

Abertawe Bro Morgannwg University Health Board

HEAD OF INTERNAL AUDIT OPINION & ANNUAL REPORT 2016/17

May 2017

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

1. EXECUTIVE SUMMARY

1.1 Purpose of this Report

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

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

1.2 Head of Internal Audit Opinion

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

The overall opinion has been formed by summarising audit outcomes across eight key assurance domains. The overall opinion is then based upon these grouped findings. In a change to previous year all domains now carry equal weighting.

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

1.3 Delivery of the Audit Plan

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

Our Quality Assurance and Improvement programme has confirmed audit work undertaken 'generally conforms' to the requirements of the Public Sector Internal Audit Standards for 2016/17.

1.4 Summary of Audit Assignments

The report summarises the outcomes from the internal audit plan undertaken in the year and recognising audit provides a continuous flow of assurance includes the results of legacy audit work reported subsequent to the prior year opinion. The report also references assurances received through the internal audit of

control systems operated by NWSSP for transaction processing on behalf of the Health Board.

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

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

- Financial Governance and Management;
- Corporate governance, risk management and regulatory compliance;
- Strategic planning, performance management and reporting;
- Clinical governance quality and safety;
- Operational services and functional management;
- Information governance and security;
- Capital and estates management;
- Workforce management.

Whilst the above is the case there are a number of individual audit subject areas within some domains where limited assurance has been derived this year, or previously. Management are aware of the specific issues identified and have agreed action plans to improve control in these areas. Progress is monitored by the Audit Committee. These planned control improvements should be referenced in the Annual Governance Statement where appropriate.

2. 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 2016/17 plan.

Paula A. O'Connor M.Sc
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