

Head of Internal Audit Opinion & Annual Report 2022/2023

July 2023

Swansea Bay University Health Board

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Appendix A

Conformance with Internal Audit Standards

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Audit Assurance Ratings

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1. EXECUTIVE SUMMARY


1.1 Purpose of this Report

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

This report sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

1.2 Head of Internal Audit Opinion 2022-23

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Chief Executive as Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is focused on risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement. The overall opinion for 2022/23 is that:

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

Our internal audit plan has needed to be agile and responsive to ensure that the Health Board's key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the Health Board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give

an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for the 2022/23 year was initially presented to the Committee in March 2022. Changes to the plan have been made during the course of the year and these changes have been reported to the Audit Committee as part of our regular progress reporting.

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

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA) (in March 2023), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work 'fully conforms' to the requirements of the Public Sector Internal Audit Standards (PSIAS) for 2022/23. We are able to state that our service 'fully conforms to the IIA's professional standards and to PSIAS.'

1.4 Summary of Audit Assignments

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

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

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

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

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

Table 1 – Summary of Audits 2022/23

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> • Digital Strategy implementation • Clinical systems implementation – benefits realisation • Capital follow up (draft) 	<ul style="list-style-type: none"> • Risk management and assurance • Quality and Safety Governance Framework • Freedom of Information requests • Claims management • Stakeholder engagement and communication • Infection prevention and control • Covid-19 cost management: Response funding and deployment • Covid-19 cost management: Recovery funding and deployment • Rostering • Access to Cancer Services • End of life care • Controlled drugs • Cyber security • Management of physical health records • Singleton Hospital – cladding • Environmental Infrastructure Modernisation Programme: Sub-station 6 (integrated audit plan) • Follow up review
Limited Assurance	Advisory/Non-Opinion
<ul style="list-style-type: none"> • Continuing Healthcare (draft) • Transition from Child and Adolescent to Adult Mental Health Services • Health and safety • Clinical audit 	<ul style="list-style-type: none"> • Electronic Staff Record: Self service • Decarbonisation

<ul style="list-style-type: none"> • Information governance • Primary and Community Care infrastructure projects - Swansea Wellness Centre • Estates assurance follow up (draft) 	
No Assurance	
<ul style="list-style-type: none"> • N/A 	

Please note that our overall opinion has also taken into account both the number and significance of any audits that have been deferred during the course of the year (see section 5.7) and also other information obtained during the year that we deem to be relevant to our work (see section 2.4.2).

2. HEAD OF INTERNAL AUDIT OPINION

2.1 Roles and Responsibilities

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Standards; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

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

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk

management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the 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 Health Board. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

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

2.2 Purpose of the Head of Internal Audit Opinion

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of 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 Audit Wales in the context of both their external audit and performance reviews.

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

2.3 Assurance Rating System for the Head of Internal Audit Opinion

The overall opinion is based primarily on the outcome of the work undertaken during the course of the 2022/23 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

A quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting process to ensure the overall opinion is consistent with the underlying audit evidence.

We take this approach into account when considering our assessment of our compliance with the requirements of PSIAS.

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

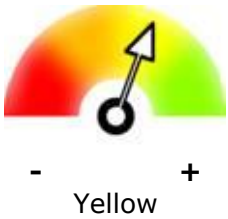
This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix B**.

The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight areas that were used to frame the audit plan at its outset (see section 2.4.2).

2.4 Head of Internal Audit Opinion

2.4.1 Scope of opinion

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

Reasonable Assurance		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.
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any

Limited Assurance opinions issued during the year and the significance of the recommendations made (of which there were seven audits in 2022/23).

2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2022/23, and reported to the Audit Committee has been aggregated at Section 5.

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

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).
- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).
- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of *ad hoc* work and support provided; liaison with other assurance providers and inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

As stated above, these detailed results have been aggregated to build a picture of assurance across the Health Board.

In reaching this opinion we have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the opinions issued during the year, three reports were allocated Substantial Assurance, 17 were allocated Reasonable Assurance and seven were allocated Limited Assurance. No reports were allocated a 'no assurance' opinion. In addition, two advisory or non-opinion reports were also undertaken.

At the time of producing the draft Annual Report, three reviews are at draft report stage. It is anticipated that these reports will be completed so that the ratings can be confirmed before production of the final Annual Report.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

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

Corporate Governance, Risk Management and Regulatory Compliance

We have undertaken four reviews in this area.

The audit of **Risk management and assurance** derived **reasonable assurance**. Our review noted the continued maturity of risk scrutiny and reporting and the strengthening of the Board Assurance Framework element, which was assigned limited assurance in the prior year.

Our review of **Freedom of information requests** received a **reasonable** assurance rating and is a positive reflection of the arrangements the health board has in place to comply with the Act. Areas highlighted for improvement included updating the disclosure log, compliance with training requirements, and the level of detail and scrutiny on performance.

Health and safety - We raised one high and nine medium priority recommendations in this review. These related to reporting against key performance indicators; a lack of progress in addressing areas within the health and safety plan – including training and an audit / inspection programme; resourcing; policy content and availability; and clarity required on the governance arrangements. We issued a **limited** assurance report for this review.

Our **Follow up review** delivered a **reasonable** assurance rating again, which recognises the systems in place to monitor progress with the implementation of actions in response to internal audit reports.

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

Strategic Planning, Performance Management & Reporting

We have undertaken one review in this area.

Our review of **Stakeholder engagement and communication** was a positive report delivering a **reasonable** assurance rating, which recognised the Health Board's approach to public engagement, focussing on service planning. Matters arising included the need to maintain complete records of engagement activities and to address Stakeholder Reference Group governance weaknesses and annual activity reporting.

Financial Governance and Management

We have undertaken three reviews in this area.

Reasonable assurance was reported in relation to **Covid-19 cost management: Response and Recovery funding and deployment**. This reflects positively on the processes to determine the funding requirements for these activities and the financial management and monitoring arrangements. We highlighted the lack of a Covid-19 specific transaction listing to confirm completeness and accuracy of costs included within the exit plans. We also recommended the completion of a lessons learned exercise should specific funding be required in the future for an unplanned event.

Our review of **Continuing health care (draft)**, which focussed on the appropriateness of financial controls, derived **limited** assurance. Key matters arising related to developing a health board policy that aligns to the National Framework, wider awareness of roles and responsibilities across each service group, challenges with commissioning, compliance with the requirements of the Framework during the eligibility assessment process, and timeliness of CHC package reviews.

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

Quality & Safety

We have undertaken five reviews in this area.

Our review of the **Quality & Safety Governance Framework** received **reasonable** assurance which reflects positively on the progress made by the Health Board in its wider quality management system, following the limited assurance opinion issued in the prior year which was consistent with findings highlighted within Audit Wales Quality Governance arrangements review. The Health Board has also revised its quality governance structure, and whilst recognising there will be need for these arrangements to embed, our review has highlighted some initial areas for consideration to support their design and operation.

Reasonable assurance was provided in relation to the Health Board's **Claims management** arrangements. Medium priority matters were raised in relation to updating policies and procedures; timeliness for dealing with claims; identifying themes and trends; and enhanced monitoring of ongoing claim caseloads and compliance.

Our review of **Infection Prevention and Control (IPC)**, which included focus on the arrangements in place within the Service Groups, derived **reasonable** assurance. The IPC Team has established a corporate work programme to support improvement within the health board and these are mirrored in Service Group level plans. However, the audit found a high number of Service Group level actions have failed to achieve their set targets, and there is recognition that there will be need for arrangements to embed before a marked reduction is seen in the number of healthcare associated infections. A further high priority finding was raised to improve assurance on staff training compliance.

Reasonable assurance was provided in relation to the Health Board's arrangements to comply with the **End of life care (EOLC)** quality standards. EOLC has been identified as one of the health board's top five quality and safety priorities. Two medium priority findings were raised in relation to the approval of the EOLC action plan with regular reporting of progress against target dates, and the need to set specific targets and timescales to measure performance.

Our review of **Clinical audit**, which included focus on the arrangements in place within the Service Groups, reported **limited** assurance. We raised three high and two medium priority recommendations in this review. The high priority findings related to Clinical Audit Plans have not been formally approved, poor progress in the completion of the Service Delivery Group clinical audits, and a lack of reporting and monitoring of actions.

Information Governance & Security

We have undertaken five reviews in this area.

Substantial assurance was provided in relation to the arrangements in place for the implementation of the **Digital strategy**. The health board is moving towards being a data driven organisation and we consider its Business Intelligence function to be well placed to develop and progress analytics in support of its overall operation.

Our review of **Cyber security** was a positive report, deriving a **reasonable** assurance rating on the steps being taken by the Health Board to improve its position.

A **reasonable** assurance report was issued following the audit of the **Management of physical health records**. The use of the Radio Frequency Identification and Intelligent Filing and Inventory Tracking systems means the health board is able to track the location of records

across a number of locations. However, a high priority finding was raised due to the lack of fire suppression within the storage areas.

The audit of **Information governance**, which focussed on the resourcing, capacity, and resilience of the function, reported **limited** assurance. Two high priority findings were raised in relation to inadequate resources within the team and the absence of a capacity and resilience assessment; and a lack of a health board wide policy on handling subject access requests.

Substantial assurance was reported in relation to our review of **Clinical systems implementation – benefits realisation**. The health board has improved its benefits approach following the recent definition of a revised benefits realisation framework. This ensures that benefits are accurately and realistically defined within business cases and enables realisation of benefits to be tracked throughout the project and reported accordingly.

Operational Service and Functional Management

We have undertaken three reviews in this area.

A **Reasonable** assurance rating was provided on the health board's approach to manage the waiting list backlog in order to ensure timely **Access to cancer services** for patients. Improvement and recovery plans have been developed to support the performance of key tumour sites. Whilst performance against the Single Cancer Pathway target measure and backlog waiting list are below Health Board targets, a range of actions are in progress with intention to improve against both. Two high priority and five medium priority matters were raised requiring management attention.

Our review of the arrangements to manage and safeguard the **Transition from Child and Adolescent to Adult Mental Health Services** reported **limited** assurance. Two high priority matters were raised including a lack of recording or monitoring of the patient transition process from CAMHS to adult mental health, and the need to improve safeguarding training compliance. It is important to note that the Health Board approved a decision that, with effect from 1 April 2023, the CAMHS will be repatriated from Cwm Taf Morgannwg University Health Board.

Our review of **Controlled Drugs (CD)**, followed briefing papers issued in prior years which presented a status position, including on the health board's progress in strengthening CD governance. The review found good arrangements in place to ensure compliance with the Controlled Drugs Regulations, resulting in a **reasonable** assurance audit report. A high priority finding was raised due to Service Group assurance plans not being up to date and varying governance and oversight arrangements across Service Groups.

The review of **Service Group governance arrangements**, already deferred from the 2021/22 internal audit programme, was further deferred to 2023/24 to give management time to determine the governance and arrangements and allow for them to embed. The health board's recent focus has been on establishing its quality management systems.

Workforce Management

We have undertaken two reviews in this area.

A review of the application of the Health Board's **Rostering** processes, which focussed on the effective deployment of the Nursing workforce, received **reasonable** assurance. No significant issues were identified in our review. Matters arising concerned the need to update the Nursing & Midwifery Rostering Policy to reflect current practices and the standardisation of scrutiny arrangement within the Service Groups; and rosters should be approved in a timely manner in line with the requirements set out in the published roster calendars.

The focus of our review of the project management arrangements for the effective implementation **ESR self-service**, deferred from the 2021/22 internal audit programme, was revised to instead undertake a baseline assessment prior to implementation. The advisory review found that some arrangements at the Health Board differ to those typically in place across Wales, particularly in respect of annual leave and sickness absence; opportunities to make more use of the system to capture and monitor training requirements; an ongoing need to review and maintenance of the management hierarchy structure, following the recent large-scale data cleansing exercise; and there would be benefit from a more structured and coordinated approach to reporting.

The **Recruitment and retention of staff** review was deferred for inclusion in the internal audit plan for 2023/24. This is to reflect Audit Wales' current review of the effectiveness of workforce planning arrangements.

Capital & Estates Management

We have undertaken six reviews in this area, including one audit undertaken as part of our integrated audit plan in relation to Environmental Infrastructure Modernisation Programme: Sub-station 6.

The **Primary and Community Care Infrastructure Projects - Swansea Wellness Centre** report derived a **limited** level of assurance. Whilst acknowledging that the scheme is in the early stages of the typical project lifecycle, it is evident that the project has experienced significant slippage in its anticipated delivery timetable, together with both ongoing capital and revenue affordability concerns. Whilst it is evident that management were seeking solutions to address these issues, the agreement of a viable solution with the developer (and Welsh Government) remains the primary risk.

Decarbonisation audits were planned to be undertaken simultaneously across NHS Wales to provide assurance to respective NHS Wales bodies on their arrangements to reduce carbon emissions and control climate change. It was clear that in each instance the implementation plans had not been sufficiently developed to allow meaningful testing and to provide an assurance rating to respective Audit Committees. Accordingly, the decision

was taken to report common themes to provide an overview of the overarching position across NHS Wales. A full audit review (with associated audit opinion) is provided within the agreed 2023/24 Internal Audit Plan for the Health Board.

The **Singleton Hospital cladding replacement** report derived a **reasonable** level of assurance. The audit found that the project continued to operate within a robust governance framework during the period, with strong controls evidenced in key areas including financial and technical assurance. Whilst noting that issues have arisen in the areas of time, cost and quality, these have been proactively managed by the Health Board within an appropriate control framework. A number of improvement recommendations were made to assist the project through the next stages of the delivery programme. A further review of the project will be undertaken in 2023/24 as part of the agreed Internal Audit Plan.

The **Environmental Infrastructure Modernisation Programme: Sub-station 6** report derived a **reasonable** level of assurance. Whilst at the early stages of construction, the project has already experienced some delays and a marginal cost over-run was also forecast. However, no high priority issues were raised at the current audit, with five of six recommendations being addressed subsequent to the audit's completion. All 13 previously agreed management actions arising from prior audits i.e. at the design phase, had also been actioned. A further review is planned at the latter stages of delivery (late quarter 3 of 2023/24) in accordance with the approved business case.

The **Capital follow up (draft)** reviewed progress across a number of previously audited capital subject areas. Positive action had been taken to address the previously agreed audit recommendations and all had been completed. Therefore, a **substantial** assurance rating was derived.

A **limited** assurance rating was provided following the **Estates assurance follow up (draft)** review. While some progress was evident, many actions across a number of estates subject areas had not been completed. This report compares negatively to the reasonable assurance rating received last year, which was reflective of the progress being made at that point in time.

2.4.3 Approach to Follow Up of Recommendations

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance. We also undertake some testing on the accuracy and effectiveness of the audit recommendation tracker.

In addition, Audit Committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit

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

It is the role of Audit Committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management.

We have considered the impact of both our follow-up work and where there have been delays to the implementation of recommendations, on both our ability to give an overall opinion (in compliance with the PSIAS) and the level of overall assurance that we can give.

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

A revised approach to follow up Capital and Estates recommendations during 2022/23 was agreed with the Audit Committee. Rather than our audit work being undertaken during quarter 4, we undertook regular periodic reviews of the health board's internal audit recommendations tracker to confirm the status of the actions being implemented by management against agreed recommendations and timescales. Our findings were reported accordingly to each Audit Committee meeting, with a summary report prepared at the end of the year to capture the overall status.

From the specific follow up audits undertaken in 2022/23, it was identified that positive progress had been made by management in implementing recommendations from the Capital systems review. However, limited progress was seen in addressing the recommendations associated with Estates assurance. We have also undertaken work towards the end of the year to validate the stated position for a sample of recommendations within the tracker. We were able to confirm the recorded position for the majority of the sampled recommendations and therefore provide the Audit Committee with additional assurance around the accuracy of the tracker.

2.4.4 Limitations to the Audit Opinion

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

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

overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

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

2.4.5 Period covered by the Opinion

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

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

The majority of audit reviews will relate to the systems and processes in operation during 2022/23 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

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

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the Health Board's Annual Report and accordingly will be completed and reported to management and the Audit Committee subsequent to this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed by drawing on the assurance work completed as part of this current year's plan.

2.5 Required Work

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2022/23.

2.6 Statement of Conformance

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

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of Internal Audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA) in February and March 2023. CIPFA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles. 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 the Health Board in conformance with the Public Sector Internal Audit Standards for 2022/23.

Our conformance statement for 2022/23 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2022/23 which will be reported formally in the Summer of 2023;
- the results of the work completed by Audit Wales; and
- the results of the EQA undertaken by CIPFA in 2023.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2022/23 QAIP report. There are no significant matters arising that need to be reported in this document.

We also note that there have been no impairments to the independence of the Head of Internal Audit or to any member of NWSSP's Audit & Assurance Service who undertook work on the Health Board's audit programme for 2022/23.

2.7 Completion of the Annual Governance Statement

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to take into account other assurances and risks when preparing their statement. These sources of assurances will have

been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

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

3. OTHER WORK RELEVANT TO THE HEALTH BOARD

As our internal audit work covers all NHS Wales organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation's audit programme, will cover activities relating to other Health bodies. These are set out below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership;
- Digital Health & Care Wales;
- Welsh Health Specialised Services Committee; and
- Emergency Ambulance Services Committee.

NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre University NHS Trust, a number of audits were undertaken which are relevant to the Health Board. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the Health Board, derived the following opinion ratings:

Audit	Opinion	Outline Scope
Accounts Payable	Reasonable	To evaluate and determine the adequacy of the systems and controls in place over the management of the

		NWSSP Accounts Payable service.
Payroll	Reasonable	To evaluate and determine the adequacy of the systems and controls in place for the management of Payroll Services.
Primary Care Services Contractor Payments – Medical (GMS), Pharmaceutical (GPS), Dental (GDS), and Ophthalmic (GOS) Services	Substantial	To evaluate and determine the adequacy of controls in place to administer timely and accurate payments to primary care contractors.
Recruitment Services	Reasonable	To assess the adequacy and effectiveness of systems and controls for the management of Recruitment Services.
Procurement	Reasonable	Review of procurement activity within the new integrated procurement teams to establish consistency in processes and assess compliance with procurement guidance.

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

Digital Health & Care Wales (DHCW)

As part of the internal audit programme at DHCW, a Special Health Authority that started operating from 1 April 2021, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

Audit	Opinion	Outline Scope
Switching Services	Reasonable	To ensure that the Switching Service is maintained appropriately and that risks to the operation of the service are appropriately managed.
Embedding the Stakeholder Engagement Plan	Reasonable	To provide assurance on the arrangements for the management and the embedding of the DHCW External Stakeholder Engagement Strategy.
Centre of Excellence	Reasonable	To provide an opinion over the controls for the establishment of the Office 365 Centre of Excellence.
Technical Resilience	Substantial	To establish and assess the organisation's position to maintain acceptable service levels through, and beyond, severe disruptions to its critical processes and the IT systems which support them.
Cyber Security	Substantial	To provide assurance that the organisation is working to improve its cyber security position, and that appropriate reporting is in place that shows the current status.

Please note that other audits of DHCW activities are undertaken as part of the overall DHCW internal audit programme. The overall Head of Internal Audit Opinion for DHCW is Reasonable Assurance.

Welsh Health Specialised Services Committee (WHSSC) and Emergency Ambulance Services Committee (EASC)

The work at both the Welsh Health Specialist Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC) is undertaken as part of the Cwm Taf Morgannwg internal audit plan. These audits are listed below and derived the following opinion ratings:

Audit	Opinion	Outline Scope
WHSSC – Quality Unit	Substantial	To evaluate and determine the adequacy of the systems and controls in place within WHSSC in relation to quality assurance reporting.
WHSSC – Neurosciences and long-term conditions	Substantial	To evaluate and determine the adequacy of the systems and controls in place for the Neurosciences and Long-Term Conditions Programme.
EASC – Ambulance handover improvement arrangements	Substantial	We focused on the adequacy of the systems and controls in place within EASC for the development of the seven Welsh health boards' ambulance handover improvement plans and their Integrated Commissioning Action Plans (ICAPs) and ongoing monitoring.

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

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report. DHCW audits are summarised in the DHCW Head of Internal Audit Opinion and Annual Report, and the WHSSC and EASC audits are summarised in the Cwm Taf Morgannwg University Health Board Head of Internal Audit Opinion and Annual Report.

4. DELIVERY OF THE INTERNAL AUDIT PLAN

4.1 Performance against the Audit Plan

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit Committee during the year. Audits that remain to be reported but are reflected within this Annual Report will be reported alongside audits from the 2023/24 operational audit plan.

The audit plan approved by the Committee in March 2022 contained 30 planned reviews. Changes have been made to the plan with two audits deferred/cancelled. All these changes have been reported to and approved by the Audit Committee. In addition, we have undertaken one audit as part of our integrated audit plan in relation to Environmental Infrastructure Modernisation Programme: Sub-station 6. As a result of these agreed changes, we have delivered 29 reviews (three reviews are at draft report stage and it is anticipated that these reports will be completed so that the ratings can be confirmed before production of the final Annual Report).

The assignment status summary is reported at section 5.

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

4.2 Service Performance Indicators

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed.

Indicator Reported to Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2022/23	G	March 2022	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2022/23	G	100%	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	79%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	R	54%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%

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 29 audit reviews were reported during the year (see section 5.8). Figure 2 below presents the assurance ratings and the number of audits derived for each.

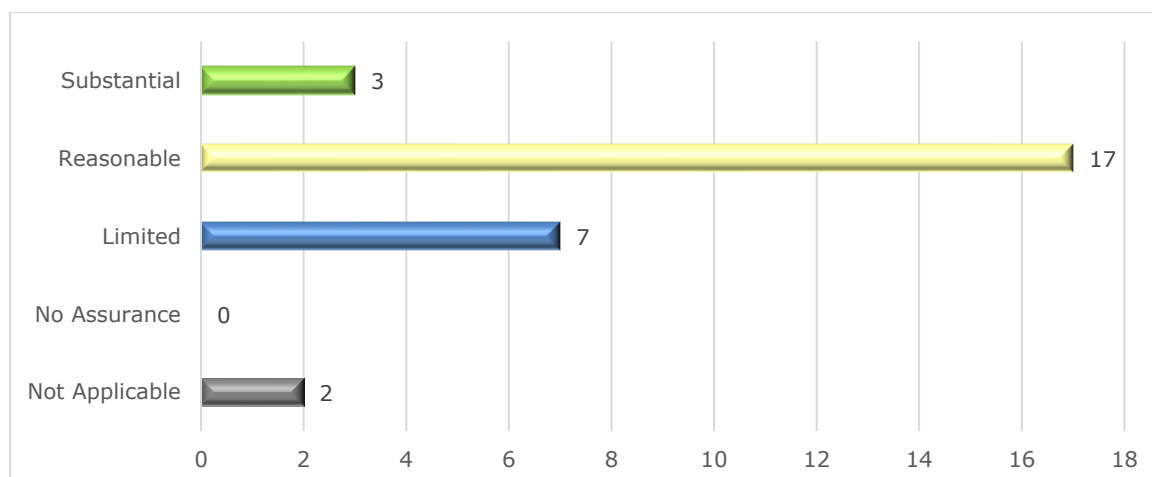
Figure 2 Summary of audit ratings

Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW, WHSSC or EASC.

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

In addition to the above, there were two audits which did not proceed following preliminary planning and agreement with management. In both cases Audit Wales were undertaking reviews in the respective areas, and it was recognised that there was action required to address issues and/or risks already known to management and an audit review at that time would not add additional value. These audits are documented in section 5.7.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

5.2 Substantial Assurance (Green)



In the following review areas, the Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Those few matters that may require attention are compliance or advisory in nature with low impact on residual risk exposure.

Review Title	Objective
Digital implementation Strategy	This audit sought to assess whether the organisation is moving towards being a data driven organisation and that analytics are appropriately delivered for the organisation.

Review Title	Objective
Clinical systems implementation – benefits realisation	This audit reviewed the uptake and use of implemented clinical systems, and assessed whether the expected benefits have been realised, including enhanced working practices and quality of service delivery.
Capital assurance follow up (draft)	<p>The audit sought to determine the current status of previous Capital assurance recommendations contained within the following reports:</p> <ul style="list-style-type: none"> • Capital Assurance Follow-Up (issued June 2022 – Reasonable Assurance) which includes: <ul style="list-style-type: none"> ○ Capital Systems (issued November 2020 – Reasonable Assurance); ○ Environmental Infrastructure Modernisation Programme Stage 2 (issued August 2021 – Reasonable Assurance), including follow up of Environmental Infrastructure (issued June 2019). • Elective Orthopaedic Unit (issued October 2021 – Reasonable Assurance). • Singleton Hospital cladding (issued August 2022 – Reasonable Assurance).

5.3 Reasonable Assurance (Yellow)



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

Review Title	Objective
Risk management and assurance	The audit sought to review the framework of organisational assurances in place and report on risk management.

Review Title	Objective
Quality and Safety Governance Framework	This audit assessed the progress made to implement the framework, and assess how it meets the requirements of the Health and Social Care (Quality and Engagement) (Wales) Act.
Freedom of Information (FOI) requests	The purpose of this audit was to provide assurance on the arrangements in place to ensure compliance with the requirements of the FoI Act.
Claims management	The audit was undertaken to review the management of clinical negligence, personal injury and redress claims.
Stakeholder engagement and communication	The objective of this audit was to evaluate the health board's approach to public engagement, with a focus on service planning.
Infection prevention and control	This audit sought to assess the effectiveness of the governance arrangements in place within the Service Groups to manage the risks relating to Infection Prevention and Control.
Covid-19 cost management: Response funding and deployment	This audit reviewed the health boards processes to determine the funding requirements for Covid-19 response and recovery activities. Including the financial management arrangements to monitor deployment.
Covid-19 cost management: Recovery funding and deployment	
Rostering	This audit assessed the application of the health board's rostering processes to ensure the effective deployment of the workforce.
Access to cancer services	The objective of this audit was to review the approach to manage the waiting list backlog in order to ensure timely access to services for patients.
End of life care	The purpose of this audit was to assess compliance with end of life care quality standards and review the impact of recent investments made by the health board.
Controlled drugs	This audit sought to review the health board's arrangements to ensure compliance with the

Review Title	Objective
	Controlled Drugs (Supervision of Management and Use) (Wales) Regulations 2008.
Cyber security	The objective of this audit was to provide assurance that the organisation is working to improve its cyber security position, and that appropriate reporting is in place that shows the current status.
Management of physical health records	This audit was undertaken to evaluate the arrangements and processes for the management and storage of physical records, including an assessment of the impact of the improvement actions implemented by the health board.
Follow up review	The purpose of this audit was to review the systems in place to monitor progress with the implementation of actions in response to internal audit reports.
Singleton hospital - cladding	The audit evaluated the delivery and management arrangements in place to progress the Singleton Hospital Cladding Replacement project, and the performance, against its key delivery objectives.
Environmental Modernisation Sub-station 6	Infrastructure Programme: The audit was commissioned in accordance with the agreed audit plan provided within the project's approved Business Justification Case and formed a part of a cycle of audits of the upgrades to the Health Board's Environmental Infrastructure. This review focussed on the Substation 6 development and included and assessment of the management arrangements in place to progress project focussing on project performance, project management and governance, financial assurance and contractual arrangements.

5.4 Limited Assurance (Amber)



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

Review Title	Objective
Continuing Healthcare (draft)	The objective of this audit was to review the governance arrangements in place to ensure that care is provided to the required standards with appropriate financial controls in operation.
Transition from Child and Adolescent to Adult Mental Health Services	This audit sought to review the arrangements to manage and safeguard the transition from child and adolescent to adult mental health services.
Health and safety	The overall objective of this audit was to review the Health Board's structures and arrangements for complying with Health & Safety legislation.
Clinical audit	The audit was undertaken to consider how clinical audit links to strategic risks and objectives and assess the extent to which clinical audit is playing a full role for quality improvement and contributing to Board assurance.
Information Governance	The purpose of this audit was to review the capacity and resilience of the Information Governance resource to achieve compliance with GDPR.
Primary and Community Care Infrastructure Projects - Swansea Wellness Centre	The objective of this audit was to assess the governance and delivery arrangements for the proposed development of an integrated community-based Wellness Centre in Swansea City centre.
Estates assurance follow up (draft)	The audit sought to determine the current status of previous Estates Assurance

Review Title	Objective
	<p>recommendations contained within the following reports:</p> <ul style="list-style-type: none"> • Estates Follow-Up (issued June 2022 – Reasonable Assurance) which includes: <ul style="list-style-type: none"> ◦ Backlog Maintenance (issued October 2017 – Limited Assurance); ◦ Disability Discrimination Arrangements ◦ Fire Safety (issued April 2021 – Limited Assurance) ◦ Water Safety (issued June 2021 – Limited Assurance) ◦ Financial Safeguarding (issued November 2019 – Limited Assurance); ◦ Control of Contractors (issued March 2020 – Limited Assurance); and ◦ Declaration of Interest and Risk Management (issued April 2019 – Limited Assurance); • Waste Management (issued February 2022 – Reasonable Assurance).

5.5 No Assurance (Red)



No reviews were assigned a 'no assurance' opinion.

5.6 Assurance Not Applicable (Grey)



The following reviews were undertaken as part of the audit plan and reported without the standard assurance rating indicator, owing to the nature of the audit approach. The level of assurance given for these reviews are deemed not applicable – these are reviews and other assistance to management, provided as part of the audit plan, to which the assurance definitions are not appropriate but which are relevant to the evidence base upon which the overall opinion is formed.

Review Title	Objective
ESR Self Service (Advisory)	The objective of this review was to undertake a baseline assessment of the arrangements in respect of the implementation of the ESR

Review Title	Objective
	Manager, Supervisor and Employee Self Service functionalities across the health board, and to provide suggestions for areas of improvement or future development.
Decarbonisation	The audit sought to determine the adequacy of management arrangements to ensure compliance with the Welsh Government decarbonisation strategy, and to provide assurance on capital allocations provided by Welsh Government to address decarbonisation issues across the estate.

5.7 Audits not undertaken

Additionally, the following audits were deferred for the reasons outlined below. We have considered these reviews and the reason for their deferment when compiling the Head of Internal Audit Opinion.

Review Title	Objective
Service Group governance arrangements	Deferred to 2023/24 to give management time to determine the governance arrangements and allow for them to embed.
Recruitment and retention	Moved to the 2023/24 Internal Audit Plan, recognising Audit Wales review of the effectiveness of workforce planning arrangements.

6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the Health Board to support delivery of the Internal Audit assignments undertaken within the 2022/23 plan.

Osian Lloyd

Pennaeth Archwilio Mewnol / Head of Internal Audit

Gwasanaethau Archwilio a Sicrwydd / Audit and Assurance Services

Partneriaeth Cydwasaethau GIG Cymru / NHS Wales Shared Services Partnership

June 2023






Appendix A – Conformance with Internal Audit Standards

ATTRIBUTE STANDARDS	
1000 Purpose, authority and responsibility	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit Committee on an annual basis.
1100 Independence and objectivity	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit Committee chair. There have been no impairments to our independence during 2022/23.
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. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
PERFORMANCE STANDARDS	
2000 Managing the internal audit activity	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed 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 set out in an Audit Quality Manual. There is structured liaison with Audit Wales, 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.
2300 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
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.

Appendix B - Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

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



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