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**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Abertawe Bro Morgannwg  
University Health Board



<b>Meeting Date</b>	<b>31<sup>st</sup> July 2018</b>		<b>Agenda Item</b>	<b>4a (i)</b>
<b>Report Title</b>	<b>Internal Audit Progress Report</b>			
<b>Report Author</b>	Neil Thomas, Deputy Head of Internal Audit, NWSSP A&A Huw Richards, Deputy Director, NWSSP A&A (SSu)			
<b>Report Sponsor</b>	Paula O'Connor, Head of Internal Audit, NWSSP A&A			
<b>Presented by</b>	Neil Thomas, Deputy Head of Internal Audit, NWSSP A&A Huw Richards, Deputy Director, NWSSP A&A (SSu)			
<b>Freedom of Information</b>	Open			
<b>Purpose of the Report</b>	The main purpose of this report is to report progress in delivering agreed audit work.			
<b>Key Issues</b>	<p>The report presents:</p> <ul style="list-style-type: none"> <li>• Progress in respect of the planning &amp; delivery of assignments agreed within the annual operational audit plan 2018/19.</li> <li>• The finalisation of the last assignments remaining from the 2017/18 audit plan.</li> <li>• The audit assurance ratings of finalised reports.</li> </ul>			
<b>Specific Action Required</b> <i>(please ✓ one only)</i>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>	<b>Approval</b>
	✓			
<b>Recommendations</b>	<p><b>Members are asked to:</b></p> <ul style="list-style-type: none"> <li>• <b>Note the progress of the internal audit programme of work.</b></li> </ul>			



**Private & Confidential**

## **INTERNAL AUDIT PROGRESS REPORT**

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**ABM University Health Board  
Audit Committee  
31<sup>st</sup> July 2018**

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

## 1 INTRODUCTION

- 1.1 The main purpose of this report is to:
- Report finalisation of work in the agreed 2017/18 audit plan
  - Report progress of work within the agreed 2018/19 audit plan






Additionally, it reflects on support provided to management and Board members and updates the Committee on developments within the internal audit service.

- 1.2 The report records progress of general (section 2) and specialist (section 3) internal audit work at the middle of July 2018.

## 2 GENERAL INTERNAL AUDIT SERVICES

### 2.1 FINALISATION OF THE 2017/18 (GENERAL) INTERNAL AUDIT PLAN

- 2.1.1 Since the last meeting, we have finalised the following reports from last year's internal audit plan:

Ref	Subject	Rating <sup>1</sup>	Executive Officer Recipient(s)	Receiving C'ttee(s)
1718-011	Annual Planning: Engagement & Integration		DOS	AC
1718-017	Medical Devices: Home Maintenance Payments	No rating assigned	DOF	AC
1718-018	Non Pay Expenditure: Goods Receipting		DOF	AC
1718-029	IT Asset Management		EMD (CIO)	AC
1718-046	EWTD: Portering Services		DOS	AC
1718-109	Fire Safety (Follow Up)		DOS	AC HSC
1718-113	Medical Devices & Equipment Maintenance (Follow Up)	No rating revision	EMD	AC

- 2.1.2 No rating was assigned to the audit of *Medical Devices: Home Maintenance Payments* as the review was limited to an analytical review of the equipment maintenance database and payments to external contractors. The review sought to assess the probity risk exposure locally with respect to particular issues found at an organisation in NHS England. The outcome was positive,

<sup>1</sup> Definitions of assurance ratings are included within Appendix B to this report.

identifying no significant risk exposure that warranted further in-depth audit investigation.

- 2.1.3 The previous audit of *Medical Devices & Equipment Maintenance* (ABM-1718-024 refers) derived a *limited* assurance rating. The *Follow Up* was undertaken before the year end and noted positive progress had been made but that action was ongoing in a number of areas – in particular, a new approach to escalating equipment not made available for servicing had been piloted in Morriston, but had not been embedded more widely during the follow up period. Consequently, there were some areas in which further action was required before improved assurance could be reported. We have agreed with the Assistant Medical Director and the Head of Medical Equipment Maintenance Service to meet in September 2018 to discuss progress with a view to programming a further follow up. A proposal will be brought back to the Audit Committee for approval following that discussion.

## 2.2 PROGRESS OF THE 2018/19 (GENERAL) INTERNAL AUDIT PLAN

- 2.2.1 The 2018/19 Internal Audit Plan was agreed by the Audit Committee in March 2018. It will remain flexible during the year to ensure the content remains appropriate and timing of fieldwork is agreed with lead Executive Directors. A table presenting the subjects within the plan, lead Executive Directors and indicative timings was shared with the Executive Team on 11<sup>th</sup> July and is attached at **Appendix A**. Timings will be subject to change as briefs are agreed with leads. Work is progressing well overall, and where assignments have commenced this has been reflected in the table. Ongoing progress and issues encountered will be reported to the Executive Team via routine monthly updates.
- 2.2.2 We have issued the following Final report for consideration by the Committee:

Ref	Subject	Rating <sup>2</sup>	Executive Officer Recipient(s)	Receiving C'ttee(s)
1819 -16a	Charitable Funds: Part I (Ward Donations)	No rating assigned	DOPH	AC

A further report has been issued in final form for agreement by its Executive Director lead (*Health Records Management* – audit ABM-1819-033 refers). It will be brought to the next meeting.

The assurance rating in respect of *Charitable Funds* will be assigned upon completion of *Part II* of the audit. Audit work at ward level and within central Finance were separated and scheduled apart so that work at ward level could progress and issues reported early for action, whilst Finance management

<sup>2</sup> Definitions of assurance ratings are included within Appendix B to this report.

colleagues focused on closure of the annual accounts. *Part II* considers central Finance arrangements and expenditure and is now underway.

2.2.3 In addition to the above, we have issued Draft reports on the following:

- 012 Vaccinations & Immunisations
- 019 Annual Quality Statement
- 035 Managed Practices
- 045 Sickness & Absence Management (follow up review)

In respect of the *Annual Quality Statement* (AQS) our role has been to support management by reviewing AQS content for consistency with information already reported to the Board and its Committees. We completed this, identifying a list of areas for review and action by management, and met with the Deputy Director of Nursing & Patient Experience and her team to discuss. The list was appended to the draft report to assist clearance of issues and to provide a vehicle for management assurance in respect of action taken. In addition to raising specific matters in respect of the 2017/18 AQS content, we have made observations and recommendations aimed at improving the process for organising, writing and scrutinising next year's statement more effectively. We expect to bring the final report to the next Audit Committee meeting.

2.2.4 Work is in progress in respect of:

- 016b Charitable Funds: Part II
- 020 Putting Things Right
- 026 POVA: Deprivation of Liberty Safeguards (DoLS) (Follow Up)
- 027 Nursing Quality Assurance / Matron Checks (started)
- 028 Delayed Outpatient Follow Up Appointments \*
- 036 Princess of Wales Service Delivery Unit
- 037 Morriston Hospital Service Delivery Unit (started)
- 038 Strategy & Planning Directorate (started)
- 047 Third Sector Commissioning (Follow Up) (started but on hold)

\* The audit of *Delayed Outpatient Follow Up Appointments* was listed in our plan as a data quality audit. However, when scoping this piece of work it was apparent that a follow up of the Wales Audit Office review which incorporated data quality, but considered wider arrangements also, may be clearer and more useful to management. This scope and approach was agreed with the Chief Operating Officer, and we have amended the title and Executive lead for this review accordingly.

Whilst we have met with the senior management lead for the *Third Sector Commissioning (Follow Up)* audit and communicated our information requirements, we have received little information back to date to progress the review. The requests have been escalated to the lead Executive Director. We understand there are immediate pressures arising from the Bridgend Boundary Changes which have added to the burden on the management lead, and impacted on the timeliness of response. We are grateful for the support received from the Director of Corporate Governance seeking progress with this. We have looked to start other work earlier where possible to make use of

capacity within the audit team, but we will continue to chase this information and escalate delays to the Executive Team via our routine update report if this continues to impede progress on this assignment.

2.2.5 In addition to the above, we are developing and issuing audit briefs for upcoming work. The following briefs have been issued:

- Pressure Ulcers (brief agreed)
- Mortality Reviews (brief agreed)

The following are being developed for issue:

- Golau Fund (Follow Up)
- Discharge Planning
- Business Continuity & Disaster Recovery
- General Data Protection Regulation
- Nurse Rostering
- Payroll Local Controls

2.2.6 We are endeavouring to work with Executive Directors to ensure that audit work is appropriately focused and timed. Noting the importance of the annual planning process within the Health Board, we have already met with the Director of Finance and plan to meet with the Director of Strategy and Chief Operating Officer to obtain their perception of risks for consideration in determining the scope and objectives for the *Annual Plan* audit, and the most appropriate timing of the review.

2.2.7 Additionally, we have met with the new Director of Workforce & Organisational Development to discuss subjects within the audit plan for which she is the designated lead. There are a number of follow up reviews planned in areas that have previously derived *limited* assurance ratings, one of which she has presented to the Audit Committee already (*Mandatory Training*). Key issues from previous work have been discussed and reports shared. Recognising the significance of some of these areas and her recent commencement in post we have scheduled these for commencement late in Quarter 3, or the beginning of Quarter 4, but will maintain contact with her on progress and prior to starting any work.

## **2.3 ADDITIONAL WORK: FOLLOW UP REVIEWS, ADVICE & PROJECTS**

There are contingency days set aside within our Plan to provide for advice to individuals and groups, follow up work in response to audits reported in-year and other ad hoc tasks



### 2.3.1 Advice

We continue to provide advice/support to management when requested, and share good practice guidance relevant to areas of Health Board business with Executives and senior management. Recent examples include:

- Guidance / Handbooks for Information Asset Owners (Informatics)
- Quality Impact Assessments (Nursing)
- Authorised signatories at ward level (Finance)
- Sharing of CQC publication: *High level guidance to support a shared view of quality in general practice* (PCCS)
- Sharing of NAO publication: *Investigation into NHS spending on generic medicines in primary care* (Medicines Management)
- Unit Vacancy Panel

In addition to the above, the Head of Internal Audit has shared knowledge and guidance with respect to the forthcoming Bridgend boundary change. We will continue to provide ongoing advice and support on this during the course of this year, as required.

The Head of Internal Audit has also contributed advice to a Princess of Wales management team-led review of governance arrangements within the Bridgend Clinic (the dedicated private practice facility situated on the Princess of Wales hospital premises) in response to a request for particular assurance from the Executive Medical Director. This is ongoing.

### 2.3.2 Board Engagement

The Head of Internal Audit has continued to meet with members of the Board:

- Chair
- Chief Executive
- Director of Corporate Governance.
- Interim Director of Nursing & Patient Experience

### 2.3.3 Management Review of Previous Audit Recommendations

At the request of the Audit Committee, Internal Audit has met with the Director of Corporate Governance and Head of Accounting & Governance to review the schedule of agreed management actions that remain outstanding for completion following previous internal audit reviews. The objective was to cleanse the data, removing recommendations that have since been superseded, and presenting proposals for the treatment of those that remain. The review has focused on those audits with actions overdue longest.

The outcome was reported to the Executive Team in July for consideration. We understand that the Head of Accounting & Governance has prepared and received sign off of the audit registers report and removed those where agreed




they could come off. Those requiring an Executive decision will be retained until instruction is received accordingly.

### 3 SPECIALIST SERVICES UNIT

#### 3.1 PROGRESS OF THE CAPITAL AND ESTATES ASSURANCE DOMAIN

##### 3.1.1 FINALISATION OF THE 2017/18 (CAPITAL AND ESTATES) DOMAIN

The following final reports have been issued since the last meeting:

Ref	Subject	Rating	Executive Officer Recipient(s)	Receiving Committee
SSU_ABMU_1718_01	Follow up (Capital)		Director of Strategy	AC
SSU_ABMU_1718_06	Capital Systems (Equipment Replacement Programme)		Director of Strategy	AC
SSU_ABMU_1718_10	Follow up (Estates Assurance)		Director of Strategy	AC

The key findings and conclusions are included within the separate Assignment Summary reports to this Committee.

##### 3.1.2 PROGRESS OF THE 2018/19 CAPITAL AND ESTATES DOMAIN

3.1.3 Field work is currently being progressed in respect of the following assignments:

- Carbon Reduction Commitment (Mandated);
- Sustainability (Mandated);
- Capital Systems.

3.1.3 Final audit briefs have also been issued on the following:

- Capital Projects: Environmental / Infrastructure Modernisation Programme;
- Estates Assurance: Water Safety.

3.1.4 Early fieldwork has commenced to initiate the Control of Substances Hazardous to Health; noting that availability of key officers has been limited.

3.1.5 Further details are available at Appendix A as applicable.

## **4 DEVELOPMENTS**

### **4.1 Staff Changes**

Since the last Audit Committee meeting, we have filled the Principal Auditor vacancy we previously reported. Our new colleague is already delivering audits within the 2018/19 plan.

This week (w/c 16<sup>th</sup> July) our longest-standing Principal Auditor has been successful in gaining a promotion to the position of Audit Manager in the Audit & Assurance Carmarthen team, serving another Health Board. We are looking at options to address the vacancy currently.

We are aiming to fill a vacancy at Senior Auditor level through our established relationship with the head of the Accounting & Finance Department of Swansea University School of Management and have commenced a process to recruit to an 'audit bank', using that link to promote high-flying graduate students that have demonstrated an aptitude for the audit module of their course to apply. Audit & Assurance has previously recruited via this University link with great success and staff recruited that way have quickly progressed within (and outside) the organisation.

### **4.2 Policy Forum for Wales Seminar**

The Head of Internal Audit attended a seminar entitled *Next Steps for Primary Care in Wales: Priorities for Primary Care Clusters, Resourcing and Preparation for the New Health & Social Care Plan*.

## **5 ACTION**

### **5.1 The Audit Committee is asked to note progress so far with delivery of the 2018/19 audit plan.**




## INTERNAL AUDIT PROGRESS AGAINST PLAN

## APPENDIX A

Planned Output	Indicative audit start date	Indicative draft report date	Executive Lead
Corporate governance, risk and regulatory compliance domain			
Governance, leadership and accountability (incorporating Health & Care Standards)	Mar 19	May 19	DOCG
Annual Governance Statement	Apr 19	May 19	DOCG
Risk Management & Assurance	Sep 18	Oct 18	DON&PE
Corporate Legislative Compliance – Wellbeing of Future Generations (Wales) Act	Aug 18	Sep 18	DOCG <sup>3</sup>
Corporate Governance – Code Compliance <i>(deferred 17/18)</i>	Sep 18	Nov 18	DOCG
Board Assurance Framework <i>(deferred 17/18)</i>	Jan 19	Feb 19	DOCG
Partnership Governance: ARCH <i>(deferred 16/17 &amp; 17/18)</i>	Aug 18 tba	Nov 18 tba	DOCG
Health & Safety (follow up)	Sep 18	Oct 18	DOS
Fire Safety (follow up)	Nov 18	Dec 18	DOS
Strategic planning, performance management and reporting domain			
Annual Plan (in absence of IMTP)	Aug 18	Oct 18	DOS
Performance management and reporting	Dec 18	Jan 19	DOS
Vaccination and Immunisation	Draft report issued June 2018		DOPH
Third Sector Commissioning (follow up)	Work started, but on hold		DOS
Financial governance and management domain			
Budgetary control & financial reporting	Oct 18	Nov 18	DOF
General Ledger	Oct 18	Nov 18	DOF
Welsh Risk Pool Claims	Dec 18	Feb 19	DON&PE
Charitable Funds – Part 1	Final report issued July 2018		DOF
Charitable Funds – Part 2	Work in progress		DOF
Charitable Fund: Golau Governance (follow up)	Jul 18	Aug 18	DOF
Payroll – local controls	Aug 18	Sep 18	DOF
Clinical governance, quality & safety domain			
Annual Quality Statement	Draft report issued June 2018		DON&PE <sup>4</sup>
Putting Things Right <i>(deferred 17/18)</i>	Work in progress		DON&PE
Patient Reported Outcome Measures <i>(deferred 17/18)</i>	Nov 18	Dec 18	EMD
Clinical Audit & Assurance <i>(deferred 17/18)</i>	Nov 18	Jan 19	EMD
Discharge Planning <i>(deferred 17/18)</i>	Oct 18	Dec 18	DON&PE
Pressure Ulcers (follow up)	Aug 18	Sep 18	DON&PE
Mortality Reviews (follow up)	Jul 18	Aug 18	EMD
POVA (DoLS) (follow up)	Work in progress		DON&PE

<sup>3</sup> With support of DOCG

<sup>4</sup> With support of EMD and DOTH&HS

Planned Output	Indicative audit start date	Indicative draft report date	Executive Lead
Nursing Quality Assurance / Matron Checks	Work started		DON&PE
Information governance & security			
Data Quality: Outpatient Delayed Follow Ups	Work in progress		EMDCOO <sup>5</sup>
IT / Cyber Security	Nov 18	Jan 19	EMD
Business Continuity & Disaster Recovery	Aug 18	Oct 18	EMD
Health Records Management (Physical notes)	Final report issued to Exec Lead		EMD
GDPR	Nov 18	Dec 18	EMD
IT Application	Oct 18	Dec 18	EMD
Operational service and functional management domain			
HR&OD Directorate (follow up) <i>(deferred 17/18)</i>	Jan 19	Feb 19	DOWOD
GP Managed Practices <i>(deferred 17/18)</i>	Draft report issued July 2018		COO
Princess of Wales Service Delivery Unit	Work in progress		COO
Morrison Hospital Service Delivery Unit	Work started		COO
Strategy and Planning Directorate	Jul 18	Aug 18	DOS
Workforce management domain			
Medical Staff Revalidation <i>(deferred 17/18)</i>	Oct 18	Nov 18	EMD
Organisational Change Policy/Contractual Changes <i>(deferred 17/18)</i>	Jan 19	Mar 19	DOWOD
Nurse Rostering (follow up) <i>(deferred 17/18)</i>	Sep 18	Oct 18	DON&PE
Junior Doctor Bandings (follow up) <i>(deferred 17/18)</i>	Jan 19	Mar 18	DOWOD
Staff Performance Management & appraisal (follow up)	Dec 18	Jan 19	DOWOD
Statutory and Mandatory Training (follow up)	Jan 19	Feb 19	DOWOD
Sickness absence Management (follow up)	Draft report issued June 2018		DOWOD
Medical Locum Cover (follow up)	Nov 18	Dec 18	EMD
Capital and Estates domain			
Equipment Replacement <i>c/fwd 17/18</i>	 Final report issued July 2018		DOS
Follow up (Estates Assurance) <i>c/fwd 17/18</i>	 Final report issued July 2018		DOS
Follow up (Capital) <i>c/fwd 17/18</i>	 Final report issued July 2018		DOS
Estates Assurance: Control of Substances Hazardous to Health <i>c/fwd 17/18</i>	Jul 18	Sep 18	DOS
Environmental Sustainability Report	Jun 18	Jun 18	DOS
Carbon Reduction Commitment	Jul 18	Jul 18	DOS
Capital Systems	Jun 18	Aug 18	DOS
Major Strategic Investment Programmes: ARCH Programme	Aug 18 tba	Nov 18 tba	DOS
Capital Projects: Transitional Care Unit/Neonatal and	Oct 18	Dec 18	DOS

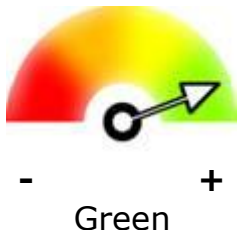

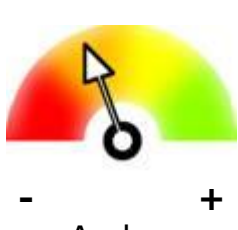
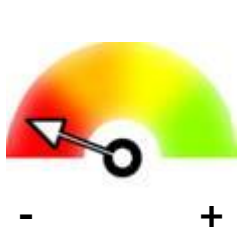
<sup>5</sup> The scope of this audit has been broadened beyond data quality and agreed with the lead Executive – the title has been amended to reflect the same.

Planned Output	Indicative audit start date	Indicative draft report date	Executive Lead
Paediatrics Capacity			
Capital Projects: Primary and Community Care Infrastructure Projects	Dec 18	Mar 19	DOS
Capital Projects: Environmental / Infrastructure Modernisation Programme	Jan 19	Mar 19	DOS
Informatics Modernisation Programme	Nov 18	Jan 19	EMD
Estates Assurance: Water Management	Aug 18	Oct 18	DOS
Follow up (Estates Assurance)	Feb 19	Mar 19	DOS
Follow Up (Capital)	Feb 19	Mar 19	DOS

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## ASSURANCE RATINGS

## APPENDIX B

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