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Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	12th March 2020	Agenda Item	3.2
Report Title	Audit & Assurance Operational Plan 2020/21 & Internal Audit Charter		
Report Author	Helen Higgs, Head of Internal Audit, NWSSP A&A		
Report Sponsor	Pam Wenger, Director of Corporate Governance		
Presented by	Helen Higgs, Head of Internal Audit, NWSSP A&A		
Freedom of Information	Open		
Purpose of the Report	To set out the Internal Audit Plan for 2020/21 and to present the Internal Audit Charter defining the over-arching purpose, authority and responsibility of Internal Audit and the key performance indicators for the service.		
Key Issues	<p><u>Audit Plan</u> This document sets out the risk based operational audit plan for 2020/21. It describes the process undertaken to formulate the plan, including Board member engagement, the assessment of risk, and the prioritisation of needs in the context of available resources and assurances received by the Board from other sources.</p> <p>During its development comments received at individual meetings with Health Board members were considered alongside the internal audit assessment of risk and the remaining plan populated with key areas identified from both.</p> <p>Other sources of Board assurance have been considered in particular the work of the Wales Audit Office.</p> <p>The draft audit plan was discussed and endorsed at a meeting of the Executive Team on 26th February 2020.</p> <p>As usual the plan will remain flexible during the year and may be changed following engagement with Executive Directors and the approval of the Audit Committee to meet changing needs.</p>		

	<u>Audit Charter</u> The Health Board's current Audit Charter has been reviewed by the NWSSP Director of Audit & Assurance but no changes have been made. It is presented for noting & approval.			
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance	Approval
				✓
Recommendations	Members are asked to: <ul style="list-style-type: none"> • Approve the internal audit plan for 2020/21; • Approve the Internal Audit Charter; and • Note the associated audit resource requirements and key performance Indicators. 			

Swansea Bay University Health Board

Internal Audit Plan 2020/21

March 2020

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

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1. Introduction

This document sets out the Internal Audit Plan for 2020/21 detailing the audits to be undertaken and the corresponding resources. It also contains the Internal Audit Charter which defines the over-arching purpose, authority and responsibility of Internal Audit and the Key Performance Indicators for the service.

As a reminder, the Accountable Officer (the Health Board's Chief Executive) is required to certify in the Annual Governance Statement that they have reviewed the effectiveness of the organisation's governance arrangements, including the internal control systems, and provide confirmation that these arrangements have been effective, with any qualifications as necessary including required developments and improvement to address any issues identified.

The purpose of Internal Audit is to provide the Accountable Officer and the Board, through the Audit Committee, with an independent and objective annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control. The opinion should be used to inform the Annual Governance Statement.

Additionally, the findings and recommendations from internal audit reviews may be used by Health Board management to improve governance, risk management, and control within their operational areas.

The Public Sector Internal Audit Standards require that 'The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered in accordance with the internal audit charter and how it links to the organisational objectives and priorities.'

Accordingly this document sets out the risk based approach and plan for 2020/21. The plan includes a number of pre-determined cyclical audits that form part of a 3-year internal audit strategy which is updated annually by the Head of Internal Audit but is not included in this document. The plan will be delivered in accordance with the Internal Audit Charter. All internal audit activity will be provided by Audit & Assurance Services, a division of NHS Wales Shared Services Partnership.

2. Developing the Internal Audit Plan

2.1 Link to the Public Sector Internal Audit Standards

The Internal Audit Plan for 2020/21 has been developed in accordance with Public Sector Internal Audit Standard 2010 – Planning, to enable the Head of Internal Audit to meet the following key objectives:

- The need to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals;
- Provision to the Accountable Officer of an overall independent and objective annual opinion on the organisation's governance, risk management, and control, which will in turn support the preparation of the Annual Governance Statement;
- Audits of the organisation's governance, risk management, and control arrangements which afford suitable priority to the organisation's objectives and risks;
- Improvement of the organisation's governance, risk management, and control arrangements by providing line management with recommendations arising from audit work;
- Quantification of the audit resources required to deliver the Internal Audit Plan;
- Effective co-operation with external auditors and other review bodies functioning in the organisation; and
- Provision of both assurance (opinion based) and consulting engagements by Internal Audit.

2.2 Risk based internal audit planning approach

Our risk based planning approach recognises the need for the prioritisation of audit coverage to provide assurance on the management of key areas of risk, and our approach addresses this by considering the:

- Organisation's risk assessment and maturity;
- Coverage of the audit domains;
- Previous years' internal audit activities;
- Changes within the Health Board's management structures; and
- Audit resources required to provide a balanced and comprehensive view.

Our planning also takes into account the NHS Wales Planning Framework 2020/23 and is mindful of significant national changes that are taking place. In addition, the Internal Audit Plan aims to reflect the significant local changes occurring as identified through the Health

Board's plans, transformational programmes, assurance needs, issues identified from our discussions with management, and emerging risks.

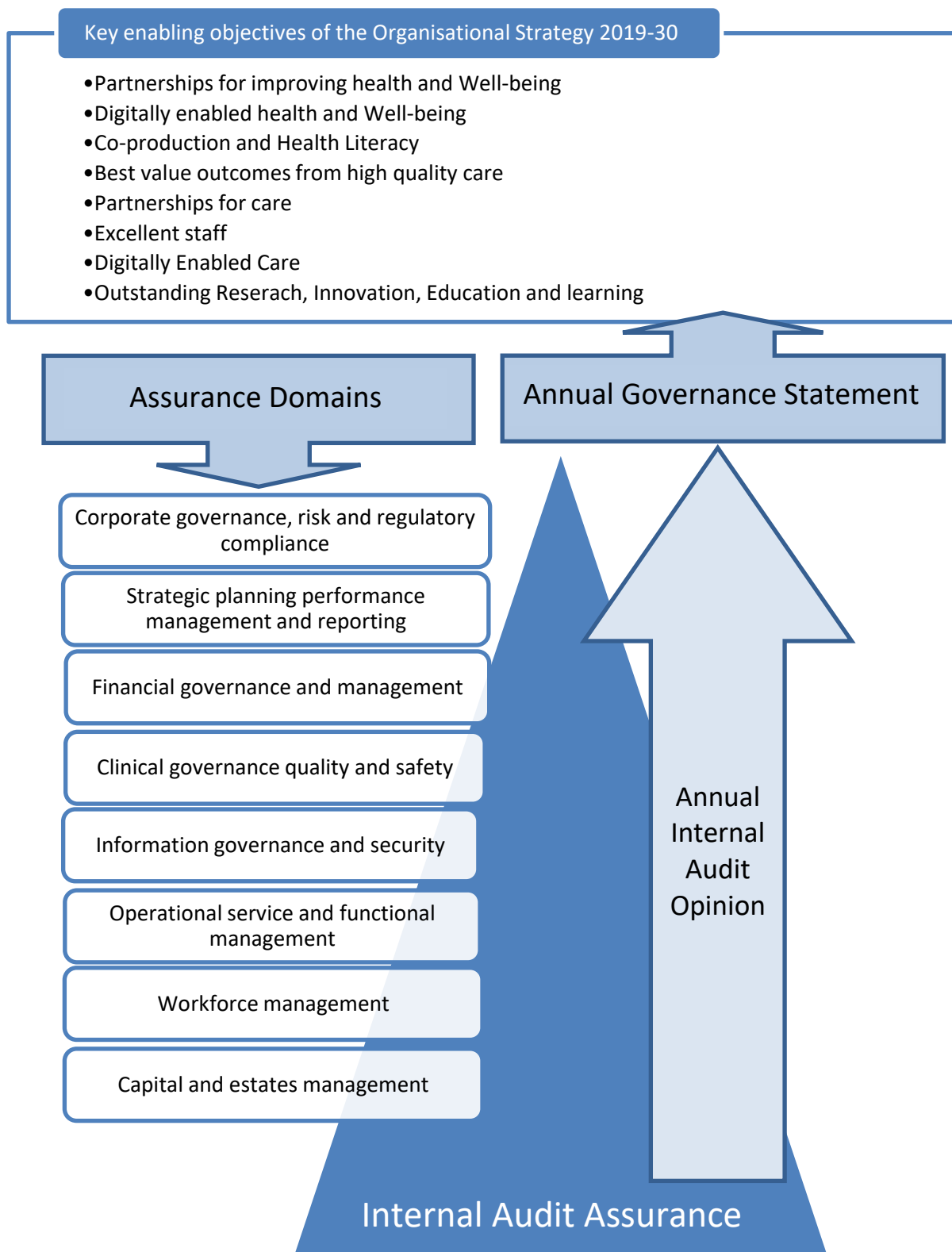
We will ensure that the Internal Audit Plan remains fit for purpose by reacting to any emerging issues throughout the year. Any necessary updates will be reported to the Audit Committee in line with the Internal Audit Charter.

While some areas of governance, risk management and control require annual review, our risk based planning approach recognises that it is not possible to audit every area of an organisation's activities every year. Therefore, our approach identifies auditable areas (the audit universe), categorised into eight assurance domains. The risk associated with each domain is assessed and this determines the appropriate frequency for review. As part of this approach we also develop and maintain a 3-year audit strategy to identify when areas will be audited.

The eight domains are shown in figure 1 which also shows how the cumulative internal audit coverage of them contributes to the Annual Internal Audit Opinion which in turn feeds into the Annual Governance Statement and the achievement of the key objectives for the organisation.

The mapping of the Plan to the eight assurance domains is designed to give balance to the overall annual audit opinion which supports the Annual Governance Statement.

Figure 1 Internal Audit Assurance on the domains



2.3 Link to the Health Board's systems of assurance

The risk based internal audit planning approach integrates with the Health Board's systems of assurance; thus we have considered the following:

- The Board's strategic aims and enabling objectives as set out in its organisational strategy *Better Health, Better Care, Better Lives*, the priorities as outlined in the *Clinical Services Plan 2019-24* and progress towards developing its medium term plan for the coming year;
- The Health Board's governance and assurance arrangements including the key strategic risks and controls set out in the Corporate Risk Register;
- Risks identified in papers to the Board and its Committees;
- Discussions with Board members regarding risks and assurance needs in areas of corporate responsibility;
- Cumulative internal audit knowledge of governance, risk management, and control arrangements (including a consideration of past internal audit opinions);
- New developments and service changes;
- Legislative requirements to which the organisation is required to comply;
- Other assurance processes including planned audit coverage of systems and processes now provided through NHS Wales Shared Services Partnership (NWSSP) and, where appropriate, WHSSC, EASC and NWIS;
- Work undertaken by other assurance functions including the Health Board's Local Counter-Fraud Services (LCFS) and the Post-Payment Verification Team (PPV)
- Work undertaken by other review bodies including Wales Audit Office (WAO), Health Inspectorate Wales (HIW) and KPMG on behalf of Welsh Government; and
- Coverage necessary to provide reasonable assurance to the Accountable Officer in support of the Annual Governance Statement.

2.4 Audit planning meetings

In developing the plan, we have sought the views of all Board Directors and Associates to identify areas for consideration, clarifying these via separate meetings and correspondence as appropriate.

The draft plan has been discussed in detail with the Director of Corporate Governance prior to further discussion and endorsement at the Executive Board at its meeting on 26th February 2020.

3. Audit risk assessment

The prioritisation of audit coverage across the audit universe is based on the organisation's assessment of risk and assurance requirements as defined in the Board Assurance Framework.

The maturity of these risk and assurance systems allows us to consider both inherent risk (impact and likelihood) and mitigation (adequacy and effectiveness of internal control). Our assessment also takes into account corporate risk, materiality or significance, system complexity, previous audit findings, potential for fraud and sensitivity.

4. Planned internal audit coverage

4.1 Internal Audit Plan 2020/21

The plan is set out in Appendix A and identifies the audit assignment, lead executive officer, outline scope, and proposed timing.

Where appropriate the annual internal audit plan makes cross reference to key strategic risks identified within the corporate risk register and related systems of assurance together with the proposed audit response within the outline scope.

The scope objectives and audit resource requirements and timing will be refined in each area when developing the audit scope in discussion with the responsible executive director(s) and operational management.

The scheduling takes account of the optimum timing for the performance of specific assignments in discussion with management. Indicative timings have been considered by the Executive Board.

The Audit Committee will be kept apprised of performance in delivery of the Operational Audit Plan, and any required changes, through routine progress reports to each Audit Committee meeting.

Audit coverage in terms of capital audit and estates assurance will be delivered largely by our Specialist Services unit (SSu). Given the specialist nature of this work and the assurance link with the all-Wales capital programme we will need to refine with management the scope and coverage on specific schemes. The Plan will then be updated accordingly where required to integrate this tailored coverage. The SSu will also cover some technical IM&T reviews.

4.2 Keeping the plan under review

Our risk assessment and audit plan is limited to matters emerging from the planning processes indicated above. We will review and update the risk assessment and rolling 3-year audit plan annually giving definition to the upcoming operational year and extending the strategic view outward.

Audit & Assurance Services are committed to ensuring its service focuses on priority risk areas, business critical systems, and the provision of assurance to management across the medium term and in the operational year ahead. Hence, the plan will be kept under review and may be subject to change to ensure it remains fit for purpose. In particular the plan will need to be periodically reviewed to ensure alignment with the developing systems of assurance.

Consistent with previous years and in accordance with best professional practice an unallocated contingency provision has been retained in the plan to enable internal audit to respond to emerging risks and priorities identified by the Executive Management Team and endorsed by the Audit Committee. Any changes to the plan will be based upon consideration of risk and need and will be presented to the Audit Committee for approval.

Regular liaison with the Wales Audit Office as your External Auditor will take place to coordinate planned coverage and ensure optimum benefit is derived from the total audit resource.

5. Resource needs assessment

The needs based strategic audit plan indicates a continued resource requirement of 1,040 days (as per 2019/20) recognising the risk profile of the organisation. This is supplemented by a reduced resource of 170 days for provision of services by the Specialist Services unit acknowledging the current levels of capital investment within the UHB. This provides for balanced assurance reports to the Chief Executive as Accountable Officer in accordance with the Public Sector Internal Audit Standards.

This assessment is based upon an estimate of the audit resource required to review the design and operation of controls in review areas for the purpose of sizing the overall resource needs for the strategic audit plan, and recognises the increased complexity of some audit areas. Provision has also been made in the strategic plan and needs assessment for other essential audit work including planning, management, reporting and follow-up.

The top-slice funding passed to NWSSP together with the recharge of £60,172 agreed by management, for internal audit coverage and capital audit & estates assurance work respectively, is sufficient to meet these audit resource needs. The recharge sum for 2020/21 reflects a reduction of £15,945 compared to the original 2019/20 audit plan, and is consistent with the proposed, reduced programme of capital & estates assurance coverage to be delivered by the Specialist Services Unit.

The Public Sector Internal Audit Standards enable internal audit to provide consulting services to management. The commissioning of these additional services by the Health Board is discretionary and therefore not included in the baseline strategic audit plan. Accordingly, any requirements to service management consulting requests would be additional to the audit plan and will need to be negotiated separately.

6. Action required

The Audit Committee is invited to consider the Internal Audit Plan for 2020/21 and:

- Approve the internal audit plan for 2020/21;
- Approve the Internal Audit Charter; and
- Note the associated audit resource requirements and key performance indicators.

Helen Higgs

Head of Internal Audit (Swansea Bay University Health Board)
Audit & Assurance Services
NHS Wales Shared Services Partnership

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Corporate governance, risk and regulatory compliance					
AGS (Annual Governance Statement)	001		To provide commentary on key aspects of Board governance to underpin the completion of the statement.	Director of Corporate Governance	Q4/5
GLA & HCS	002		To provide a commentary on the process and evidence used to support the Health Board's self-assessment against the Healthcare Standards.	Director of Nursing & Patient Experience <i>cc Director of Corporate Governance</i>	Q4/5
Risk Management & BAF	003		To review the overall board assurance framework and risk management arrangements	Director of Corporate Governance	Q3
Health & Safety Framework (FUP)	004	64	To review action taken to improve the health & safety governance framework following the 2019/20 internal audit review.	Director of Nursing & Patient Experience <i>cc Director of Corporate Governance, Chief Operating Officer</i>	Q3
Controlled Drugs Governance Framework	005	57	To review the implementation of the Health Board's Controlled Drug Governance Framework and the assurance it provides in respect of legislative compliance.	Clinical Director of Pharmacy & Medicines Management <i>cc Chief Operating Officer, Executive Medical Director, Director of Corporate Governance</i>	Late Q1
HTA Compliance: Mortuary (FUP)	006		To review action taken to improve arrangements following the 2019/20 internal audit review.	Chief Operating Officer	Q1

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Hosted Body: Operational Delivery Network (Major Trauma)	007		To review operation of the governance arrangements agreed for this hosted body.	Director of Corporate Governance	Q4
Corporate governance, risk and regulatory compliance domain sub-total	7 Audits				
Strategic planning performance management and reporting					
IMTP Development: QIA (FUP)	008		To review action taken to improve arrangements following the 2019/20 internal audit review.	Director of Nursing & Patient Experience	Q1
IMTP Development	009	39	To review the planning approach taken to development of the 2020/21-23/24 IMTP	Director of Strategy <i>cc Director of Finance / Associate Director of Performance & Finance, Chief Operating Officer, Director of Workforce & Organisational Development</i>	Late Q1
Performance Management & Reporting Framework	010	39	To review the framework in place to manage performance and delivery of Health Board objectives.	Director of Finance / Associate Director of Performance & Finance <i>cc Chief Operating Officer</i>	Q3
Transformation Portfolio: Clinical Services Plan	011	39	To review programme management arrangements in place to deliver the Clinical Services Plan and the interface with the wider portfolio governance framework.	Director of Transformation <i>cc Executive Medical Director, Director of Corporate Governance</i>	Q2

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Digital Transformation Programme	012	37	To review the programme governance arrangements in place to deliver the commitments within the Digital Strategy, including business intelligence and analytics	Chief Digital Officer <i>cc Chief Operating Officer</i>	Late Q2
Primary Care Cluster Plans & Delivery	013	60	To review primary care cluster plans and arrangements in place to monitor their delivery.	Chief Operating Officer	Q2
Vaccinations & Immunisations (FUP)	014	15	To review action taken to improve arrangements following the 2018/19 internal audit review.	Director of Public Health <i>cc Chief Operating Officer</i>	Q1
Planned Care Improvements	015	16	To review arrangements in place to manage and reduce waiting times for planned care services.	Director of Finance / Associate Director of Performance & Finance <i>cc Chief Operating Officer</i>	Q3
Strategic planning performance management and reporting domain sub-total	8 Audits				
Financial Governance and management					
Financial Plan: Delivery Framework	016	42	To review arrangements in place to deliver financial plans, including action taken following the 2019/20 KPMG review.	Director of Finance <i>cc Chief Operating Officer</i>	Q3
Procurement & Tendering: No PO No Pay (FUP)	017		To review action taken to improve arrangements following the 2019/20 internal audit review.	Director of Finance <i>cc Chief Operating Officer</i>	Late Q2

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Charitable Funds	018		To review the governance framework operating to ensure the effective management of Health Board charitable funds, following changes made after the internal audit review of the <i>Golau</i> fund.	Director of Finance	Q1
Welsh Risk Pool Reimbursement Claims	019		To review documentation supporting WRP reimbursement claims, in accordance with WRP requirements.	Director of Finance	Q2
Financial Governance and management domain sub-total	4 Audits				
Clinical governance quality & safety					
Annual Quality Statement	020		The Board must assure itself that information published in the AQS is both accurate and representative. To support this, we will review the consistency of key information within the Draft AQS against information previously reported in the public domain and provide commentary to management.	Director of Nursing & Patient Experience	Q1

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Quality & Safety Governance Framework	021		To review the framework implemented to monitor & manage the quality & safety of services and provide assurance to the Board. The audit will consider action taken in response to any recommendations arising from the 2019/20 WAO Quality Governance review.	Director of Nursing & Patient Experience <i>cc Chief Operating Officer, Executive Medical Director</i>	Q3
Clinical Audit & Assurance	022		To review the management of clinical audit, and its use to provide assurance on the quality and improvement of clinical services.	Executive Medical Director	Early Q4
Ward Quality Assurance Framework	023		To review the implementation of the ward-to-board quality assurance framework (and changes made following the 2018/19 internal audit review).	Director of Nursing & Patient Experience <i>cc Chief Operating Officer, Executive Medical Director</i>	Q2
Concerns & Redress	024		To review corporate arrangements in place to ensure incidents and complaints are managed in accordance with Welsh Government requirements and Health Board policies and procedures.	Director of Corporate Governance <i>cc Director of Nursing & Patient Experience</i>	Q2
Infection Control	025	4	To review arrangements in place to manage the risk in infection, with a focus on cleaning.	Director of Nursing & Patient Experience <i>cc Executive Medical Director, Chief Operating Officer</i>	Q2

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
WHO Checklist Compliance (FUP)	026		To review action taken to improve arrangements following the 2019/20 internal audit review.	Executive Medical Director <i>cc Director of Nursing & Patient Experience</i>	Q3
Safeguarding	027		To review Health Board arrangements to ensure the safeguarding of patients within its care.	Director of Nursing & Patient Experience	Q2
Mortality Reviews	028		To review arrangements in place to learn lessons following patient deaths and provide assurance to the Board.	Executive Medical Director	Q3
Clinical governance quality & safety domain sub-total	9 Audits				
Information Governance and Security					
IM&T Control & Risk Assessment	029		To review and assess the control environment for the management of IM&T within the organisation	Chief Digital Officer <i>cc Chief Operating Officer, Director of Corporate Governance</i>	Q3 Tbc
IT Application Systems	030		To review the implementation & management of controls in respect of a key IT system.	Chief Digital Officer <i>cc Chief Operating Officer</i>	Q2 Tbc
Information Governance and Security domain sub-total	2 Audits				

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Operational service and functional management					
Singleton & NPT Unit Governance	031	63, 65, 66, 67	To review the framework of governance and risk management operating within the Unit.	Chief Operating Officer <i>cc Director of Corporate Governance</i>	Q3
Primary Care Unit Governance: Follow Up	032		To review action taken to improve arrangements following the 2019/20 internal audit review.	Chief Operating Officer	Q2
Maternity Services	033	63, 65	To review the arrangements in place to ensure quality & safety within Maternity Services and action taken following the management self-assessment and submission to Welsh Government.	Chief Operating Officer <i>cc Director of Nursing & Patient Experience, Executive Medical Director</i>	Q1
General Dental Services	034		To review systems in place for the management of services & payments associated with the provision of primary care dental contracts	Chief Operating Officer <i>cc Director of Finance, Director of Corporate Governance</i>	Late Q1
GP OOH Services	035		To review arrangements in place to manage, monitor & report performance of the GP Out of Hours services.	Chief Operating Officer	Q2
Operational service and functional management domain sub-total	5 Audits				

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Workforce management					
Consultant Contract Job Planning	036		To review improvements made to consultant job planning arrangements following the WAO review.	Executive Medical Director <i>cc Director of Workforce & Organisational Development, Chief Operating Officer</i>	Q3
PADR (FUP)	037		To review action taken to improve arrangements following the 2018/19 internal audit review.	Director of Workforce & Organisational Development <i>cc Chief Operating Officer</i>	Q3
Agency Staff Management	038	42	To review systems in place for the engagement and control of agency staff within nursing, therapies and health sciences	Director of Workforce & Organisational Development <i>cc Chief Operating Officer, Director of Nursing & Patient Experience, Executive Medical Director</i>	Q1
Medical Recruitment	039	3	To review the arrangements in place to recruit to medical posts.	Director of Workforce & Organisational Development <i>cc Executive Medical Director</i>	Q3

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Nurse Staffing levels Act	040	51	To review arrangements in place to ensure that the organisation complies with the requirements of the Nurse Staffing Levels (Wales) Act 2016.	Director of Nursing & Patient Experience	Q2
Workforce management domain sub-total	5 Audits				
Capital & Estates					
External Reporting					
Environmental Sustainability Reporting	041		To review and comment on compliance with guidance and information reported.	Director of Strategy <i>Cc Director of Corporate Governance</i>	Q1
Follow Up (Capital)					
Follow up (Capital)	S01		To deliver reasonable assurance to the Audit Committee that appropriate management action has been taken to address agreed audit recommendations arising from the capital reports previously issued.	Director of Strategy	Q4
Major Strategic Investment Programmes					
Development of Integrated Audit Plans: <ul style="list-style-type: none"> Primary and Community Care Infrastructure Projects - Swansea Wellness Centre 	S02		NHS Wales Infrastructure Investment Guidance (updated guidance issued by Welsh Government in October 2018) requires an Integrated Assurance and Approval Plan (IAAP), which sets out assurance and approval	Director of Strategy	Q4

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
<ul style="list-style-type: none"> Mental Health PBC/Adult Acute SOC Thoracic Surgery Pathology OBC 			<p>points for each stage of the Business Case process. Accordingly, the organisation is required to outline the various formalised assurance mechanisms proposed (e.g. internal audit, Gateway reviews, functional reviews etc.) and the timing of each.</p> <p>The Integrated Audit Plans proposed include a combination of programme-level, functional and consultancy assurance that, when combined, provide a balanced programme for the client to achieve the desired level of assurance required by Welsh Government.</p> <p>Accordingly we will seek to develop IAP's for the projects outlined (subject to the timing of the development of the respective OBC/FBCs).</p>		
Capital Projects					
Singleton Hospital Cladding Façade	S03		To assess the delivery of this £10m capital project, currently progressing through the appointment of its supply chain partner, through to design completion, approval and commencement on site.	Director of Strategy	Q3

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Environmental / Infrastructure Modernisation Programme	S04	13	An assessment of the delivery of the latest phase of the Infrastructure Modernisation Programme.	Director of Strategy	Q2
Informatics Modernisation Programme					
Informatics SOP	S05		Building on previous audit reviews of the UHB IM&T strategy, it is proposed that this will be further tested via appropriate sampling. Including e.g. the updated maintenance of the UHB strategy; risk management arrangements and the testing of the delivery of IM&T infrastructure projects allocated within the discretionary capital programme.	Chief Operating Officer	Q4
Capital Systems					
Capital Systems	S06		To confirm that there are effective systems operating to manage delivery of the Health Board's discretionary capital programme in accordance with the Welsh Government Capital Resource Limit.	Director of Strategy	Q2
Estates Assurance					
Follow up (Estates Assurance)	S07		To deliver reasonable assurance to the Audit Committee that appropriate management action has been taken to address agreed audit recommendations arising from the	Chief Operating Officer / Director of Nursing & Patient Experience	Q3

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
			estates assurance reports previously issued.		
Water Safety (Follow Up and Additional site Testing)	S08		Recognising the limited assurance Water Safety Audit delivered during 2019/20, it is proposed that a follow up review be undertaken including additional testing at UHB premises not incorporated within the original audit.	Chief Operating Officer / Director of Nursing & Patient Experience	Q3
Fire Safety	S09		To review arrangements in place to provide assurance to the Board that fire risks are managed effectively	Chief Operating Officer / Director of Nursing & Patient Experience	Q2
Capital & Estates domain sub-total	10 Audits				
Compliance with the Public Sector Internal Audit Standards					
Contingency			This element of the plan allows the flexibility to respond to management requests in order to meet specific Health Board needs throughout the course of the financial year.	Director of Corporate Governance	Q1-Q4

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline timing tbc
Audit Management and Reporting			<p>An allocation of time is required for management:-</p> <ul style="list-style-type: none"> • Planning liaison and management, incorporating attendance at Audit Committee and other formal Committee(s) of the Board; completion of risk assessment and planning; liaison with WAO; HIW; and organisation of the audit reviews; and • Reporting and meetings – key reports will be provided to support this, including preparation of the annual plan and progress reports to the Audit Committee and other formal Committee(s) of the Board. 	Director of Corporate Governance	Q1-Q4
Follow up of previous audit reports			We will conduct additional follow-up reviews throughout the year to provide the Audit Committee with assurance regarding management's implementation of agreed actions for reviews that received limited or no assurance.	Director of Corporate Governance	Q1-Q5

The KPIs reported monthly for Internal Audit are:

KPI	SLA required	Target 2020/21
Audit plan 2020/21 agreed/in draft by 30 April	√	100%
Audit opinion 2020/21 delivered by 31 May	√	100%
Audits reported vs. total planned audits	√	varies
% of audit outputs in progress	No	varies
Report turnaround fieldwork to draft reporting [10 working days]	√	80%
Report turnaround management response to draft report [15 working days]	√	80%
Report turnaround draft response to final reporting [10 working days]	√	80%



Swansea Bay University Health Board

INTERNAL AUDIT CHARTER

March 2020

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1 Introduction

- 1.1 This Charter is produced and updated regularly to comply with the Public Sector Internal Audit Standards. The Charter is complementary to the relevant provisions included in the organisation's own Standing Orders and Standing Financial Instructions.
- 1.2 The terms 'board' and 'senior management' are required to be defined under the Standards and therefore have the following meaning in this Charter:
- Board means the Board of Swansea Bay University Health Board with responsibility to direct and oversee the activities and management of the organisation. The Board has delegated authority to the Audit Committee in terms of providing a reporting interface with internal audit activity; and
 - Senior Management means the Chief Executive as being the designated Accountable Officer for Swansea Bay University Health Board. The Chief Executive has made arrangements within this Charter for an operational interface with internal audit activity through the Board Secretary.

2 Purpose and responsibility

- 2.1 Internal audit is an independent, objective assurance and advisory function designed to add value and improve the operations of Swansea Bay University Health Board. Internal audit helps the organisation accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. Its mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
- 2.2 Internal Audit is responsible for providing an independent and objective assurance opinion to the Accountable Officer, the Board and the Audit committee on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control¹. In addition, internal audit's findings and recommendations are beneficial to management in securing improvement in the audited areas.

¹ *Audit work designed to deliver an audit opinion on the risk management, control, and governance arrangements is referred to in this Internal Audit Charter as Assurance Work because management use the audit opinion to derive assurance about the effectiveness of their controls*

2.3 The organisation's risk management, internal control and governance arrangements comprise:

- the policies, procedures and operations established by the organisation to ensure the achievement of objectives;
- the appropriate assessment and management of risk, and the related system of assurance;
- the arrangements to monitor performance and secure value for money in the use of resources;
- the reliability of internal and external reporting and accountability processes and the safeguarding of assets;
- compliance with applicable laws and regulations; and
- compliance with the behavioural and ethical standards set out for the organisation.

2.4 Internal audit also provides an independent and objective advisory service specifically to help management improve the organisations risk management, control and governance arrangements. The service applies the professional skills of internal audit through a systematic and disciplined evaluation of the policies, procedures and operations that management have put in place to ensure the achievement of the organisations objectives, and through recommendations for improvement. Such advisory work contributes to the opinion which internal audit provides on risk management control and governance.

3 Independence and Objectivity

3.1 Independence as described in the Public Sector Internal Audit Standards is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Head of Internal Audit will have direct and unrestricted access to the Board and Senior Management, in particular the Chair of the Audit Committee and Accountable Officer.

3.2 Organisational independence is effectively achieved when the auditor reports functionally to the Audit Committee on behalf of the Board. Such functional reporting includes the Audit Committee:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- approving the internal audit budget and resource plan;
- receiving outcomes of all internal audit work together with the assurance rating; and
- reporting on internal audit activity's performance relative to its plan.

- 3.3 Whilst maintaining effective liaison and communication with the organisation, as provided in this Charter, all internal audit activities shall remain free of untoward influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective attitude necessary in rendering reports.
- 3.4 Internal Auditors shall have no executive or direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited
- 3.5 This Charter makes appropriate arrangements to secure the objectivity and independence of internal audit as required under the standards. In addition, the shared service model of provision in NHS Wales through NWSSP provides further organisational independence.
- 3.6 In terms of avoiding conflicts of interest in relation to non-audit activities, Audit & Assurance has produced a Consulting Protocol that includes all of the steps to be undertaken to ensure compliance with the relevant Public Sector Internal Audit Standards that apply to non-audit activities.

4 Authority and Accountability

- 4.1 Internal Audit derives its authority from the Board, the Accountable Officer and Audit Committee. These authorities are established in Standing Orders and Standing Financial Instructions adopted by the Board.
- 4.2 The Minister for Health has determined that internal audit will be provided to all health organisations by the NHS Wales Shared Services Partnership (NWSSP). The service provision will be in accordance with the Service Level Agreement agreed by the Shared Services Partnership Committee and in which the organisation has permanent membership.
- 4.3 The Director of Audit & Assurance leads the NWSSP Audit and Assurance Services and after due consultation will assign a named Head of Internal Audit to the organisation. For line management (e.g. individual performance) and professional quality purposes (e.g. compliance with the Public Sector Internal Audit Standards), the Head of Internal Audit reports to the Director of Audit & Assurance.
- 4.4 The Head of Internal Audit reports on a functional basis to the Accountable Officer and to the Audit Committee on behalf of the Board. Accordingly the Head of Internal Audit has a direct right of access to the Accountable Officer the Chair of the Audit Committee and the Chair of the organisation if deemed necessary.

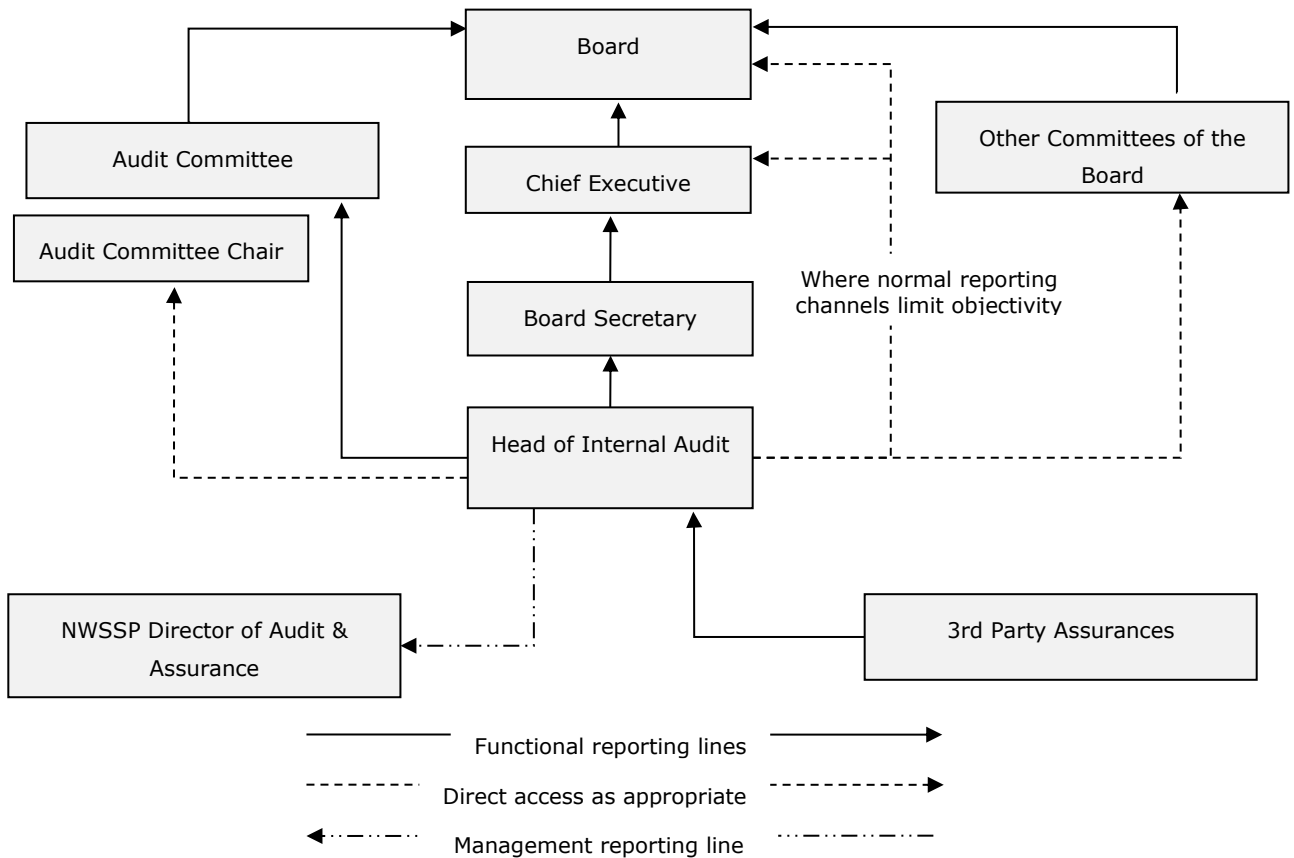
- 4.5 The Audit Committee approves all Internal Audit plans and may review any aspect of its work. The Audit Committee also has regular private meetings with the Head of Internal Audit.
- 4.6 In order to facilitate its assessment of governance within the organisation, Internal Audit is granted access to attend any committee or sub-committee of the Board charged with aspects of governance e.g. Quality & Safety Committee.

5 Relationships

- 5.1 In terms of normal business the Accountable Officer has determined that the Board Secretary will be the nominated executive lead for internal audit. Accordingly, the Head of Internal Audit will maintain functional liaison with this officer.
- 5.2 In order to maximise its contribution to the Board's overall system of assurance, Internal Audit will work closely with the organisation's Board Secretary in planning its work programme.
- 5.3 Co-operative relationships with management enhance the ability of internal audit to achieve its objectives effectively. Audit work will be planned in conjunction with management, particularly in respect of the timing of audit work.
- 5.4 Internal Audit will meet regularly with the external auditor to consult on audit plans, discuss matters of mutual interest, discuss common understanding of audit techniques, method and terminology, and to seek opportunities for co-operation in the conduct of audit work. In particular, internal audit will make available their working files to the external auditor for them to place reliance upon the work of Internal Audit where appropriate.
- 5.5 The Head of Internal Audit will establish a means to gain an overview of other assurance providers' approaches and output as part of the establishment of an integrated assurance framework.
- 5.6 The Head of Internal Audit will take account of key systems being operated by organisation's outside of the remit of the Accountable Officer, or through a shared or joint arrangement, e.g. the NHS Wales Shared Services Partnership, WHSSC, EASC and NWIS.
- 5.7 Internal Audit strives to add value to the organisation's processes and help improve its systems and services. To support this Internal Audit will obtain an understanding of the organisation and its activities, encourage two way communications between internal audit and operational staff, discuss the audit approach and seek feedback on work undertaken.
- 5.8 The key organisational reporting lines for Internal Audit are summarised in Figure 1 overleaf. As part of this, the Audit Committee may determine that another Committee of the organisation is a more appropriate forum

to receive and action individual audit reports. However, the Audit Committee will remain the final reporting line for all reports.

Figure 1 Audit reporting lines



6 Standards, Ethics, and Performance

- 6.1 Internal Audit must comply with the Definition of Internal Auditing, the Core Principles, Public Sector Internal Audit Standards and the professional Code of Ethics, as published on the NHS Wales e-governance website.
- 6.2 Internal Audit will operate in accordance with the Service Level Agreement (updated 2019) and associated performance standards agreed with the Audit Committee and the Shared Services Partnership Committee. The Service Level Agreement includes a number of Key Performance Indicators and we will agree with each Audit Committee which of these they want reported to them and how often.

7 Scope

7.1 The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management arrangements, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. It includes but is not limited to:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information;
- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations, and reports on whether the organisation is in compliance;
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Reviewing and appraising the economy and efficiency with which resources are employed, this may include benchmarking and sharing of best practice;
- Reviewing operations or programmes to ascertain whether results are consistent with the organisation's objectives and goals and whether the operations or programmes are being carried out as planned;
- Reviewing specific operations at the request of the Audit Committee or management, this may include areas of concern identified in the corporate risk register;
- Monitoring and evaluating the effectiveness of the organisation's risk management arrangements and the overall system of assurance;
- Ensuring effective co-ordination, as appropriate, with external auditors; and
- Reviewing the Governance, Leadership & Accountability assessment and the Annual Governance Statement prepared by senior management.

7.2 Internal Audit will devote particular attention to any aspects of the risk management, internal control and governance arrangements affected by material changes to the organisation's risk environment.

7.3 If the Head of Internal Audit or the Audit Committee consider that the level of audit resources or the Charter in any way limit the scope of internal audit, or prejudice the ability of internal audit to deliver a services consistent with the definition of internal auditing, they will advise the Accountable Officer and Board accordingly.

7.4 The scope of the audit coverage will take into account and include any hosted body.

8 Approach

8.1 To ensure delivery of its scope and objectives in accordance with the Charter and Standards Internal Audit has produced an Audit Manual (called the Quality Manual). The Quality Manual includes arrangements for planning the audit work. These audit planning arrangements are organised into a hierarchy as illustrated in Figure 2 below:

Figure 2 Audit planning hierarchy

NHS Wales Level	NWSSP overall audit strategy	Arrangements for provision of internal audit services across NHS Wales to meet
Organisation Level	Entity strategic 3-year audit plan	Entity level medium term audit plan linked to organisational objectives
	Entity annual internal audit plan	Annual internal audit plan detailing audit engagements to be completed in year ahead leading to the overall HIA opinion
Business Unit Level	Assignment plans	Assignment plans detail the scope and objectives for each audit engagement within the annual operational plan

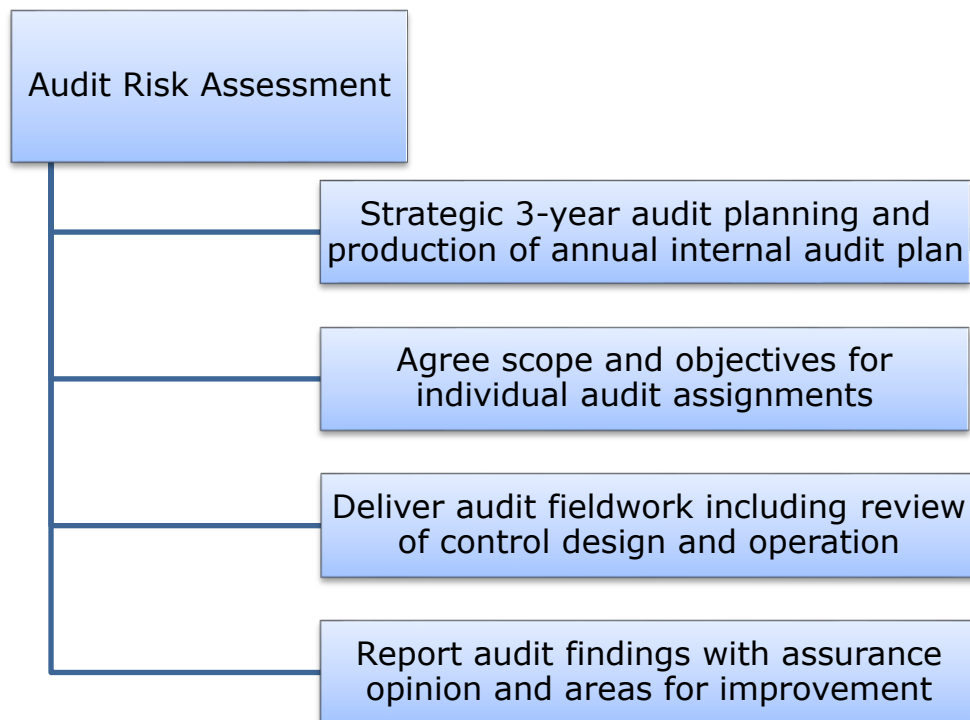
8.2 NWSSP Audit & Assurance Services has developed an overall audit strategy which sets out the strategic approach to the delivery of audit services to all health organisations in NHS Wales. The strategy also includes arrangements for securing assurance on the national transaction processing systems including those operated by NWSSP on behalf of NHS Wales.

8.3 The main purpose of the Strategic 3-year Audit Plan is to enable the Head of Internal Audit to plan over the medium term on how the assurance needs of the organisation will be met as required by the Public sector Internal Audit Standards and facilitate:

- The provision to the Accountable Officer and the Audit Committee of an overall opinion each year on the organisation's risk management, control and governance, to support the preparation of the Annual Governance Statement;
- Audit of the organisation's risk management, control and governance through periodic audit plans in a way that affords suitable priority to the organisations objectives and risks;

- Improvement of the organisation's risk management, control and governance by providing management with constructive recommendations arising from audit work;
 - An assessment of audit needs in terms of those audit resources which "are appropriate, sufficient and effectively deployed to achieve the approved plan";
 - Effective co-operation with external auditors and other review bodies functioning in the organisation; and
 - The allocation of resources between assurance and consulting work.
- 8.4 The Strategic 3-year Audit Plan will be largely based on the Board Assurance Framework where it is sufficiently mature, together with the organisation-wide risk assessment.
- 8.5 An Annual Internal Audit Plan will be prepared each year drawn from the Strategic 3-year Audit Plan and other information, and outlining the scope and timing of audit assignments to be completed during the year ahead.
- 8.6 The strategic 3-year and annual internal audit plans shall be prepared to support the audit opinion to the Accountable Officer on the risk management, internal control and governance arrangements within the organisation.
- 8.7 The annual internal audit plan will be developed in discussion with executive management and approved by the Audit Committee on behalf of the Board.
- 8.8 The NWSSP Audit Strategy is expanded in the form of a Quality Manual and a Consulting Protocol which together define the audit approach applied to the provision of internal audit and consulting services.
- 8.9 During the planning of audit assignments, an assignment brief will be prepared for discussion with the nominated operational manager. The brief will contain the proposed scope of the review along with the relevant objectives and risks to be covered. In order to ensure the scope of the review is appropriate it will require agreement by the relevant Executive Director or their nominated lead, and will also be copied to the Board Secretary. The key stages in this risk based audit approach are illustrated in figure 3 below.

Figure 3 Risk based audit approach



9 Reporting

9.1 Internal Audit will report formally to the Audit Committee through the following:

- An annual report will be presented to confirm completion of the audit plan and will include the Head of Internal Audit opinion provided for the Accountable Officer that will support the Annual Governance Statement. The process for arriving at the appropriate assurance level for each Head of Internal Audit opinion was subject to a review process during 2013/14, which led to the creation of a set of criteria for forming the judgement that was adopted and used for the 2013/14 opinions. This process will continue to be used again for 2020/21;
- The Head of Internal Audit opinion will:
 - a) State the overall adequacy and effectiveness of the organisation's risk management, control and governance processes;
 - b) Disclose any qualification to that opinion, together with the reasons for the qualification;
 - c) Present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies;
 - d) Draw attention to any issues Internal Audit judge as being particularly relevant to the preparation of the Annual Governance Statement;
 - e) Compare work actually undertaken with the work which was planned and summarise performance of the internal audit function against its performance measurement criteria; and

- f) Provide a statement of conformity in terms of compliance with the Public Sector Internal Audit Standards and associated internal quality assurance arrangements.
- For each Audit Committee meeting a progress report will be presented to summarise progress against the plan. The progress report will highlight any slippage and changes in the programme. The findings arising from individual audit reviews will be reported in accordance with Audit Committee requirements; and
 - The Audit Committee will be provided with copies of individual audit reports for each assignment undertaken unless the Head of Internal Audit is advised otherwise. The reports will include an action plan on any recommendations for improvement agreed with management including target dates for completion.
- 9.2 The process for audit reporting is summarised below and presented in flowchart format in Annex A:
- Following the closure of fieldwork and the resolution of any queries, Internal Audit will discuss findings with operational managers to confirm understanding and shape the reporting stage;
 - Operational management will receive draft reports which will include any proposed recommendations for improvement within 10 working days following the discussion of findings. A copy of the draft report will also be provided to the relevant Executive Director;
 - The draft report will give an assurance opinion on the area reviewed in line with the criteria at Annex A. The draft report will also indicate priority ratings for individual report findings and recommendations;
 - Operational management will be required to respond to the draft report in consultation with the relevant Executive Director within 15 working days of issue, stating their agreement or otherwise to the content of the report, identifying actions, identifying staff with responsibility for implementation and the dates by which action will be taken;
 - The Head of Internal Audit will seek to resolve any disagreement with management in the clearance of the draft report. However, where the management response is deemed inadequate or disagreement remains then the matter will be escalated to the Board Secretary. The Head of Internal Audit may present the draft report to the Audit Committee where the management response is inadequate or where disagreement remains unresolved. The Head of Internal Audit may also escalate this directly to the Audit Committee Chair to ensure that the issues raised in the report are addressed appropriately;
 - Reminder correspondence will be issued after the set response date where no management response has been received. Where no reply is received within 5 working days of the reminder, the matter will be escalated to the Board Secretary. The Head of Internal Audit may present the draft report to the Audit Committee where no management response is forthcoming;

- Final reports inclusive of management comments will be issued by Internal Audit to the relevant Executive Director within 10 working days of management responses being received; and
 - The final report will be copied to the Accountable Officer and Board Secretary and placed on the agenda for the next available Audit Committee.
- 9.3 Internal Audit will make provision to review the implementation of agreed action within the agreed timescales. However, where there are issues of particular concern provision maybe made for a follow up review within the same financial year. Issue and clearance of follow up reports shall be as for other assignments referred to above.

10 Access and Confidentiality

- 10.1 Internal Audit shall have the authority to access all the organisation's information, documents, records, assets, personnel and premises that it considers necessary to fulfil its role. This shall extend to the resources of the third parties that provide services on behalf of the organisation.
- 10.2 All information obtained during the course of a review will be regarded as strictly confidential to the organisation and shall not be divulged to any third party without the prior permission of the Accountable Officer. However, open access shall be granted to the organisation's external auditors.
- 10.3 Where there is a request to share information amongst the NHS bodies in Wales, for example to promote good practice and learning, then permission will be sought from the Accountable Officer before any information is shared.

11 Irregularities, Fraud & Corruption

- 11.1 It is the responsibility of management to maintain systems that ensure the organisation's resources are utilised in the manner and on activities intended. This includes the responsibility for the prevention and detection of fraud and other illegal acts.
- 11.2 Internal Audit shall not be relied upon to detect fraud or other irregularities. However, Internal Audit will give due regard to the possibility of fraud and other irregularities in work undertaken. Additionally, Internal Audit shall seek to identify weaknesses in control that could permit fraud or irregularity.
- 11.3 If Internal Audit discovers suspicion or evidence of fraud or irregularity, this will immediately be reported to the organisation's Local Counter Fraud Service (LCFS) in accordance with the organisation's Counter Fraud Policy & Fraud Response Plan and the agreed Internal Audit and Counter Fraud Protocol.

12 Quality Assurance

- 12.1 The work of internal audit is controlled at each level of operation to ensure that a continuously effective level of performance, compliant with the Public Sector Internal Audit Standards, is being achieved.
- 12.2 The Director of Audit & Assurance will establish a quality assurance programme designed to give assurance through internal and external review that the work of Internal Audit is compliant with the Public Sector Internal Audit Standards and to achieve its objectives. A commentary on compliance against the Standards will be provided in the Annual Audit Report to Audit Committee.
- 12.3 The Director of Audit & Assurance will monitor the performance of the internal audit provision in terms of meeting the service performance standards set out in the NWSSP Service Level Agreement. The Head of Internal Audit will periodically report service performance to the Audit Committee through the reporting mechanisms outlined in Section 9.

13 Resolving Concerns

- 13.1 NWSSP Audit & Assurance was established for the collective benefit of NHS Wales and as such needs to meet the expectations of client partners. Any questions or concerns about the audit service should be raised initially with the Head of Internal Audit assigned to the organisation. In addition any matter may be escalated to the Director of Audit & Assurance. NWSSP Audit & Assurance will seek to resolve any issues and find a way forward.
- 13.2 Any formal complaints will be handled in accordance with the NWSSP complaint handling procedure. Where any concerns relate to the conduct of the Director of Audit & Assurance, the NHS organisation will have access to the Director of Shared Services.

14 Review of the Internal Audit Charter

- 14.1 This Internal Audit Charter shall be reviewed annually and approved by the Board, taking account of advice from the Audit Committee.

Simon Cookson
Director of Audit & Assurance - NHS Wales Shared Services Partnership
March 2020

Charter Annex A

Audit Reporting Process

Audit fieldwork completed and debrief with management.

Following closure of audit fieldwork and management review audit findings are shared with operational management to check accuracy of understanding and help shape recommendations for improvement to address any control deficiencies identified.

A draft report is issued within 10 working days of fieldwork completion and the resolution of any queries.

Draft reports are issued with an assurance opinion and recommendations within 10 days of fieldwork completion to Operational Management Leads, and copied to the relevant Executive Leads.

Management responses are provided on behalf of the Executive Lead within 15 working days of receipt of the draft report.

A report clearance meeting may prove helpful in finalising the report between management and auditors. A response, including a fully populated action plan, with assigned management responsibility and timeframe is required within 15 days of receipt of the Draft report.

Outstanding responses are chased for 5 further days.

Where management responses are still awaited after the 15 day deadline, a reminder will be sent. Continued non-compliance will be escalated to Executive management after 5 further days.





Report finalised by Internal Audit within 10 days of management response.

Internal Audit issues a Final report to Executive Director, within 10 working days of receipt of complete management response. All Final reports are copied to the Chief Executive.

Individual audit reports received by Audit Committee.

Final reports are received by the Audit Committee at next available meeting and discussed if applicable. For reports with "green/ yellow" assurance ratings, Executive Summaries are received for noting. For those with "red/ amber" ratings, the full reports are received for discussion. The Audit Committee identifies their priority areas for Internal Audit to follow up.

Charter Annex B Audit Assurance Ratings

RATING	INDICATOR	DEFINITION
Substantial assurance	 <p data-bbox="448 562 635 591">- +</p> <p data-bbox="504 629 587 658">Green</p>	<p>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.</p>
Reasonable assurance	 <p data-bbox="448 909 635 938">- +</p> <p data-bbox="504 976 587 1005">Yellow</p>	<p>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.</p>
Limited assurance	 <p data-bbox="448 1254 635 1283">- +</p> <p data-bbox="504 1321 587 1350">Amber</p>	<p>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.</p>
No assurance	 <p data-bbox="448 1632 635 1662">- +</p> <p data-bbox="520 1700 571 1729">Red</p>	<p>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.</p>

Office details:

Audit and Assurance
Matrix House
Northern Boulevard
Matrix Park
Swansea Enterprise Park
Swansea
SA6 8BX

Contact details:

Helen Higgs (Head of Internal Audit)
1st Floor,
Cwmbran House,
Mamhilad Park Estate,
Pontypool,
NP4 0XS
01495 300846