

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

June 2023

Cardiff & Vale University Health Board



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<b>Audit Committee:</b>	July 2023

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## 1. EXECUTIVE SUMMARY


### 1.1 Purpose of this Report

Cardiff and Vale University Health Board's (The '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:

<b>Reasonable assurance</b>		<p>The Board can take <b>Reasonable Assurance</b> 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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### 1.3 Delivery of the Audit Plan

Our internal audit plan is agile and responsive to ensure that key developing risks to Cardiff & Vale 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 and 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 the 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 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 (CIPFA) (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 for 2022/23. We are able to state that our service 'fully conforms to the IIA's professional standards and to PSIAS.'

## **1.4 Summary of Audit Assignments**

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

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

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

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

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

Table 1 – Summary of Audits 2022/23

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> <li>• IMTP 2022-25: Development Process</li> <li>• Follow-up: 5 Steps to Safer Surgery</li> <li>• Medical &amp; Dental Staff Bank</li> <li>• Financial Reporting and Savings Targets</li> <li>• Clinical Audit Follow-up</li> <li>• Commissioning – IPFR Process</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring and Reporting of Staff Sickness Absence (From 21/22 plan)</li> <li>• Capital Systems Management (From 21/22 plan)</li> <li>• Follow-up: Ultrasound Governance</li> <li>• Stock Management – Neuromodulation Service (Specialist Services CB)</li> <li>• Staff Wellbeing – Culture &amp; Values</li> <li>• Implementation of National IT Systems (WNCR)</li> <li>• Digital Strategy</li> <li>• Medical Equipment &amp; Devices</li> <li>• University Hospital Llandough – Endoscopy Expansion</li> <li>• Core Financial Systems (Treasury Management)</li> <li>• Management of Locum Junior Doctors (Women &amp; Children’s CB)</li> <li>• Endoscopy Insourcing (Medicine CB)</li> <li>• Access to In-Hours GMS Service Standards (PCIC Clinical Board)</li> <li>• New IT Service Desk Tool</li> <li>• Development of Genomics Partnership Wales</li> <li>• University Hospital Llandough – Engineering Infrastructure</li> <li>• Nurse Staffing Levels Act</li> <li>• Charitable Funds</li> <li>• Follow-up: Nurse Bank (Temporary Staffing Department)</li> <li>• Community Patient Appliances (Specialist Services CB)</li> <li>• Data Warehouse</li> <li>• Risk Management</li> <li>• Inclusion &amp; Equality</li> <li>• UHW-Hybrid and Major Trauma Theatres</li> <li>• Planned Care Transformation Delivery (Recovery of Services)</li> </ul>
Limited Assurance	Advisory & Non-Opinion
<ul style="list-style-type: none"> <li>• Medical Records Tracking (CD&amp;T CB)</li> <li>• Cyber Security</li> <li>• Management of Health Board Policies</li> </ul>	<ul style="list-style-type: none"> <li>• Assurance Mapping</li> <li>• Estates Assurance – Decarbonisation</li> </ul>

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 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 and 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 Cardiff and Vale 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.

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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 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.

<b>Reasonable Assurance</b>		The Board can take <b>reasonable assurance</b> 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 three audits in 2022/23).

### 2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2022/23 and reported to the Audit and 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 and 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 five were allocated Reasonable Assurance and three were allocated Limited Assurance. No reports were allocated a 'no assurance' opinion. In addition, two advisory or non-opinion reports were also issued.

At the time of producing the Annual Report, three audits were still work in progress but had not been sufficiently progressed to reliably determine the assurance rating. The outcomes for these audits will therefore feed into the Opinion for 2023/24.

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

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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 and 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 below. We have reported the findings using the 8 areas of the Health Board's activities that we use to structure both our 3-year strategic and 1-year operational plans.

<b>Corporate Governance, Risk Management and Regulatory Compliance</b>
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We have undertaken four reviews in this area.

**Assurance Mapping** – This was an advisory review. The Health Board's Assurance Strategy 2021-24 aligns to recommended best practice and the Assurance Map Template captures appropriate assurance and risk information. There is a defined governance structure underpinning the Assurance Strategy and an action plan is in place for its implementation. However, more medium-term actions are required to assist in embedding and implementing the Assurance Strategy within the Health Board.

**Nurse staffing Levels Act** – The Health Board is complying with the requirements of the Act. However, it needs to ensure that all staffing level templates are signed off and budgeted establishments reflect the recorded levels. The Nurse staffing levels were also not consistently displayed on all wards. We issued a **reasonable** assurance opinion.

**Risk Management** - The Health Board is continuing its journey to strengthen and improve the maturity of the risk management system in place. However, further training is required to ensure that all Directorates and Departments are complying with the procedures for identifying, recording, reviewing and escalating/de-escalating risks. We issued a **reasonable** assurance opinion.

**Management of Health Board Policies** - The Health Board has developed a Plan to get the system in place for the management of policies and procedures up to date and operating effectively. However, significant work is still required to fully implement the plan and at the time of audit most policies and procedures were overdue for review. We have issued a **limited** assurance opinion.

A review of the draft Annual Governance Statement highlighted that it was generally consistent with our knowledge of the UHB through the audit work performed in the Internal Audit plan and a review of other organisational documents.

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The planned work on the Application of the Local Choices Framework was removed from the plan as it was unclear what the potential scope or benefit would be in the current environment.

### **Strategic Planning, Performance Management & Reporting**

We have undertaken two reviews in this area.

**IMTP 2022-25: Development Process** - The Health Board has good governance arrangements in place to oversee the development of the Integrated Medium-Term Plan, although we did make a recommendation to enhance the accessibility and transparency of the arrangements. We issued a **substantial** assurance opinion.

**Commissioning IPFR Process** The Health Board processes IPFR applications in line with the requirements of the All-Wales IPFR Policy. Applications are subject to appropriate review and decision at the IPFR panel and effective monitoring of approved IPFR is undertaken to ensure their continued relevance and benefit to the patient. We issued a **substantial** assurance opinion.

The planned audits of Regional Planning Arrangements and Strategic Programmes / Recovery & Redesign Governance Arrangements were removed from the 22/23 Plan, due to operational pressures on the Health Board.

The planned advisory audit of Performance reporting was removed from the plan. An assurance audit has been included in the plan for 2023/24.

### **Financial Governance and Management**

We have undertaken three reviews in this area.

**Core Financial Systems (Treasury Management)** - The Treasury Management function has in place adequate systems and controls for managing all cash transactions relating to the funding of revenue and capital operations of the Health Board. We did recommend strengthening the Treasury Management Financial Control Procedure and operational arrangements and controls over the online banking system. We have issued a **reasonable** assurance opinion.

**Financial Reporting and Savings Targets** - The Health Board has effective processes in place for monitoring and reporting the financial position and delivery of savings. We have issued a **substantial** assurance opinion.

**Charitable Funds** - Effective procedures are operating to ensure that Charitable Funds are appropriately managed and administered in accordance with relevant legislation and Charity Commission guidance. We

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did highlight that the governance arrangements for the Fundraising Team and individual fundraising events require review and enhancement. We have issued a **reasonable** assurance opinion

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

### Quality & Safety

We have undertaken three reviews in this area.

**Follow-up: Five Steps to Safer Surgery** – Significant progress has been made with addressing the recommendations from the previous Limited assurance audit, with all agreed management actions completed. We issued a **substantial** assurance opinion.

**Medical Equipment & Devices** – The Health Board has an up-to-date policy and procedure in place, with effective processes for the purchase and maintenance of Medical Equipment and Devices. We highlighted a number of areas for improvement around; Increasing awareness of the policy and procedure, the accuracy of information on the medical equipment database and the availability of evidence to support training. We issued a **reasonable** assurance opinion.

**Follow-up: Clinical Audit** – Significant progress has been made with addressing the recommendations from the previous Limited assurance audit, with only one low priority action remaining to be completed. We issued a **substantial** assurance opinion.

The planned advisory work on the Q&SE Governance arrangements was deferred to the 23/24 plan to allow coverage of developments around the Duties of Quality and Candour.

The planned work on the Reporting of Covid Deaths was removed due to the implementation of the Medical Examiner role and the evolving Covid position.

### Information Governance & Security

We have undertaken five reviews in this area.

**Implementation of National IT Systems (WNCR)** - National systems are included within the digital roadmap for the Health Board and communications and synchronisation of workplans with DHCW is improving. However, there was no overall programme for uptake of national systems within the Health Board. There was no project plan for the roll out of the

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Welsh Nursing Care Record across the Health Board and there had been no baselining work to demonstrate its benefits. - We issued a **reasonable** assurance opinion.

**Digital Strategy** – The Health Board has an appropriate Digital Strategy in place that matches the needs and objectives of the organisation and the transformation agenda. We identified that there was a process in place for defining the roadmap for delivery of the Strategy, but it required further detail around key activities and milestones. Clear governance arrangements are in place for overseeing the development and delivery of the Digital Strategy, but we highlighted that there was a funding gap. We issued a **reasonable** assurance opinion.

**New IT Service Desk Tool** - The new Ivanti Management System has been successfully implemented, and this has addressed many of the issues identified through the 21/22 Limited Assurance IT Service Management report. However, areas for further improvement were identified covering; the development of procedural guidance for the monitoring and closing down of calls, the effective prioritisation of calls, the development of system access controls and the development of service Level Agreements and Key Performance Indicators. We issued a **reasonable** assurance opinion.

**Cyber Security** - Although cyber security issues are being monitored and reported through the CAV Cyber Security Group, there is still no cyber improvement plan in place, and the position is not being regularly reported to the DHIC. In addition, whilst there are processes in place to ensure the Health Board's data is backed up, testing of the back-ups is not presently being routinely undertaken for all systems. We issued a **Limited** assurance opinion. The scope of the audit included a follow-up of the 21/22 Limited Assurance audit on the Network & Information Systems (NIS) Directive.

**Data Warehouse** – The data warehouse has been in place for many years and provides a large amount of useful information. There are good processes in place to define user needs, and develop appropriate information products, with a data quality process in place. We noted security weaknesses with the database, and a lack of documentation regarding feeds in and report products out. Going forward there is an intent to improve the use of data, however there is no formalised plan for this. The Digital directorate have started working towards more advanced analytics, however there is a lack of staff resource and skills. We issued a **reasonable** assurance opinion.

#### **Operational Service and Functional Management**

We have undertaken eight reviews in this area.

**Follow-up: Ultrasound Governance (CD&T CB)** – Good progress has been made in addressing the recommendations from the 21/22 limited

assurance report. There was just one medium priority action to still to be completed. We issued a **Reasonable** assurance opinion.

**Stock Management – Neuromodulation Service (Specialist Services CB)** – The review was requested by management to build on improvements they had instigated to strengthen the stock management arrangements within the Neurosciences Directorate. We made a number of recommendations, the most notable of which related to actions to address missing stock. The implementation of the recommendations from the review will strengthen the control environment, which should mitigate the risk of future financial losses due to missing stock. We issued a **reasonable** assurance opinion

**Management of Locum Junior Doctors (Women & Children’s CB)** - Locum Junior Doctors are being sourced via internal staff or through the Medical and Dental Managed Locum Bank and are supported by appropriate justification. Locum shifts are subject to approval but not always before the shift is worked. Standard payment rates are in place and any deviation from them is approved. We issued a **Reasonable** assurance opinion.

**Endoscopy Insourcing (Medicine CB)** - There is an SLA in place between the Health Board and the service provider that details the contractual arrangements for the insourcing contract. However, we identified a number of issues relating to; Consideration of the weekly points targets for the contract, strengthening of key documentation held, the development of KPIs for the contract and the accuracy of payments made to the provider. We issued a **Reasonable** assurance opinion.

**Medical Records Tracking (CD&T CB)** – The matters raised which require management attention included the out-of-date Records Management Policy (UHB 142) and Procedure (UHB 326). The documents referred to governance fora no longer in operation. The Health Records department had no direct link into the Executive Medical Director, the executive sponsor of the Policy and Procedure. The author of the documents also sat outside of the Health Records department. Further high priority recommendations related to the security and storage of acute records, and the ability to track records from the patient management system to their physical location. The majority of issues associated with the tracking of records was a result of those held in a clinical setting or outside of Health Records. We issued a **Limited** assurance opinion.

**Access to In-Hours GMS Service Standards (PCIC Clinical Board)** – The Health Board monitors compliance against the Access Standards on a quarterly basis and proactively works with practices to address areas of non-compliance. An Access Forum has been established but reporting lines did not reflect Welsh Government guidance. The operation of the Forum could also be strengthened by reviewing the terms of reference. We issued a **Reasonable** assurance opinion.

**Community Patient Appliances (Specialist Services CB)** - Our audit testing was predominantly informed by reviewing data within the BEST

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patient management system and from system reports, which highlighted the following anomalies; absence of documentation held within the system, the timeliness of moving open repairs to complete and the better utilisation of management reporting. The stock management arrangements also appeared ad-hoc at the time of our review and the 'Request for Repair' Procedure has been 'draft' since 2019 and requires finalisation. Whilst the service has a 'Declaration of the Terms and Conditions of Loan of Equipment', there were instances where these were not signed and dated by service users in receipt of equipment. We issued a **Reasonable** assurance opinion.

#### **Planned Care Transformation Delivery (Recovery of Services) -**

Whilst we identified only one significant matter for reporting in our review, our overall assurance rating takes into consideration that the Health Board was unable to meet the ministerial ambitions for 2022/23 of:

- No-one waiting > 52 weeks for a new outpatient appointment by December 2022; and
- No-one waiting >104 weeks for treatment (all stages) by March 2023.

Notwithstanding the above, during quarter 4 of 2022/23, the Health Board made several improvements to the systems and controls in place. A review of the current trajectories confirms that the Health Board is in a strong position to meet future ministerial ambitions. We issued a **Reasonable** assurance opinion.

The planned audit of the Administration Services within the Mental Health CB was removed due to delays in receiving information to commence the audit which impacted on the availability of Internal Audit resources.

### **Workforce Management**

We have undertaken five reviews in this area.

**Monitoring and Reporting of Staff Sickness Absence** – As part of the audit we suggested that reporting on sickness absence within the Clinical Boards and Corporate Departments look beyond the high-level sickness rates, to provides greater analysis of sickness absence. In response to the pandemic the role of the HR Advisors has moved away from traditional relationships focused within the Clinical Boards, to locating to specialist teams such as the Managing Attendance at Work Team. We identified the opportunity to clarify the People and Culture Operating Model with regards to roles and responsibilities for sickness absence. We issued a **reasonable** assurance opinion

**Staff Wellbeing – Culture & Values** –The Health Board has clear plans in place of how it intends to support staff wellbeing, principally driven by the People and Culture Plan 2022 – 2025. The Plan was moving into the delivery phase and our recommendations focused on the mechanisms and means of evaluation to support the implementation of the ambitious aspirations. We also made further recommendations around references

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within the Board Assurance Framework, and the need to verify source material signposted on the new SharePoint site. We issued a **reasonable** assurance opinion

**Medical & Dental Staff Bank** - A framework agreement is in place for the Medical and Dental Managed Bank Service. We found that robust processes were operating to ensure appropriate employment checks are completed and terms & conditions are issued for all bank staff. Bank shifts are verified and authorised prior to payment and regular performance reporting and monitoring is undertaken. We issued a **Substantial** assurance opinion.

**Follow-up: Nurse Bank (Temporary Staffing Department)** - Management have made good progress in implementing the management actions detailed in the previous Limited assurance report. Of the eight recommendations made, five have been closed including one high priority. Two of the recommendations have been moved to low priority as actions had been undertaken within these areas. One of the high recommendations has moved down to medium and still requires a review to be undertaken of the use of agencies. We issued a **Reasonable** assurance opinion.

**Inclusion & Equality Team** – The Health Board has the basis of effective governance arrangements in place relating to inclusion & equality. However, the Terms of Reference, membership and remit of the Equality Strategy & Welsh Language Standards Group need to be reviewed to ensure appropriate oversight of all current and future requirements. A review is also required of the responsibilities of the Inclusion and Equality team and the structures in place within the Health Board to support them in delivery. An effective process and structure need to be implemented to enable the development and delivery of required action plans to ensure that the Health Board complies with all current and future inclusion and equality requirements. We issued a **Reasonable** assurance opinion.

The planned audit of the Implementation of the People & Culture Plan was deferred to 23/24 as the majority of the implementation plan was reviewed as part of the Staff Wellbeing audit.

### **Capital & Estates Management**

We have undertaken six reviews / outputs in this area.

**Capital Systems Management** - The action plan developed was endorsed by the required officers and appropriate action was being taken. However, whilst a process for change management was defined, this was not consistently applied across teams or in accordance with the defined delegated limits. Monitoring and reporting arrangements also require review to ensure their consistent application across all capital schemes. Key matters requiring management attention included; Application of the change management (Project Issues Form) process at all capital schemes, review of the scheme of delegation applied to capital schemes, review of

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the content, and consistency of use, of the highlight reports prepared for capital schemes and completeness of reporting to the appropriate forums. We issued a **reasonable** assurance opinion.

**Decarbonisation** – This was an advisory review which affirmed common themes to provide an overview of the overarching position across NHS Wales. Our report concluded that, whilst some progress has been observed, this has been restricted by the availability of financial and staff resource. Our recommendations aimed to aid management in driving forward the strategies, whilst also highlighting some of the competing pressures/ risks.

**Development of Genomics Partnership Wales** - With six months of the construction programme remaining, a forecast overspend of £639k (4.17%) was being reported. Additional funding of £239k had been approved by the Capital Management Group to partially offset this (from discretionary capital) and further funding support was being sought from Welsh Government at the time of reporting. The full extent of the time impact of the project changes remained ongoing at the time of reporting. Acknowledging the financial pressures at the project, an appropriate financial reporting regime was seen to be operating with all key parties made aware of the ongoing challenges. We issued a **reasonable** assurance opinion.

**University Hospital Llandough – Endoscopy Expansion** - Contractual arrangements for the project were appropriately approved; however, they deviated from the requirements determined within the approved Business Justification Case (BJC); with no amended procurement strategy approved. Despite this issue, with the agreed arrangements, a robust project governance structure was in place with continual liaison and effective reporting to the relevant forums. At the date of fieldwork (8 weeks into the construction programme) the Project Manager was reporting a delay of seven weeks. There was a risk that this could be further extended and needed to be monitored and managed appropriately. We issued a **reasonable** assurance opinion.

**University Hospital Llandough – Engineering Infrastructure** - At the date of the audit fieldwork (September/ October 2022) the Project Manager was reporting a delay to the project's completion of approximately nine weeks. There was a risk that timescales could be further extended due to open Early Warning Notices (EWN) and Project Managers Instructions (PMIs). Robust cost and project management arrangements controls were in place. Contractual arrangements were appropriately approved. We issued a **reasonable** assurance opinion.

**UHW-Hybrid and Major Trauma Theatres** - The Full Business case for this scheme was submitted to Welsh Government in December 2022, with an estimated cost of £40.6m and an anticipated delivery date of 24th March 2025. At this early stage of the construction phase, the project remained within key time, cost and quality parameters. However, the project did not have a dedicated Project Board with oversight provided by a wider

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Programme Board. The review identified gaps in assurance arising from this arrangement. The Health Board also continues to have issues in the timely and appropriate execution of contractual documentation.

Advice and support were also provided to the Health Board through the year in relation to the future development of integrated audit plans.

The planned audit of Capital Systems was deferred to the 23/24 as the 21/22 audit was only completed and finalised in this year.

### **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 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 committee meetings and observe the quality and rigour around these processes.

It is the role of Audit 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.

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.

From the specific follow up audits undertaken in 2022/23, it was identified that progress had been made by management in implementing recommendations from the following previous Limited Assurance audits, with improved assurance ratings, as identified:

- Follow-up: Five Steps to Safer Surgery – Substantial Assurance;
- Follow-up: Clinical Audit – Substantial Assurance;
- Follow-up: Ultrasound Governance (CD&T) – Reasonable Assurance; and
- Follow-up: Nurse Bank (Temp Staffing Dept) - Reasonable Assurance

The audit of the New IT Service Desk Tool provided assurance that many of the issues identified through the 21/22 Limited Assurance IT Service Management report had been addressed.

The Cyber Security audit also included a follow-up of the 21/22 Limited Assurance audit on the Network & Information Systems (NIS) Directive. Whilst this identified that some progress had been made, further work is still required.

The planned Follow-up of the ChemoCare IT System Limited assurance audit has been deferred to the 2022/23 plan due to delays in implementation of the new system.

The Health Board has continued to develop its recommendation tracking process during 2022/23. The Corporate Governance team continue to review all outstanding recommendations with management and the outcomes have been reported to each meeting of the Audit & Assurance Committee.

We have worked with the Corporate Governance team through the year to review and provide feedback on the tracker prior to its submission to each meeting of the Committee. We have also undertaken work towards the end of the year to validate the stated position for a sample of recommendations within the tracker. We were able to confirm the recorded position for the majority of the sampled recommendations and therefore provide the Audit Committee with additional assurance around the accuracy of the tracker.

#### **2.4.4 Limitations to the Audit Opinion**

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

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

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

#### **2.4.5 Period covered by the Opinion**

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

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By previous agreement with the Health Board, audit work reported to draft stage would be included in the overall assessment where appropriate, 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 and 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. The CIPFA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it fully conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Audit and Assurance Committee that it has conducted its audit at the Health Board

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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; 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 member of NWSSP's Audit & Assurance Service who undertook work on the Cardiff & Vale 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	Comments
Accounts Payable	Reasonable	To evaluate and determine the adequacy of the systems and controls in place over the management of the NWSSP P2P service.
Payroll	Reasonable	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	Reasonable Substantial Substantial Substantial	To evaluate and determine the adequacy of controls in place to administer timely and accurate payments to primary care contractors.
Other audits: Recruitment Services	Reasonable	To assess the adequacy and effectiveness of systems and controls for the

Procurement	Reasonable	management of Recruitment Services  To review 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	Comments
Switching Services	Reasonable	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 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	Comments
WHSSC – Quality Unit	Substantial	
WHSSC – Neurosciences and long-term conditions	Substantial	
EASC – Ambulance handover improvement arrangements	Substantial	

While these audits do not form part of the annual plan for the Health Board, they are listed here for completeness as they do impact on the organisation's activities. The Head of Internal Audit has considered if any issues raised in the audits could impact on the content of our annual report and concluded that there are no matters of this nature.

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 and Assurance Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit and 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 41 planned reviews. Changes have been made to the plan through the year with 11 audits deferred/cancelled and 7 audits added. All these changes have been reported to and approved by the Audit Committee. In addition, 2 reviews from the 2021/22 plan were delivered during 2022/23. As a result, we planned to deliver a total of 39 reviews.

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 and 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. The key performance indicators are summarised as follows:

Indicator Reported to Audit and Assurance Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2022/23	<b>G</b>	April 2022	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2022/23	<b>G</b>	92% (34/37)	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	<b>G</b>	94% (32/34)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	<b>A</b>	65% (22/34)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	<b>G</b>	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 audit reviews were reported during the year. Figure 2 below presents the assurance ratings and the number of audits derived for each.

**Figure 2 Summary of audit ratings**

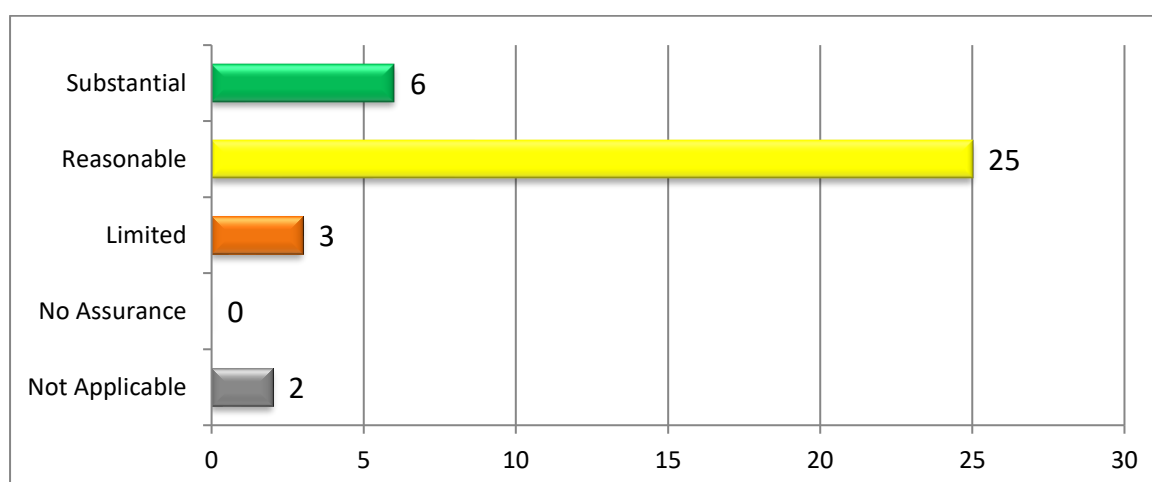


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP and DHCW.

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

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management. In some cases, the impact of service pressures on the Health Board 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
IMTP 2022-25: Development Process	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to the 'Integrated Medium Term Plan 2022 - 2025 Development Process'.
Follow-up: 5 Steps to Safer Surgery	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 21/22 'Five Steps to Safer Surgery' Audit, which reported 'Limited' assurance.
Medical & Dental Staff Bank	To review the effectiveness of the processes and controls operating within the Health Board's new Medical and Dental Staff Bank managed by Medacs Healthcare.
Financial Reporting and Savings Targets	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to 'Financial Reporting and Savings Targets'.
Clinical Audit Follow-up	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 21/22 'Clinical Audit' Audit, which reported 'Limited' assurance.
Commissioning – IPFR Process	To establish and review the systems and processes in place to assess, make decisions on, and monitor spend related to Individual Patient Funding Requests (IPFRs).

### 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
Monitoring and Reporting of Staff Sickness Absence (21/22)	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to Monitoring and Reporting of Staff Sickness Absence.
Capital Systems Management (21/22)	Post reporting of potential breaches, at capital schemes, to Standing Financial Instructions and Standing Order requirements, recommendations and an action plan were agreed to be implemented to mitigate the risk of the same reoccurring. The audit was undertaken to provide assurance on the application of the plan; and to identify any enhancements to existing operational procedures / working practices.
Follow-up: Ultrasound Governance	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 21/22 Ultrasound Governance review that reported 'Limited' assurance.
Stock Management – Neuromodulation Service (Specialist Services CB)	To evaluate and determine the adequacy of the systems and controls in place within the Neurosciences Directorate in relation to neuromodulation equipment stock management.
Staff Wellbeing – Culture & Values	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to 'Staff Wellbeing – Culture and Values'.
Implementation of National IT Systems (WNCR)	To evaluate and determine the adequacy of the systems and controls in place within the Health

Review Title	Objective
	Board for the implementation and use of national IT systems.
Digital Strategy	To ensure that the refreshed Digital Strategy meets the needs of the UHB and there is a roadmap for delivery.
Medical Equipment & Devices	To review the arrangements in place for recording, monitoring and replacing medical equipment and devices.
University Hospital Llandough – Endoscopy Expansion	To review the delivery and management arrangements for the University Hospital Llandough (UHL) Endoscopy Expansion Project, and the performance, against its key delivery objectives i.e., time, cost, and quality.
Core Financial Systems (Treasury Management)	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to 'Core Financial Systems – Treasury Management'.
Management of Locum Junior Doctors (Women & Children's CB)	To review the system for agreeing and booking locum junior doctors, including appropriate use of the Envoy system before offer of increased rates and cross checking of shifts against claims.
Endoscopy Insourcing (Medicine CB)	To review the governance and operational arrangements in place to manage the Endoscopy Insourcing Contract.
Access to In-Hours GMS Service Standards (PCIC Clinical Board)	To review the processes and procedures in place for assessing GP practices achievement against the 'Access to In-Hours GMS Service Standards'
New IT Service Desk Tool	To review the set-up and implementation of the new system, and to assess the extent to which the new system has been able to drive improvements.
Development of Genomics Partnership Wales	To review the delivery and management arrangements in place to progress the Genomics Partnership Wales project, and the performance, against its key delivery objectives i.e., time, cost, and quality.

Review Title	Objective
University Hospital Llandough – Engineering Infrastructure	To review the delivery and management arrangements for the University Hospital Llandough (UHL) Engineering Infrastructure Project, and the performance, against its key delivery objectives i.e., time, cost, and quality.
Nurse Staffing Levels Act	To review of the processes in place to ensure compliance with the requirements of the Act, with a focus on paediatric arrangements, which is a new part of the Act.
Charitable Funds	To review the processes in place within the Health Board to ensure that Charitable Funds are appropriately managed and administered in accordance with relevant legislation and Charity Commission guidance.
Follow-up: Nurse Bank (Temporary Staffing Department)	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 21/22 'Nurse Bank (Temporary Staffing Department)' review that reported 'Limited' assurance.
Community Patient Appliances (Specialist Services CB)	To review the systems in place to monitor and manage the risks of posture and mobility equipment that needs to be repaired or replaced. Including how cases are managed when there are delays to equipment ordering / delivery because of supply chain issues.
Data Warehouse	To review the effectiveness of the data warehouse and ensure that it continues to be fit for purpose.
Risk Management	To determine and evaluate the ongoing development and implementation of the Risk Management and Board Risk Assurance Framework Strategy and associated Risk Management Procedures.
Inclusion & Equality	To review the structure of the Inclusion and Equality Team and the plans in place to take key actions forward relating to areas such as the Welsh Government's Anti-Racist Wales Action Plan.
UHW-Hybrid and Major Trauma Theatres	To evaluate the progression and delivery of the project against the key business case objectives

Review Title	Objective
	and to assess the adequacy of the systems and controls in place to support the successful delivery of the project.
Planned Care Transformation Delivery (Recovery of Services)	To review the systems and controls in place to deliver the transformation of planned care during 2022/23.

## 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
Medical Records Tracking (CD&T CB)	To review the effectiveness of the mechanisms for tracking medical records both inside and outside of the Health Records department.
Cyber Security	To ensure that the organisation is working to improve its cyber security position, reporting is in place that accurately reflects the current cyber security status and data is adequately backed up.
Management of Health Board Policies	To review the arrangements in place for the creation, management and review of Health Board policies and procedures.

## 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
Assurance Mapping	To support the development of assurance mapping within the Health Board.
Estates Assurance – Decarbonisation	To affirm common decarbonisation themes, to provide an overview of the overarching position across NHS Wales

## 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.

Review Title	Reason for Deferral
Implementation of People & Culture Plan	The majority of the implementation plan was reviewed as part of the Staff Wellbeing audit.
Reporting of Covid Deaths	The implementation of the Medical Examiner role and the different Covid position.
Application of Local Choices Framework	Unclear on the potential scope or benefit given current position / lack of comparability to other organisations.
Regional Planning Arrangements	Focus would have been on identifying lessons to take forward into future regional planning so not a key risk area in the current year.
Administration Services (Mental Health CB)	Delays in receiving information to commence the audit which impacted on the availability of Internal Audit resources.



Review Title	Reason for Deferral
Strategic Programmes / Recovery & Redesign Governance Arrangements	The governance arrangements will be reviewed as part of the separate audit of Planned Care Transformation Delivery (Recovery of Services)
Capital Systems	The 21/22 audit was only recently finalised, so there was little benefit in reviewing again in 22/23.
Network & Information Systems (NIS) Directive Follow-up	Follow-up of management actions covered as part of the Cyber Security audit.
QS&E Governance (Deferred from 21/22 plan)	Advisory review moved to Q1 23/24 to allow coverage of developments around the Duty of Quality.
ChemoCare IT System Follow-up	Deferred to 23/24 plan due to delay with implementation of new system.
Performance Reporting (WiP)	Advisory review removed from the plan and replaced with an assurance review in the 2023/24 plan

## 5.8 Work in Progress

At the time of producing the Annual Report, the following audits were still work in progress and the assurance ratings had not been determined. The outcomes of these audits will therefore feed into the HIA Opinion for 2023/24.

Review Title	Objective
Consultant Job Plans (Surgery CB)	Review of Consultant Job Planning arrangements, to include focus on service lines with elective and emergency splits.
Shaping Our Future Wellbeing – Future Hospitals Programme	Advisory review to provide proactive advice, identify good practice and relevant systems weaknesses for management consideration and, where appropriate, provide direction to existing guidance.
Medical Staff Additional Sessions	Review of the new policy and procedure being developed in relation to additional sessions worked by medical staff.

## **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.

Ian Virgill  
Head of Internal Audit  
Audit and Assurance Services  
NHS Wales Shared Services Partnership  
June 2023

**Appendix A**

<b>ATTRIBUTE STANDARDS</b>	
<b>1000 Purpose, authority and responsibility</b>	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.
<b>1100 Independence and objectivity</b>	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. There have been no impairments to our independence during 2022/23.
<b>1200 Proficiency and due professional care</b>	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.
<b>1300 Quality assurance and improvement programme</b>	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
<b>PERFORMANCE STANDARDS</b>	
<b>2000 Managing the internal audit activity</b>	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of





	<p>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 Audit Wales, HIW and LCFS.</p>
<b>2100 Nature of work</b>	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.
<b>2200 Engagement planning</b>	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.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
<b>2400 Communicating results</b>	<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>
<b>2500 Monitoring progress</b>	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.

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



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