Risk Management
Final Internal Audit Report

August 2022

Public Health Wales NHS Trust

GIG CYMRU NHS WALES
Partneriaeth Cydwasanaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services Partnership
Audit and Assurance Services

GIG CYMRU NHS WALES
Iechyd Cyhoeddus Cymru
Public Health Wales

Contents

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Committee:	Audit & Corporate Governance Committee

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Acknowledgement

NHS Wales Audit and Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

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Executive Summary

Purpose

The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place within the Trust in relation to risk management. The review sought to provide assurance to the Trust's Audit and Corporate Governance Committee that risk material to the system's objectives were managed appropriately.

Overview

We have issued reasonable assurance on this area.

The matters requiring management attention include:

- Whilst the risk management module of the new datix system is yet to be implemented, provisional training arrangements will contribute to a seamless transition.
- Not all information relating to risks with the directorate risk register was complete.
- There is irregular review of risks at Senior Management Team meetings.

Report Classification

		Trend
Reasonable 	Some matters require management attention in control design or compliance. **Low to moderate** impact on residual risk exposure until resolved.	⇔ Issued 21/22

Assurance summary[1]

	Assurance objectives	Assurance
1	Clearly defined procedures in place within Directorates	Substantial
2	Appropriate risk management structure and resources within Directorates	Substantial
3	Training need analysis has been undertaken and risk management training has been provided to staff within the Directorate	Reasonable
4	Directorate risk registers are recorded in an appropriate format	Reasonable
5	Regular review and monitoring of Directorates risks	Reasonable

[1]The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

	Key Matters Arising	Assurance Objective	Control Design or Operation	Recommendation Priority
1	A more limited formal training provision in the past year.	3	Operation	Medium
2	Exceptions noted from the Directorate risk register review	4	Operation	Medium
3	Monitoring and review of risks	5	Operation	Medium

1. Introduction

1.1 Our audit review of risk management was completed in line with the 2021/22 internal audit plan for Public Health Wales NHS Trust (the 'Trust' or the 'organisation').

1.2 Effective risk management is a key component of corporate and clinical governance and is integral to the delivery of organisational objectives. Risk management consists of defined steps which help us understand risks and their impact. Good risk management awareness and practice at all levels is a critical success factor for any organisation and needs to be seen as integral to effective management practice.

1.3 In previous years, our audit work in relation to risk management, has taken a corporate focus with the arrangements in place at a high level being reviewed. Following discussions with management, and building on our work in 2019/20, where we audited the health & wellbeing directorate and the policy, research and international directorate, our work focused on the risk management process in place within directorates of the Trust. This year our focus was on the Operations and Finance directorate and the Quality, Nursing and Allied Health Professionals directorate.

1.4 The Trust is updating its risk management structure, and the risk development plan was considered by the business executive team in February.

1.5 The relevant lead for the review is the executive director of quality, nursing and allied health professionals.

1.6 The risks considered in this review were as follows:

- Risks are not managed in line with the approved policy where there is lack of awareness of the Trust's Risk Management policy and procedure.
- Risk becomes an issue if they are not identified, assessed or included on the Directorate risk registers.
- The Trust's objectives are not met as related risks are not being actively managed.
- Appropriate action is not taken if risks are not being escalated through the Trust as appropriate.

2. Detailed Audit Findings

Objective 1: There are clearly defined procedures in place within directorates to identify, assess and score new risks and monitor existing risks. Directorate procedures align to the Trust's Risk Management policy and procedure.

2.1 The Trust has a risk management policy in place outlining the roles and responsibilities from the Board down to all staff. The policy also categorises different risks, provides guidance on managing risk, and defines the risk appetite of the Trust. The Trust has a risk management procedure which details the process for identifying risks and provides guidance on the risk management process. Both

the Trust's risk management policy and procedure are up to date. Both documents are available to staff through the Trust's intranet.

2.2 While the Operations and Finance directorate and the QNAHP directorate do not have localised procedures, our review of the Trust's policy and procedure confirmed that these provide comprehensive guidance to the directorates.

Conclusion:

2.3 The Trust has a risk management policy and procedure which clearly outlines the key elements required for the management of risks. Whilst there are no local procedures within the directorates, the appropriate level of guidance is provided to staff. (Substantial Assurance)

Objective 2: There is an appropriate risk management structure in place within directorates, and resources have been identified to ensure risk is managed.

2.4 The Executive Director of Operations and Finance is the risk owner and lead responsible for the management of risk, and the head of Estates and Health and Safety is the risk handler. The risk handler has an oversight of the directorate's risk register and supports divisional/ function leads in the management of their risks.

2.5 Staff are involved, informed and contribute to the risk management process via engagement during divisional team meetings. The Senior Management Team (SMT) feed relevant information back to staff during divisional meetings. Risks raised, once reviewed as suitable, are entered into the risk register.

2.6 A typical risk management process starts from the staff/initiator to the line manager to the head of function. It is the senior manager or the head of function that will input the risk into datix, the risk management software.

Conclusion:

2.7 There is a suitable structure in place for capturing and managing risk within the Operations and Finance Directorate and QNAHPs Directorate. (Substantial Assurance)

Objective 3: A training need analysis has been undertaken and staff within directorates have received the risk management training and guidance.

2.8 The approach to risk management has recently been revised. As a result of this, the ongoing pandemic, and the revision of risk management within datix, there has been more limited risk management training within directorates over the last year. However, a three-year risk management development plan was approved at the Business Executive Team meeting in February 2022. The delivery of the high-level objectives set out in the plan will require training and development. This is identified as part of the 'gap analysis' that accompanies the plan. ***(Matter Arising 1 – Medium Priority)***

Conclusion:

2.9 Overall we assessed this as reasonable assurance.

Objective 4: Directorate risk registers are recorded in an appropriate format, are up to date, contain all relevant risks from divisional risk registers, and have assigned risk handlers, owners and target review dates for each risk.

2.10 The Operations and Finance and QNAHP have their directorate risk registers recorded in datix. Staff have access to datix and are expected to report risks as soon as they are aware of them. The directorate risk registers have an appropriate format and relevant criteria for a standardised review of recorded risks. However, the risk registers need to be reviewed to ensure that they are fully up to date. ***(Matter Arising 2 – Medium Priority)***

2.11 Conclusion:

2.12 The directorate risk registers are recorded on datix and contain relevant fields. In order to maximise and achieve the benefits of using this system, fields need to be adequately completed. (Reasonable Assurance)

Objective 5: There are processes in place within directorates to review and monitor the risks recorded on their risk registers on a regular basis, with key risks escalated for inclusion on the corporate risk register.

2.13 Each directorate that we reviewed had a Senior Management Team (SMT) which should meet each month. The QNAHP directorate included the directorate risk register separately as a standing agenda item. However, for the Operations and Finance the directorate risk register was not clearly reviewed at each meeting. ***(Matter Arising 3 – Medium Priority)***

2.14 Risk register information is exported from datix in advance of the SMT meetings, which links to the reporting dashboard. Each member of the SMT has access to the dashboard. We understand that the Operations and Finance directorate use the risk matrix within the dashboard as a point of reference.

Conclusion:

2.15 While there is evidence of risk reviews through the SMT, this did not appear to be done each month. Overall, reasonable assurance.

Appendix A: Management Action Plan

Matter Arising 1: Datix and risk management training (Operation)	**Potential Impact**
A risk management development plan, approved at the business executive team meeting in February 2022, includes a gap analysis. The gap analysis identifies the need to establish a process for training at the directorate level. This is a high-level document which will require further work as the programme evolves. The document states '*This is a three-year development plan, intended to build on the strengths of the existing system, consolidate the organisational position after the disruption of the last two years and take our risk management system to the next level of maturity'.* In addition, at the time of our fieldwork, there is an all-Wales project for the development of the new datix risk management module. Staff will need training when the new module is implemented. We note that, due to the impact of the pandemic and the planned role out of the new datix risk module, it appears that there has been less risk training available than in a normal year. We understand that the CRO delivered some training in February and also note bespoke training for individual staff members. During our fieldwork we identified one instance where a manager who joined the Trust in August 2021 had yet to receive datix or risk management training.	Risks to the achievement of the Trust's objectives are not being actively managed.
Recommendations	**Priority**
1.1 Management should ensure that staff who have direct risk responsibilities have access to training.	**Medium**
1.2 In order for the implementation of a good training system, a training needs analysis is required. Detailed steps will need to be outlined and developed for the 'improvement of work identified' noted in the gap analysis document.	**Medium**

Agreed Management Action	Target Date	Responsible Officer
1.1 The risk development plan details the requirement to deliver a refreshed training package for risk management across the organisation. This training will identify all risk users across the organisation and deliver both basic level one risk management training for the reporting of risks and more detailed level two training for the handling of risk.	September 2022	Assistant Director, Integrated Governance
1.2 As part of the delivery of 1.1 and the risk management development plan there will be a requirement to identify all staff responsible for the reporting and handling of risks across the organisation. This identification will allow the appropriate level of training to be identified within each Directorate.	September 2022	Assistant Director, Integrated Governance

Matter Arising 2: Directorate risk register administration (Operation)	**Potential Impact**
As part of our fieldwork, we looked at the directorate risk registers for the Operations and Finance and QNAHP to confirm they were being managed and updated appropriately. We found: Operations and Finance Directorate 23 risks which related to the 3 selected divisions were reviewed. We made the following observations: • Seven risks had no sponsor or lead. • Risk 806 had key controls noted as 'to be confirmed' despite being first identified in 2017. • Six risks with a 'due date' of 2021 to complete the mitigating action. • Five instances where the risk was classified as 'treat' but did not have an action plan documented on the register, and three instances where the decision to treat or tolerate had not been documented. Quality, Nursing and Allied Health Professionals Directorate The risk register had seven risks across the three divisions within the directorate. Five of these were within the Integrated Governance division, and one in each of the Risk and Information Governance and National Safeguarding Team divisions. Information within the risk register, such as for action plans and progress against risk was not always complete. We also note instances where more information may help management address risks such as where progress updates report 'in progress' without any further detail.	Risks to the achievement of the Trust's objectives are not being actively managed.
Recommendations	**Priority**
2.1 Management should ensure the Directorate risk registers fields are adequately completed and updated to reflect the date of last review and action undertaken.	**Medium**

Agreed Management Action	Target Date	Responsible Officer
2.1 The QNAHPs Directorate will lead on the further refinement of the risk Directorate and Divisional Dashboard and ensure monthly uploads of risk data from Datix.	September 2022	Assistant Director, Integrated Governance

Matter Arising 3: Monitoring and review of risks (Operation)	**Potential Impact**
We read the agendas, minutes and action notes of the Operations and Finance monthly Directorate SMT meetings for the period November 2021 to March 2022. We note that staff absence meant that no meeting was held in March, and an informal meeting took place in December, but for the remaining three months we only saw evidence of the risk register being reviewed in January 2022. While we acknowledge that the directorate's dashboard is an agenda item during the meeting, and includes a risk management section, in January 2022 the risk register was a separate agenda item. We note that the risk management policy states that the directorate risk register should be a standing agenda item in the monthly Directorate meeting. We reviewed the QNAHPs SMT meetings for the months of November 2021 through to February 2022. Although the January meeting did not take place and an informal meeting was held in December, the two remaining months evidenced the review of the directorate risk register. It appears that the monitoring of the risk register at the directorate and divisional levels was not regular within the Operations and Finance Directorate, although we acknowledge that pandemic pressures may have adversely affected meetings during the period that we reviewed. However, at the conclusion of our fieldwork we had not seen evidence of monitoring or review of divisional risks within the QNAHP directorate.	Appropriate action is not taken as a result of untimely review of the risk register.
Recommendation	**Priority**
3.1 Management should ensure that directorates are regularly reviewing risks and maintaining and appropriate evidence trail.	**Medium**

Agreed Management Action	Target Date	Responsible Officer
3.1 The QNAHPs Directorate will lead the embedding of a risk management structure that reports, manages and escalates risk from a Divisional level to a Directorate Senior Management Team level. This will be facilitated through a standard agenda template for Divisional meetings using the learning from the Integrated Governance Model Pilot approved by BET.	September 2022	Assistant Director, Integrated Governance

Appendix B: Assurance opinion and action plan risk rating

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.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.

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