controlled.</p>	<p><i>presented to the Board and sub-committees in a meaningful way that provides sufficient assurance that the key corporate risks are being effectively managed.</i></p>
<p>Theme: Risk Management</p>	<p>High Priority</p> <p>Control Operation</p>	<p>Expected Evidence of Implementation: Updated Corporate Risk Register</p> <p>Officer: Corporate Archivist & Records Management Manager</p> <p>Target Implementation Date: March 2026</p>

Objective 3: The BAF aligns to the Health Board’s strategic objectives, and both the BAF and CRR have considered risk appetite.

Reasonable

Overview / Summary of Observations

There is a clear alignment between the BAF and the Health Board’s strategic objectives. Risk appetite has been clearly articulated in the BAF but is not explicit in the Corporate Risk Register although the use of a target score provides a means of articulating the degree of risk that the Health Board is prepared to accept for each risk.

Key Findings	Risk & Impact	Agreed Management Action
<p>4 Risk Appetite</p> <p>The Corporate Risk Register currently has no consideration of risk appetite although it does consider target risk.</p>	<p>Treatment of key corporate risks may be inconsistent with the amount of risk that the Health Board is prepared to tolerate.</p>	<p>Suggested Action:</p> <p><i>In designing the new risk software, the Health Board will consider the inclusion of risk appetite in the Corporate Risk Register.</i></p> <hr/> <p>Expected Evidence of Implementation:</p> <p>Updated Corporate Risk Register</p>
<p>Theme: Risk Management</p>	<p>Medium Priority</p> <p>Control Design</p>	<p>Officer: Head of Corporate Governance / Director of Corporate Governance</p> <p>Target Implementation Date: March 2026</p>

Objective 4: Strategic and corporate risks are regularly reviewed, and processes are in place to support, and evidence changes in risk scores.

Reasonable

Overview / Summary of Observations

Strategic risks are being regularly reviewed by the Board and at sub-committee level, albeit in the latter case on an inconsistent basis. Justification is provided for changes in risk scores and the recent change in format of the BAF led to a re-set of risk scores against a new set of strategic risk themes. The Director of Corporate Governance meets regularly with Executive Directors to review their strategic risks and follow-up on any overdue actions.

Corporate risks are presented to the Board for information, and the cover paper and our audit testing demonstrates some movement in risks either being added to, or removed from, the Corporate Risk Register. There is also evidence of some corporate risks being reviewed by Board sub-committees but again the approach is inconsistent. The monthly Clinical Board performance reviews provide the most consistent form of review of corporate risks on a regular basis. The introduction of the new risk software, and the subsequent planned rationalisation of the Corporate Risk Register should help to improve the situation.

See findings 2 & 3 for required actions to address the issues noted above.

Objective 5: Where gaps in control and assurance are identified, action plans that are regularly monitored are in place setting out the work required to close those gaps.

Reasonable

Overview / Summary of Observations

All risks, whether strategic or operational, have actions associated with them. For the risks on the BAF there is evidence of actions being updated in the majority of cases. For the operational risks on the Corporate Risk Register this is not the case for the reasons previously listed and the need for the Corporate Risk Register to be reviewed and totally refreshed.

See finding 3 for required action to address the issue noted above.

Objective 6: The audit will identify the progress of implementing the internal audit recommendations raised in the 2023/24 audit of Risk Management.

Limited

Overview / Summary of Observations

Further training has been provided to Health Board staff by the Risk Team, but completion of the majority of the agreed actions from the 2023/24 audit are dependent upon the implementation of the risk management software which is still at a pilot stage.

Key Findings	Risk & Impact	Agreed Management Action
<p>5 AMaT System</p> <p>The Health Board are currently piloting the risk module within the Medicine Clinical Board. However, as previously highlighted within objective 2 it is taking longer than was anticipated.</p> <p>Theme: Risk Management</p>	<p>Clinical Board risks may not be being effectively managed and controlled.</p> <p>High Priority</p> <p>Control Operation</p>	<p>Suggested Action:</p> <p><i>The Risk Team will work with the Clinical Boards to ensure the risk module within AMaT is implemented as soon as possible.</i></p> <hr/> <p>Expected Evidence of Implementation:</p> <p>Risk module of AmaT being fully implemented within 3 Corporate areas and 3 Clinical Boards</p> <p>Officer: Corporate Archivist & Records Management Manager</p> <p>Target Implementation Date: March 2026</p>

Appendix A

Assurance Opinion

	Substantial	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	Unsatisfactory	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Advisory	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Findings

Priority	Explanation
High	Significant risk to achievement of a system objective OR evidence present of material loss, error, or misstatement. Poor system design OR widespread non-compliance.
Medium	Some risk to achievement of a system objective. Minor weakness in system design OR limited non-compliance.

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

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