Partneriaeth Cydwasanaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services Partnership
Audit and Assurance Services

Bwrdd Iechyd Prifysgol Bae Abertawe
Swansea Bay University Health Board

Swansea Bay University Health Board

HEAD OF INTERNAL AUDIT OPINION & ANNUAL REPORT 2019/20

MAY 2020

NHS Wales Shared Services Partnership

Audit and Assurance Services

CONTENTS

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1. EXECUTIVE SUMMARY

1.1 Purpose of this Report

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the Head of Internal Audit.

This report sets out the Head of Internal Audit opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance in comparison to the plan and an assessment of conformance with the Public Sector Internal Audit Standards (these are the requirements of Standard 2450).

1.2 Head of Internal Audit Opinion

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved internal audit plan is biased towards risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement.

The overall opinion has been formed by summarising audit outcomes across eight key assurance domains. The overall opinion is then based upon these grouped findings. All domains carry equal weighting.

In my opinion the Board can take **Reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention with **low to moderate impact on residual risk** exposure until resolved.

1.3 Delivery of the Audit Plan

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

As a result of the COVID-19 pandemic and the response to it from the health board we have not been able to complete our audit programme in full. However, we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

We had anticipated, after adjustments to the original audit plan agreed with the Audit Committee, producing 47 outputs at the year end. However, due to the

impact of COVID-19 the final position at Swansea Bay UHB is: 37 Final reports, 9 Draft reports, and 1 work in progress where insufficient work has been done to be used to support the opinion.

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

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

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

1.4 Summary of Audit Assignments

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

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

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

- Strategic Planning, Performance Management and Reporting;
- Financial Governance and Management;
- Clinical Governance Quality and Safety;
- Information Governance and Security;
- Operational Services and Functional Management;
- Workforce Management;
- Capital and Estates Management.

However, in the domain below the significance of the matters raised in some subject areas where there are improvements to be made in governance, risk management and control has impacted upon our overall audit assessment:

- Corporate Governance, Risk Management and Regulatory Compliance.

Please note that our assessment across each of the domains has also taken into account, where appropriate, the number and significance of any audits that have been deferred during the course of the year (See also Section 2.4.2 and 5.7).

1.5 Organisational Context

This has been the first year of the new Swansea Bay University Health Board. The disaggregation of Bridgend from the former Abertawe Bro Morgannwg UHB required significant management focus during 2018/19 and the work required to ensure the new organisational arrangements are effective has continued into 2019/20. The targeted intervention that was applied to the former organisation has continued to apply to Swansea Bay UHB. There continue to be significant challenges to achieving a balanced financial position and to meet expected levels of performance. Additional support has continued to be provided by Welsh Government and this has been supplemented this year with an external review which has informed development of the new health board's plans for the coming years and made a number of recommendations aimed at improving the framework for delivery. As the 2019/20 financial year approached a close, the NHS as a whole was faced with the unprecedented challenge of addressing the COVID-19 infection. This has required health board management and staff to act with agility, managing risk, re-assessing priorities and implementing swift changes to working practices.

The audit team continues to be well-supported by Board members, senior management and staff across the service, and the audit plan has been delivered with that support in the context of the challenges that the health board has faced.

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.
- The conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Audit Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Audit Committee, will need to consider the Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

2.2 Purpose of the Head of Internal Audit Opinion

The purpose of my annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Swansea Bay University Health Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement, and may also be taken into account by regulators including Healthcare Inspectorate Wales in assessing compliance with the Health & Care Standards in Wales, and by Wales Audit Office in the context of their external audit.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

2.3 Assurance Rating System for the Head of Internal Audit Opinion

The assurance rating framework for expressing the overall audit opinion was refined in 2013/14 in consultation with key stakeholders across NHS Wales. In 2016/17, following further discussion with stakeholders, it was amended to remove the weighting given to three of the eight domains when judging the overall opinion. The framework applied in 2016/17 has been used again to guide formulation of the opinion for 2019/20.

The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions as clarified in 2012/13 has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.

This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix D**.

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

A quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting process to ensure the assurance domain ratings and overall opinion are consistent with the underlying audit evidence and in accordance with the criteria for judgement at **Appendix E**.

2.4 Head of Internal Audit Opinion

2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk based audit plan which has been agreed with senior management and approved by the Audit Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

 - + Reasonable	The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with **low to moderate impact on residual risk** exposure until resolved.

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* reports issued during the year and the significance of the recommendations made.

2.4.2 Basis for Forming the Opinion

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

The Head of Internal Audit has concluded that *Limited* assurance can be reported for the Corporate Governance, Risk and Regulatory Compliance domain. Reasonable assurance can be reported for Clinical Governance, Quality and Safety; Strategic Planning, Performance Management and Reporting; Financial Governance and Management; Information Governance and Security; Operational Services and Functional Management; Workforce Management and Capital and Estates domains.

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

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

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements;

- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module (see 2.7.1 & 2.7.2); and

- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3 – Other Work for details).

It is also informed by work undertaken in relation to the Health & Care Standards, though this has been limited this year by the impact of the COVID-19 outbreak on timescales for the health board's final self-assessment & review process relating.

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

The Head of Internal Audit has considered residual risk exposure across those assignments where limited or no assurance was reported. Additionally, a number of assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. Where changes were made to the audit plan during the year then the reason was presented to the Audit Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes (deferrals) made to the plan when forming the overall opinion.

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

Corporate Governance, Risk Management and Regulatory Compliance

- Limited assurance has been reported in respect of Health & Safety, Human Tissue Act: Mortuary (Part II), Risk Management & Board Assurance Framework and Declarations of Interest, Gifts & Hospitality.
- The audit of Fire Safety was deferred.

Strategic Planning, Performance Management & Reporting

- Reasonable assurance has been reported in respect of Partnership: Regional Partnership Board (IPC Recommendations) [DRAFT] and Performance Management & Reporting (Cancer) [DRAFT].
- Limited assurance has been reported in respect of Annual Plan: Quality Impact Assessment.
- No ratings were allocated to Commissioning: Service Level Agreements and GP Out of Hours Services: Quality Standards Reporting.

Financial Governance & Management

- Substantial assurance has been reported in respect of Financial Ledger and Welsh Risk Pool Claims.
- Limited assurance has been reported in respect of the Procurement: No PO/No Pay.
- No rating was allocated to the limited scope review of Budgetary Control & Financial Reporting: Committee Reporting.

Clinical Governance Quality & Safety

- Reasonable assurance has been reported in respect of Infection Prevention & Control, Prevention & Management of Inpatient Falls, Medical Equipment & Devices: Replacement Prioritisation, Deprivation of Liberty Safeguards (Follow Up) and Medicines Management.
- Limited assurance has been reported in respect of WHO Checklist and Discharge Planning [DRAFT].
- No rating was allocated to Annual Quality Statement or Nursing Quality Assurance (Interim Follow Up).
- Audits of Mortality Reviews and Clinical Governance / Clinical Services Plan were deferred.

Information Governance & IT Security

- Reasonable assurance has been reported in respect of IT Application Systems (TOMS) and IT Infrastructure Assets (Follow up) [DRAFT].
- No rating was allocated to Discharge Summary Communication: Improving Performance.
- The audit of Digital Strategy: Information Reporting was deferred.

Operational Service & Functional Management

- Reasonable assurance has been reported in respect of Unit Governance: Mental Health & Learning Disabilities, Morriston Hospital Cardiac Services, Hospital Sterilization & Disinfection Unit, Patient Environment, and Workforce & OD Directorate [DRAFT].
- Limited assurance has been reported in respect of Unit Governance: Primary & Community Services.
- The audit of Integrated Care Fund will be concluded in 2020/21.

Workforce Management

- Substantial assurance was reported in respect of Workforce & OD Framework.
- Reasonable assurance was reported in respect of Nurse Staffing Levels (Wales) Act, Disclosure & Barring Service Checks and Nurse Rostering.
- Audits of Consultant Contract Job Planning and Locum On Duty were deferred.

Capital & Estates Management

- Reasonable assurance was reported in respect of the Environmental Sustainability Report, Carbon Reduction Commitment, Transitional Care Unit/Neonatal project, Primary & Community Care Infrastructure Projects, Informatics Wireless Infrastructure Project, Singleton Hospital Replacement Cladding [DRAFT] and the Capital Follow Up [DRAFT].
- Limited assurance was reported in respect of Capital Systems: Financial Safeguarding, Management of Contractors and the Estates Assurance Follow Up [DRAFT].
- The audit of ARCH will be concluded in 2020/21.

Explanations for audits issued without ratings, or deferred, are set out in sections 5.6 and 5.7 respectively.

2.4.3 Limitations to the Audit Opinion

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

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

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems.

2.4.4 Period covered by the Opinion

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

By previous agreement with the Health Board, audit work reported to draft stage has been included in the overall assessment, all other work in progress will be rolled-forward and reported within the overall opinion for next year.

The majority of audit reviews will relate to the systems and processes in operation during 2019/20 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment. Follow-up work will provide

an assessment of action taken by management on recommendations made in prior periods and will therefore provide limited scope update on the current condition of control and a measure of direction of travel.

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

- Annual Quality Statement; and
- Environmental Sustainability Report.

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

2.5 Required Work

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

- Health & Care Standards, including the Governance, Leadership and Accountability standard;
- Annual Governance Statement;
- Annual Quality Statement;
- Environmental Sustainability Report; and
- Welsh Risk Pool.

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

Please note that there are discussions ongoing with Welsh Government as to whether this work will be required in future years.

2.6 Statement of Conformance

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of internal audit is also subject to an annual assessment by the Wales Audit Office. In addition, at

least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Internal Auditors (IIA) in February and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms to all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS'.

The NWSSP Audit and Assurance Services can assure the Audit Committee that it has conducted its audit at Swansea Bay University Health Board in conformance with the Public Sector Internal Audit Standards.

Our conformance statement for 2019/20 is based upon:

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

We have set out in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP are included in the 2019/20 QAIP report. There are no significant matters arising that need to be reported in this document.

2.7 Completion of the Annual Governance Statement

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to take into account other assurances and risks when preparing their statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- Direct assurances from management on the operation of internal controls through the upward chain of accountability;
- Internally assessed performance against the Health & Care Standards;
- Results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management;
- Reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- Reviews completed by external regulation and inspection bodies including the Wales Audit Office and Healthcare Inspectorate Wales.

2.7.1 Health & Care Standards

Welsh Government guidance for preparation of the Annual Governance Statement 2019/20, requires that the Health Board provide a summary of the steps the organisation is taking to demonstrate that they operate in accordance with the

Governance, Leadership & Accountability standard and wider Health & Care Standards (HCS) framework.

At the conclusion of the 2018/19 process, management undertook to make improvements to arrangements for 2019/20. Particular areas for improvement were the use of information and the increased engagement of executive directors in the review and agreement of assessments.

In August 2019, the Health Board Executive Team received a paper setting out the approach to be adopted during 2019/20 for managing the process for self-assessment. The paper proposed:

- The development of a health board guidance document including core metrics, to increase standardisation, reduce variation across units and limit duplication of effort.
- The creation of a Health & Care Standards Group to lead and drive the process
- The allocation of Executive Director leads to particular themes
- A timeline of key events, including at its conclusion the agreement of thematic assessments by individual Executive Director leads, and the review of the overall self-assessment by the Executive Board.

The approach was approved by the Executive Board, and supported by the Quality & Safety Committee later the same month.

The schedule was subject to some change during the year, but meetings proceeded as timetabled up to the end of Quarter 3. Subsequent meetings were affected by *Breaking the Cycle* and COVID-19.

Discussion with the Assistant Director of Nursing & Patient Experience indicated that the development of local guidance was not taken forward. A template log was provided with headings to record evidence and the performance measures chosen by Units, but it was not prescriptive on these.

Later iterations of the HCS schedule received by the Executive Board introduced additional corporate scrutiny steps at the end of Quarter 3, and at year end. For the first, units were required to submit mid-year assessments in December 2019. All units engaged in this process. It was recognised that assessments were first drafts and not complete at this point. Feedback noted positive elements of submissions, but also highlighted gaps in content, and a need for more evidence and outcome/performance information to support achievement scores in final submissions.

The final scrutiny and executive director engagement was originally planned for March 2020. In order to capture the full year's performance data, the deadline for submission of final unit assessments was moved to April, and the scrutiny and executive sign-off re-scheduled accordingly.

Further adjustments to the timetable have been required as a result of COVID-19. Consideration of the final assessment at an Executive Board meeting prior to the Board is no longer planned, but at the point of writing this report, corporate management scrutiny of unit submissions is scheduled for week commencing 27 April 2020, and meetings with individual executive directors to review and sign off

the scores for each of their allocated HCS themes is scheduled for week commencing 4 May 2020. These last steps – in particular the executive director approval – are important to provide the Board with assurance in respect of the appropriateness of the final Health & Care Standards assessment scores.

The approach taken to reporting on the process during 2019/20 focused primarily on progress against the milestones set in the original schedule. Discussions at early meetings of the Health & Care Standards Group in 2019/20 and later at Quality & Safety Governance Group have indicated the intent to improve the approach for future year assessment.

Looking forward, there is scope to consider within future processes how achievement can be monitored during the year. Additionally, recognising points raised by the mid-year scrutiny panel, there is scope to do more to map core information requirements against individual standards, to assist consistent measurement of achievement and monitoring of performance.

2.7.2 Governance and Accountability Board self-assessment

It is recognised that the arrangements for the Board to undertake its annual self-assessment of governance, leadership and accountability have been deferred due to the impact of COVID-19 pressures.

We will liaise with the Director of Corporate Governance during 2020/21 to consider the process undertaken and provide support where required.

3. OTHER WORK RELEVANT TO THE HEALTH BOARD

As our internal audit work covers all NHS organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation's audit programme, will cover activities relating to other Health bodies. The Head of Internal Audit has had regard to these audits, which are listed below.

NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre University 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:

- Accounts Payable - Reasonable
- Payroll – Reasonable (draft report)
- Primary Care Services – General Medical Services - Substantial
- Primary Care Services – General Pharmaceutical Services - Substantial
- Primary Care Services – General Dental Services – Substantial
- Primary Care Services – General Ophthalmic Services – Substantial
- Primary Care Services – Post Payment Verification - Substantial

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme.

The overall Head of Internal Audit Opinion for NWSSP has given an overall rating of Reasonable Assurance.

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

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

Welsh Health Specialised Services Committee

- Cardiac review - Reasonable
- Information governance - Reasonable

Emergency Ambulance Services Committee

- Non-emergency patient transport service - N/A

NHS Wales Informatics Service (NWIS)

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

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

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

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre University NHS Trust Head of Internal Audit Opinion and Annual Report, along with the NWIS Audits; the WHSSC and EASC audits are detailed in the Cwm Taf Morgannwg UHB Head of Internal Audit Opinion and Annual Report.

4. DELIVERY OF THE INTERNAL AUDIT PLAN

4.1 Performance against the Audit Plan

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit Committee during the year. The assignment status summary is reported at section 5 and **Appendix B**.

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

4.2 Service Performance Indicators

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

Post audit questionnaires are issued following the finalisation of all audit assignments. The response rate has been 56% (19 out of 34 finalised audits). Where respondents have made specific comments these have been reviewed by the Head of Internal Audit for any necessary action. Feedback from management has been overwhelmingly positive, most frequently describing the service received as: Professional, Helpful, Clear, Concise, Comprehensive, Positive, Informed, Engaging, Timely, Open, Constructive, and Knowledgeable.

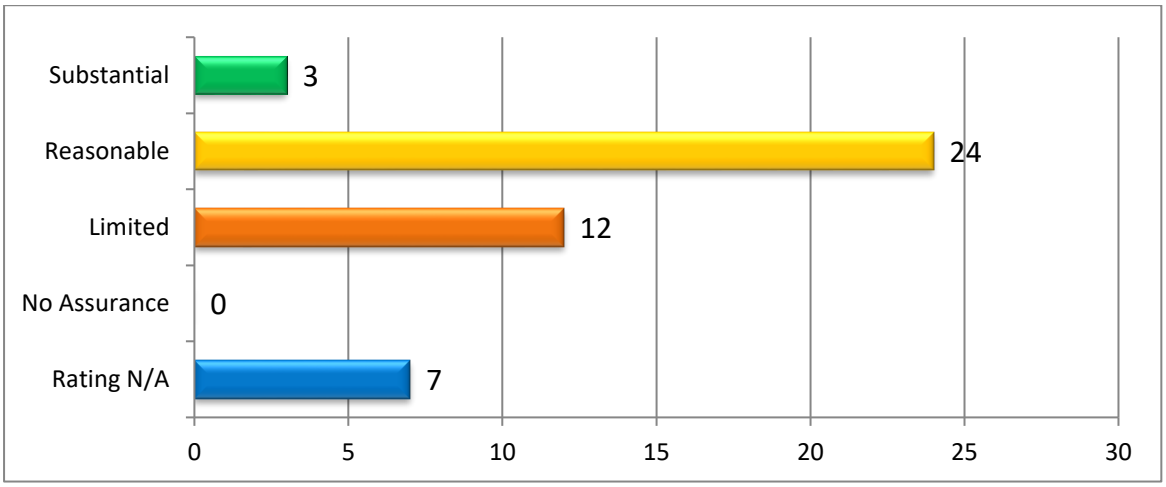
5. RISK BASED AUDIT ASSIGNMENTS

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 **46** audit reviews were reported during the year (figure includes draft & final reports). Figure 1 below presents the assurance ratings and the number of audits derived for each.

Figure 1 Summary of audit ratings



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

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating. The conclusions of any assignments for which fieldwork remains to be completed will be reported in 2020/21.

5.2 Substantial Assurance

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
General Ledger (SBU-1920-014)	The overall objective of this audit was to give assurance that the Health Board maintains records of all financial transactions and ensures their completeness and integrity, with the aim of providing the basic data from which management accounts, final accounts and statutory returns can be prepared. The financial ledger relies upon data from a number of feeder systems. This audit reviewed the interface with those systems but did not include controls within the individual feeder systems.
Welsh Risk Pool Claims (SBU-1920-015)	In accordance with Welsh Risk Pool Standards, the overall objective of this audit was to review a sample reimbursements sought from the Welsh Risk Pool to confirm their accuracy and compliance with the required process.
Workforce and OD Framework (SBU-1920-039)	The overall objective of this audit was to review the management & reporting of the delivery of the Workforce & Organisational Development Framework. The Framework document did not set out milestones for completion of the activities listed within, but progress reporting to WODC had presented narrative commentary on activities undertaken and planned. The audit reviewed a sample of activities against the narrative position as reported in the progress reports to WODC and the assurance rating represents the outcome of that review. It was not an

Review Title	Objective
	assessment of progress made against the Framework overall.

5.3 Reasonable Assurance

In the following review areas the Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Some matters require management attention in either control design or operational compliance and these will have low to moderate impact on residual risk exposure until resolved.

Review Title	Objective
Partnership: Regional Partnership Board (IPC Recommendations) (SBU-1920-008) ***DRAFT***	The overall objective of this audit was to review the consideration and implementation of recommendations made within the Institute of Public Care's September 2018 report. The scope was reduced to limit enquiries of key staff during the increasing pressures of COVID-19 management. In particular, we excluded coverage of recommendations made by the IPC in relation to Programme Office arrangements and individual project-level governance. The IPC review included interviews with a range or RPB members and stakeholders. The approach taken with this internal audit review has been to discuss action taken with the health board's management lead, followed by desktop review of health board and partnership board papers. The audit has not reviewed the effectiveness of new arrangements implemented.
Performance Management & Reporting (Cancer) (SBU-1920-011) ***DRAFT***	The overall objective of this audit was to review the arrangements in place to drive performance improvement whilst the performance management framework was in development.

Review Title	Objective
	The rating is reflective largely of the outcome of our sample testing of actions reported to the Performance & Finance Committee. At the request of management we also considered meetings & processes to deliver improvements. This work focused on the operational meetings within and between units with a view to highlighting areas for improvement – it was not a review of the overall cancer performance management framework and our findings have been considered accordingly when assessing the rating. Whilst this work identified active operational management of patient lists and consideration of service issues, there were clear areas where improvement could be made. Recommendations were raised for management attention.
Infection Prevention & Control (SBU-1920-019)	The overall objective of this audit was to review compliance with the Welsh Government guidance and Health Board policies & procedures.
Prevention & Management of Inpatient Falls (SBU-1920-020)	The overall objective of this audit was to review compliance with key aspects of Health Board Policies and Procedures. As the Hospital's Injury Prevention Strategy Group was newly established we agreed that the scope of this audit would exclude the work of this group. Additionally, as the revised policy was not yet implemented formally, the audit did not review compliance with newly introduced requirements. However, there were some expectations which were common to both the current and revised policies, and others set out within wider Health Board policies (e.g. incident reporting), which were considered within the scope of the audit.

Review Title	Objective
Medical Equipment & Devices: Replacement Prioritisation (SBU-1920-022)	The overall objective of this audit was to review arrangements in place for replacing medical equipment and devices.
Deprivation of Liberty Safeguards (Follow Up) (SBU-1920-023)	The overall objective of this audit was to confirm that action has been taken to address issues highlighted at the last audit review.
Medicines Management (SBU-1920-024)	The overall objective of this audit was to review the role and effectiveness of the Medicines Management Strategic Board in providing strategic oversight for all aspects of prescribing & medicines management. The audit reviewed arrangements in place to ensure that the Medicines Management Strategic Board, its supporting Medicines Management Operational Board and sub-groups, were operating effectively in order to provide assurance on medicines management strategy and objectives within the Health Board.
IT Application Systems: Theatres Operating Management System (TOMS) (SBU-1920-029)	The purpose of the review was to provide assurance to the Audit Committee that data held within the TOMS Theatres IT System is accurate, secure from unauthorised access and loss, and that the system is used fully.
IT Infrastructure Assets (Follow Up) (SBU-1920-030) ***DRAFT***	The overall objective of this audit was to review progress made by management to implement action agreed to address key issues identified during the previous audit review.
Workforce & OD Directorate (SBU-1920-032) ***DRAFT***	The overall objective of this audit was to review the management of risks associated with capacity of the Workforce & OD function. The scope considered progress being made to achieve priorities in relation to workforce capacity & structure; personal objectives & appraisal; sickness absence management & non-pay expenditure.

Review Title	Objective
Unit Governance: Mental Health & Learning Disabilities (SBU-1920-034)	The overall objective of this audit was to review governance arrangements for both Mental Health and Learning Disabilities and the management of risk within the Service Delivery Unit.
Morriston Hospital: Cardiac Services (SBU-1920-035)	The overall objective of this audit was to review the risk management arrangements within Cardiac Services.
Hospital Sterilization & Disinfection Unit (SBU-1920-037)	The overall objective of this audit was to review the governance arrangements in place that provide senior management and the Board with assurance in respect of compliance with external directions and health board policies & procedures. Recognising that the ISO requires a programme of management audit and monitoring arrangements, and that technical inspection and accreditation are performed via an external organisation, the internal audit review of compliance focused on the operation of these arrangements.
Patient Environment (SBU-1920-038)	The overall objective of this audit was to review arrangements in place to address issues identified by Healthcare Inspectorate Wales, and other inspections, with regard to environmental matters that may impact upon the safety of service users.
Nurse Staffing Levels (Wales) Act (SBU-1920-041)	The overall objective of this audit was to review arrangements in place to ensure that the Health Board has appropriate processes in place to ensure that it is complying with the requirements of the Nurse Staffing Levels (Wales) Act 2016.
Disclosure & Barring Service Checks (SBU-1920-042)	The overall objective of this audit was to review progress made to improve arrangements in place for the checking of staff through the Disclosure & Barring Service.

Review Title	Objective
	The audit sought to verify progress against the agreed action plan as reported to the Workforce & OD Committee. It was recognised that the Health Board is supported in the checking of staff during recruitment by NWSSP Employment Services. It was not within the scope of this audit to review the operation of checks undertaken on the Health Board's behalf by the NWSSP, or to provide assurance regarding the same.
Nurse Rostering (SBU-1920-043)	The overall objective of this audit was to review compliance with nurse rostering policy and the effectiveness of use of the e-rostering system. Recognising that different Units were at different stages of maturity in the use of the new rostering system, the scope of the audit included Singleton and the early implementer wards at Morriston. The review of arrangements at Singleton included the effectiveness of the established Scrutiny Panels. The audit work at Morriston reviewed the operation of Scrutiny Panels but not the effectiveness.
Environmental Sustainability Report (SSU SBU 1920-10)	The overall objective of the audit was to assess the adequacy of management arrangements for the production of the sustainability report within the Annual Report; whether the form and content of the statement complied with the Welsh Government requirements, and whether the information published within the report provided an accurate and representative picture of the quality of services it provided and the improvements it has committed to undertake.
Carbon Reduction Commitment (SSU SBU 1920-11)	This audit sought to provide the UHB with assurance that operational procedures were compliant with the CRC Scheme guidelines, including mandatory and best practice elements.

Review Title	Objective
Capital Projects: Transitional Care Unit / Neonatal and Paediatrics Capacity (SSU ABMU 1819-03)	This project audit sought to provide the UHB with assurance that systems and controls were adequate for the management of the £9.71m Neonatal & Post-Natal services project at Singleton Hospital. The review encompassed consideration of project governance arrangements, selection and appointment of the contractors and budgetary and change management controls being applied at the project.
Capital Projects: Primary and Community Care Infrastructure Projects (SSU ABMU 1819-04)	This audit sought to assess the governance and proposed delivery arrangements for the UHB's Primary and Community Care infrastructure projects. This initial review assessed project management controls operating at the Murton and Penclawdd Health Centre refurbishment projects (with project values of £0.693m and £1.176m respectively). The wider programme's strategic and governance arrangements were also considered.
Informatics Modernisation Programme: Wireless Infrastructure Project (SSU ABMU 1819-06)	This project aimed to install wireless infrastructure within Singleton Hospital, Maesteg Hospital, Gorseinon Hospital, Suites in Tonna and Angleton Clinic. The project was identified as a key infrastructure enabler in the Informatics Strategic Outline Plan, with funding agreed at £3.462m. The overall objective of the audit was to provide assurance that appropriate project governance and management controls were operating at the project, including consideration of reporting and approval mechanisms, procurement/installation processes and commissioning arrangements.
Follow up (Capital) (SSU SBU 1920-01) ***DRAFT***	The overall objective of this audit was to establish progress made by management to implement actions agreed to address key issues identified at previous capital project and capital systems reviews.

Review Title	Objective
Singleton Hospital Replacement Cladding (SSU SBU 1920-03) ***DRAFT***	The overall objective of this audit was to provide the UHB with assurance over the delivery of Phase 1 of the project (£0.315m), and to consider the wider development of the main project (circa £10m). Areas including governance arrangements, risk management, management of advisers and quality issues were considered.

5.4 Limited Assurance

In the following review areas the Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.

Review Title	Objective
Risk Management and Board Assurance Framework (SBU-1920-003)	The overall objective of this audit was to review the process that has been adopted to establish a robust risk management and Board Assurance Framework within the Health Board.
Declarations of Interest, Gifts & Hospitality (SBU-1920-004)	The overall objective of this audit was to review compliance with health board policies and procedures with regard to declarations of interest, gifts and hospitality. The assignment excluded capital and estates functions, and the processes operated by NWSSP Procurement Services on behalf of the health board. These have been subject to review by the NWSSP Audit & Assurance Specialist Services Unit. It did however consider action taken in response to the last SSU review with respect to improvements within the corporate arrangements.

Review Title	Objective
Health & Safety (SBU-1920-006)	The overall objective of this audit was to review arrangements in place to ensure compliance with Health & Safety Regulations. The audit reviewed the effectiveness of the Health & Safety Committee and the information and support it received from the operational management group and other sources to enable it to perform its role effectively.
Annual Plan: Quality Impact Assessment (SBU-1920-009)	The overall objective of this audit was to review the Health Board's governance, accountability and delivery arrangements with respect to development of its Annual Plan 2019/20. Following preliminary consideration of risks and arrangements described to address them, the scope for this review considered the operation of the Health Board's Quality Impact Assessment (QIA) process in the development and delivery of the Annual Plan 2019/20. The process was set out in the February 2019 paper to the QSC.
Procurement (No PO / No Pay) (SBU-1920-016)	The overall objective of this audit was to review compliance with relevant Health Board policies and financial control procedures with particular respect to the interface between NWSSP and the Health Board and the management of compliance with the No PO No Pay policy. The audit reviewed arrangements to comply with the requirements of FCP14 section 3.16.1e in particular respect to mechanisms to address invoices on hold due to the absence of associated purchase orders. Following initial discussions and analysis, the audit considered the factors that may be impeding compliance with the Policy through discussion with lead managers within the service. The audit did not review controls operating within the NWSSP, but we considered the content of agreements, policies and procedures in place that describe responsibilities.

Review Title	Objective
WHO Checklist (SBU-1920-021)	The overall objective of this audit was to review whether the Health Board has arrangements in place to demonstrate compliance with completion of the WHO checklist.
Discharge Planning (SBU-1920-025) ***DRAFT***	The overall objective of this audit was to review compliance with key aspects of the SAFER patient flow process.
Unit Governance: Primary Care and Community Services (SBU-1920-033)	The overall objective of this audit was to review the Unit Assurance Framework and governance arrangements including the management of risk within the Service Delivery Unit.
HTA Mortuary (Part II) (SBU-1920-045)	The overall objective of this audit was to review the effectiveness of the arrangements in place to ensure the implementation of changes required to address issues arising from management self-assessment and HTA inspection, and to provide assurance regarding the same.
Capital Systems - Financial Safeguarding (SSU SBU 1920-07)	This review sought to affirm that there were effective controls and systems operating to deter and safeguard against potential fraud within the UHB's Estates function. Areas reviewed included: • Quotation/tender/local order processes; • Segregation of duties & delegated authorities; and • Stock control processes.
Estates Assurance: Management of Contractors (SSU SBU 1920-09)	The overall objective of this review was to provide assurance on the processes and procedures that support the management and control of contractors working for the University Health Board. The review assessed governance arrangements, controls over the selection and appointment of contractors, the management of work on site, and monitoring and reporting arrangements, in line with the requirements of the HSE (Health & Safety Executive).

Review Title	Objective
Follow up (Estates Assurance) (SSU SBU 1920-08) ***DRAFT***	This review encompassed an evaluation of the management action taken by the University Health Board (UHB) to address previously agreed recommendations identified by Audit arising from previous estates assurance reports.

5.5 No Assurance

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

5.6 Assurance Not Applicable

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

Review Title	Objective
HTA Mortuary ***(Part I: Interim Report)*** (SBU-1920-005)	The overall objective of the audit of Human Tissue Act: Mortuary within the Audit Plan for 2019/20 was to review arrangements in place to ensure compliance with legislation. Following preliminary audit planning, including a review of the self-assessment completed to date, we decided to delay further work and instead issue an interim report for immediate management consideration and action as appropriate. *This audit has been superseded by Human Tissue Act Mortuary (Part II) review (SBU-1920-045)*

Review Title	Objective
Commissioning Healthcare Services: Service Level Agreements (SBU-1920-010)	The audit review of meeting papers during planning for this review found that the proposed governance arrangements which the Health Board intended progressing in partnership with Cwm Taf Morgannwg Health Board, were still developing. Noting the position, we considered it too early to undertake a full scope assurance audit of arrangements in place, but following our review of meeting papers an interim report was issued to present a summary of arrangements developed to date.
GP Out of Hours: Quality Standards Reporting (SBU-1920-012)	During the course of fieldwork, we identified issues in respect of the reliability of reporting arrangements that affected not only Swansea Bay UHB but other NHS organisations using the 111 service. The solutions to these issues were not solely within the power of SBU to address, though it needed to work with its partners to resolve them. We were aware that this was progressing and there was ongoing engagement with colleagues within Welsh Government. In view of the wider issues identified and partnership input required to resolve them we did not assign an assurance rating but closed our work and reported the position, together with recommendations to ensure appropriate management assurance is communicated to the Health Board regarding progress.
Budgetary Control & Financial Reporting: Committee Reporting (SBU-1920-013)	The overall objective of this audit was to review the key, high-level financial controls operating, to manage the risks to achieving financial balance. In light of the work of KPMG, the reports of which the Health Board has now received, we reduced the scope of our work and considered that the provision of an internal audit assurance 'barometer' rating would not be useful or appropriate this year. Instead we presented our findings and conclusions narratively. We reviewed the recommendations made by KPMG

Review Title	Objective
	following their work on the delivery framework and had no additional recommendations to raise, recognising the reach of those already made.
Annual Quality Statement (SBU-1920-017)	The overall objective of this audit was to assist the Health Board with accuracy checking and triangulation of data and evidence before publication of the Annual Quality Statement (AQS). We did not undertake to provide an assurance opinion in respect of the final AQS; however, by making audit recommendations and comments directly to management ahead of publication, we provided opportunities to improve the AQS content, and support management assurance in respect of the same.
Nursing Quality Assurance (Interim Follow Up) (SBU-1920-027)	A review of the recorded status of management action following our last audit indicated at planning stage that actions agreed with Units to address controlled drug and resuscitation trolley issues were addressed at the end of June 2019. However, there was work ongoing to complete the review of the Quality Assurance Framework itself, the target date for which had been revised. Rather than delay further until the Framework was fully embedded, we agreed with the Director of Nursing & Patient Experience that an interim, partial follow up audit be undertaken of those actions agreed to address controlled drugs records and resuscitation trolley checks at ward level. A full follow up audit incorporating review of the implementation of the revised Quality Assurance Framework has been included within the audit plan for 2020/21. Recognising that an assurance rating would not be comparable with the original audit, it was agreed at the outset of this assignment that narrative commentary would be provided instead with details of any remaining issues highlighted for management action as

Review Title	Objective
	appropriate. As part of that commentary, we highlighted that improvement was apparent in some areas with respect to routine checks of resuscitation equipment, though this was not the case across the board. However, testing found continued non-compliance with controlled drug policy requirements in respect of the completion of registers.
Discharge Summary Communication: Improving Performance (SBU-1920-028) ***DRAFT***	The overall objective of this audit was to review the arrangements in place to improve compliance with targets for discharge summary completion. Following commencement of the audit, an early discussion with the Medical Director's team in respect of the timing of recovery plan implementation, and the emerging pandemic during the fieldwork period, caused us to alter our audit approach and limit coverage on corporate and unit arrangements. Consequently, we have reported our findings without the usual assurance barometer, recognising this limited scope. Nonetheless we highlighted some issues for consideration by management and recommendations to address them.

5.7 Audits Deferred / Not Completed

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

Review Title	Objective
Fire Safety (SBU-1920-007)	A draft brief was issued for our audit of Fire Safety in December. Management indicated that due to focus given to addressing the requirements of Health & Safety Executive Notices an audit would likely arrive at the same position this year as previously (the last audit reported a *Limited Assurance* rating). Improvements were planned for

Review Title	Objective
	the governance group structure to support Fire Safety management during Quarter 4 and it was suggested that a review early in 2020/21 to provide independent assurance would be more beneficial. The previous audit opinion remains relevant.
Clinical Governance / Clinical Services Plan (SBU-1920-018)	Wales Audit Office planned to commence its work on Quality Governance in April 2020. We therefore agreed to defer our work and include it in the 2020/21 audit plan. The findings & conclusions of this work will inform the 2020/21 internal audit opinion.
Mortality Reviews (SBU-1920-026)	The previous audit of this area derived a *Limited* assurance rating. Following preliminary planning for this year's review, we discussed the potential timing and scope of the audit with the Medical Director. Whilst the reported completion rates of "Stage 1" reviews continued to be positive, the key issue arising at previous audits of this subject had been the delayed completion of "stage 2" reviews and the mechanisms to demonstrate the sharing of lessons learned and assurance to the Board. This area of risk would have been the natural focus of audit work. Discussion with the Medical Director indicated that this area was likely to be impacted by the incoming national Medical Examiner arrangements. It was agreed to defer our work until these new national arrangements had become operational, so that any recommendations emerging from our work fitted with the new arrangements. The previous audit opinion remains relevant.

Review Title	Objective
IT Digital Strategy: Clinical Information Reporting (SBU-1920-031)	The Health Board's Annual plan had indicated that a draft Business Intelligence plan would be launched in Q3, followed by development of an implementation plan in Q4. However, development of the plan was delayed, However, the Board was updated in January 2020 that its draft plan for business intelligence was still in development. We therefore agreed to defer our work into 2020/21 in order to review the agreed plan and its delivery. The findings & conclusions of this work will inform the 2020/21 internal audit opinion.
Integrated Care Fund (SBU-1920-036) *Not completed in 2019/20*	The overall objective of this audit is to review the decision and authorisation processes for ICF payments and the partnership governance arrangements supporting them. The audit has commenced within 2019/20, but has paused and will complete in 2020/21. The findings & conclusions of this work will inform the 2020/21 internal audit opinion.
Consultant Contract Job Planning (SBU-1920-040)	A review of the Consultant Contract Job Planning arrangements was included in our plan agreed in March 2019. Originally, the WAO planned to follow up earlier work on this subject in July 2019. We scheduled our coverage of the subject for late Q3/early Q4 with that in mind, with a view to providing internal assurance regarding action required following the WAO report. Since then timescales for WAO reporting changed so it was agreed to defer our planned coverage of this subject from the 2019/20 plan for inclusion in the 2020/21 planning process. The findings & conclusions of this work will inform the 2020/21 internal audit opinion.
Locum on Duty (SBU-1920-044)	The overall objective of this audit was to review progress with implementation of the Locum on Duty electronic system, and assess the extent to which the system of control as implemented via the electronic system addresses control weaknesses raised in the audit review of medical agency locums.

Review Title	Objective
	During fieldwork it was determined that a higher level of system access and the time of key project staff was required in order to complete the work. Additionally, unplanned leave amongst the audit team during March suggested further project staff time would be required to assist a new auditor. Noting the continued pressures of project implementation it was agreed with management and the Audit Committee to temporarily close audit work and complete as part of the 2020/21 plan. The findings & conclusions of this work will inform the 2020/21 internal audit opinion.
ARCH (A Regional Collaboration for Health) (SSU ABMU 1819-02)	Fieldwork in respect of the ARCH Programme was placed on hold noting the reduced availability of key staff and the focus on the planning / management of the ongoing COVID-19 emergency. The conclusion of fieldwork will be prioritised appropriately during 2020/21.

6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by directors and staff of the Health Board to support delivery of the Internal Audit assignments undertaken within the 2019/20 plan.

Helen Higgs, Head of Internal Audit (Swansea Bay University Health Board)

Audit and Assurance Services

NHS Wales Shared Services Partnership

May 2020

ATTRIBUTE STANDARDS:	
1000 Purpose, authority and responsibility	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit Committee.
1100 Independence and objectivity	Appropriate structures and reporting arrangements in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit Committee chair.
1200 Proficiency and due professional care	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
1300 Quality assurance and improvement programme	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. WAO complete an annual assessment. An EQA was undertaken 2018.
PERFORMANCE STANDARDS:	
2000 Managing the internal audit activity	The Internal Audit activity is managed through the 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 specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit Committee.

	Policies and procedures which guide the Internal Audit activity are codified in an Audit Quality Manual. There is structured liaison with WAO, HIW and LCFS.
2100 Nature of work	The risk based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
2200 Engagement planning	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
23000 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issued.
2400 Communicating results	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. 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.
2500 Monitoring progress	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit Committee. In addition audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.
2600 Communicating the acceptance of risks	If Internal Audit considers that a level of inappropriate risk is being accepted by management it would be discussed and will be escalated to Board level for resolution.

AUDIT RESULTS GROUPED BY ASSURANCE DOMAIN

Assurance domain	Audits Deferred	Overall rating	Not rated	No Assurance	Limited Assurance	Reasonable assurance	Substantial assurance
Corporate Governance, Risk and Regulatory Compliance	● Fire Safety		● HTA: Mortuary (Part I Interim Report)		● Risk Management & BAF ● Health & Safety ● HTA: Mortuary (Part II) ● Declarations of Interest, Gifts & Hospitality		
Strategic Planning, Performance Management and Reporting			● Commissioning Healthcare Services: SLAs ● GPOOH: Quality Standards Reporting		● Annual Plan: QIA	● *Performance Management & Reporting: Cancer* ● *Partnership: RPB*	
Financial Governance and Management[1]			● Budgetary Control & Financial Reporting		● Procurement: (No PO/No Pay)	■ Accounts Payable ■ *Payroll*	● General Ledger ● Welsh Risk Pool Claims ■ GMS ■ GPS ■ GDS ■ GOS

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

Assurance domain	Audits Deferred	Overall rating	Not rated	No Assurance	Limited Assurance	Reasonable assurance	Substantial assurance
Clinical Governance, Quality and Safety	● Clinical Governance /Clinical Services Plan ● Mortality Reviews		● Annual Quality Statement ● Nursing Quality Assurance (Interim Follow Up)		● WHO Checklist ● *Discharge Planning*	● Infection Prevention & Control ● Prevention of Inpatient Falls ● Medical Devices & Equipment: Replacement Prioritisation ● Deprivation of Liberty Safeguards ● Medicines Management	
Information Governance and Security	● IT Digital Strategy		● *Discharge Summary Communication: Improving Performance*			● IT Application Systems: TOMS ● *IT Infrastructure Assets (Follow Up)*	
Operational Service and Functional Management	● Integrated Care Fund				● Unit Governance: Primary Care and Community Services	● *Workforce & OD Directorate* ● Unit Governance: Mental Health & Learning Disabilities	

Assurance domain	Audits Deferred	Overall rating	Not rated	No Assurance	Limited Assurance	Reasonable assurance	Substantial assurance
						● Morriston Hospital Cardiac Services ● HSDU ● Patient Environment	
Workforce Management	●Consultant Contract Job Planning ●Locum on Duty					● Nurse Staffing Levels Act ● DBS Checks ● Nurse Rostering	● Workforce & OD Framework
Capital and Estates	●ARCH				● Capital Systems - Financial Safeguarding ● Estates Assurance: Management of Contractors ● *Follow up (Estates Assurance)*	●Environmental Sustainability Report ●Carbon Reduction Commitment ●Transitional Care Unit / Neonatal and Paediatrics Capacity Project ●Primary and Community Care Infrastructure Projects	

Assurance domain	Audits Deferred	Overall rating	Not rated	No Assurance	Limited Assurance	Reasonable assurance	Substantial assurance
						Wireless Infrastructure Project *Singleton Hospital Replacement Cladding* *Follow up (Capital)*	

Key:
●●●●●●● = an audit undertaken within the annual SBU Internal Audit Plan, or deferred / not completed
■■■■■■■ = an audit undertaken as part of the NWSSP audit programme
Italics = Reports not yet finalised but issued in draft

Notes:
- Commentary following audit work on *Governance, Leadership and Accountability* is reported within the Head of Internal Audit Annual Report. Commentary in respect of the draft *Annual Governance Statement* is provided directly to the Director of Corporate Governance. Neither are included in the above.

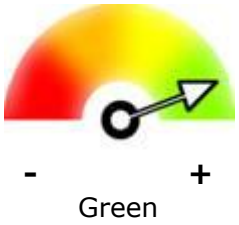
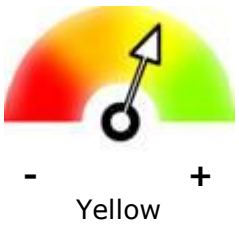
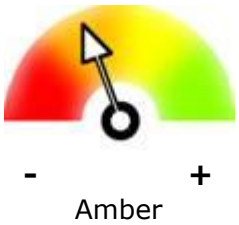
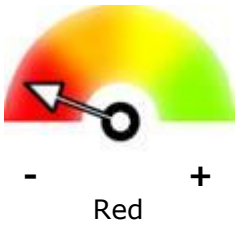
PERFORMANCE INDICATORS

	Indicator Reported to NWSSP Audit Committee	Status	Actual[2]	Target	Red	Amber	Green
1	Operational Audit Plan agreed for 2019/20	G	Yes	By 30 June	Not agreed	Draft plan	Final plan
2	Total assignments reported against adjusted plan for 2018/19	G	97%	100%	v>20 %	10%<v<20 %	v<10%
3	Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	94%	80%	v>20 %	10%<v<20 %	v<10%
4	Report turnaround: time taken for management response to draft report [15 working days]	G	71%	80%	v>20 %	10%<v<20 %	v<10%
5	Report turnaround: time from management response to issue of final report [10 working days]	G	96%	80%	v>20 %	10%<v<20 %	v<10%

Key: v = percentage variance from target performance

[2] Figures exclude the SSU performance that is reported separately to the NWSSP Audit Committee in aggregate form across organisations.
Figures for KPI2 & KPI3 reflect the position recorded as at 24th April 2020. It includes the 37 assignment reports expected within the first seven domains of the annual audit plan. The audit commentary on the *AGS* and *Governance, Leadership & Accountability* are not issued via reports, so excluded from the above.
Figures for KPI3 and KPI4 reflect the position recorded as at 29th February 2020. This earlier cut-off point has been adopted in recognition of the impact of COVID-19 on management. Figures up to this point provides a more representative picture of performance in these aspects of assignment closure.

Audit Assurance Ratings

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

Overall opinion assessment matrix

Supporting criteria for the overall opinion

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

Note: The overall opinion (see section 2.4.2) is subject ultimately to professional judgement notwithstanding the criteria above.

Confidentiality

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Audit

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

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

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

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

Responsibilities

Responsibilities of management and Internal Auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and

detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

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

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