

# Head of Internal Audit Opinion & Annual Report 2021/2022

May 2022

Public Health Wales NHS Trust



GIG  
CYMRU  
NHS  
WALES

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



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<b>Audit Committee:</b>	June 2022

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This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit & Corporate Governance Committee.

Audit reports are prepared by the staff of the NHS Wales Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Public Health Wales NHS Trust and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## 1. EXECUTIVE SUMMARY

### 1.1 Purpose of this Report


Public Health Wales NHS Trust's (the Trust) 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.

As a result of the continued impact of COVID-19 our audit programme has been subject to change during the year. In this report we have set out how the programme has changed and the impact of those changes on the Head of Internal Audit opinion.

### 1.2 Head of Internal Audit Opinion 2021-22

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 2021/22 is that:

<b>Reasonable assurance</b>		<p>The Board can take <b>Reasonable Assurance</b> 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>
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### 1.3 Delivery of the Audit Plan

Due to the considerable impact of COVID-19 on the Trust, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the Trust, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit & Corporate Governance Committee (the 'Committee'). In addition, regular audit progress reports

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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 2021/22 year was initially presented to the Committee in March 2021. Changes to the plan have been made during the course of the year and these changes have been reported to the Committee as part of our regular progress reporting.

There are, as in previous years, audits undertaken at NWSSP and DHCW 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 Internal Auditors (in 2018), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work continues to 'generally conform' to the requirements of the Public Sector Internal Audit Standards (PSIAS) for 2021/22. For this year, as in 2020/21, our QAIP has considered specifically the impact that COVID-19 has had on our audit approach and programmes. We are able to state that our service '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 identified high priority matters arising, 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.

A summary of the audits undertaken in the year and the results are summarised in table 1 below.

Table 1 – Summary of Audits 2021/22

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> <li>• Operational plan</li> <li>• Data breach</li> <li>• Recruitment</li> <li>• Screening – reactivation of service plans</li> <li>• Microbiology stock</li> </ul>	<ul style="list-style-type: none"> <li>• Staff wellbeing</li> <li>• New laboratory at IP5</li> <li>• Additional hours – follow up</li> <li>• Concerns and grievance</li> <li>• Welsh risk pool claim process</li> <li>• NIS directive – cyber security [Draft]</li> <li>• IG Toolkit [Draft]</li> <li>• Risk management [Draft]</li> </ul>
Limited Assurance	Advisory/Non-Opinion
N/A	N/A
No Assurance	
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 Trust'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 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 Trust. 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 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 Public Health Wales NHS Trust 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.

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## **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 2021/22 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 & Corporate Governance 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.

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<b>Reasonable Assurance</b>	 <p>-                      + Yellow</p>	<p>The Board can take <b>reasonable assurance</b> 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>
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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 significant recommendations made.

### 2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2021/22 and reported to the Audit & Corporate Governance 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 & Corporate Governance 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.

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

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, five were allocated Substantial Assurance and eight were allocated Reasonable Assurance. No reports were allocated a 'limited' or 'no assurance' opinion.

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 & Corporate Governance 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 Trust'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 one review in this area, relating to risk management.

**Risk management** [Draft] – We issued a **reasonable** assurance opinion.

#### **Strategic Planning, Performance Management & Reporting**

We have undertaken one review in this area, relating to the systems and controls in place for the delivery of the **operational plan**. We did not identify any matters to report and issued a **substantial assurance** opinion.

#### **Financial Governance and Management**

We have undertaken three reviews in this area during the year.

**Welsh risk pool claims** and our **follow up work relating to additional hours and overtime** received **reasonable assurance** opinions. The Trust had largely implemented the agreed actions identified in our review of additional hours and overtime from last year. No high priority matters were identified in our review of risk pool claims.

During the year, the Trust asked us to look at the process for the management of **microbiology stock**. There were no significant matters to report and we issued a **substantial assurance** report.

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The audits of the payment systems provided by NWSSP, which we audit each year, concluded with positive assurance. The audits of Payroll (draft report) and Accounts Payable both received reasonable assurance opinion ratings.

### Quality & Safety

This year we looked at one aspect of this area which related to **concerns and grievances**. Overall, we issued a **reasonable assurance** opinion but emphasised that further work was needed to improve the completeness of information on the grievances database. We understand that the new employer relations tracker system would resolve the matter.

### Information Governance & Security

We undertook three reviews in this area. Both our review of the **IG toolkit [Draft]** process and our review of the **NIS directive [Draft]** provided **reasonable assurance**. We note that some work is needed to the IG toolkit action plan.

Our work relating to the August 2020 **data breach** provided **substantial assurance** over the controls put in place to address the matter.

### Operational Service and Functional Management

We have undertaken one review in this area, being our review of **the reactivation of service plans within screening services**. We issued a **substantial assurance** opinion in this report.

Our planned reviews of population health and health protection were deferred due to pandemic pressures within the Trust and, in the case of population health, a restructure within the area. We intend to revisit both of these in our 2022/23 Internal Audit Plan.

### Workforce Management

We completed two reviews in this area.

Our work on **recruitment** relating to additional resources identified in the health protection business case did not identify any significant matters and we issued a **substantial assurance** opinion in our report. In addition, we gave a **reasonable assurance** opinion in our report on **staff wellbeing**. While there was some work to do in relation work planning, we did not issue any high priority recommendations.

Our planned review of personal development of medical and public health consultants has been delayed by the pandemic. We intend to revisit this area as part of our 2022/23 Internal Audit Plan.

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**Capital & Estates Management**

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We have undertaken one review in this area.

Our work on the successful set up of the new laboratory at IP5 resulted in a **reasonable assurance** opinion. We did not raise any high priority recommendations.

### **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. In particular, as the only 2020/21 limited assurance report issued to the Trust was followed up during 2020/21, we considered progress made on a risk-based sample of findings in reports where we were able to give Reasonable Assurance, focusing mainly on high and medium priority findings. 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.

For the second year in a row, due to the impact of COVID-19, we are aware that it has been more difficult than usual for NHS organisations to implement recommendations to the timescales they had originally agreed. In addition, we also recognise that for new recommendations it may be more difficult to be precise on when exactly actions can be implemented by. However, it remains 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. Where appropriate, we have adjusted our approach to follow-up work to reflect these challenges.

Going forward, given that it is very likely that the number of outstanding recommendations will have grown during the course of the pandemic, audit committees will need to reflect on how best they will seek to address this position.

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 Trust's recommendation tracking process continued during 2021/22, but the pandemic affected the ability of management to take forward recommendations in some areas. Our follow-up of prior year findings took this into account in our assessment of implementation of the recommendations.

#### **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 this year's (and to an extent last year's) programme 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 Trust, 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 2021/22 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 Trust's Annual Report and accordingly will be completed and reported to management and the

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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 2021/22.

## **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 Internal Auditors (IIA) in February and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Audit & Risk Committee that it has conducted its audit at Trust in conformance with the Public Sector Internal Audit Standards for 2021/22.

Our conformance statement for 2021/22 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2021/22 which will be reported formally in the Summer of 2022; and
- the results of the work completed by Audit Wales.

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 2021/22 QAIP report. There are no significant matters arising that need to be reported in this document.

## 2.7 Completion of the Annual Governance Statement

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

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

## 3. OTHER WORK RELEVANT TO THE TRUST

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; and
- Digital Health & Care Wales.

*Please note that, in response to COVID-19, we have altered our approach this year and undertaken additional testing on a number of the national NWSSP run systems and produced separate reports for each NHS Wales organisation where appropriate.*

### 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 Trust. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the Trust, derived the following opinion ratings:

Audit	Opinion	Comments
Accounts Payable	Reasonable	-

Payroll	Reasonable	-
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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 Trust. These audits derived the following opinion ratings:

Audit	Opinion	Comments
Welsh Radiology Information System	Reasonable	-
Data Centre Transition	Substantial	-
Data Analytics (Information)	Reasonable	-
System Development	Reasonable	-

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.

While these audits do not form part of the annual plan for the Trust, 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.

## 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 Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Committee during the year. Audits that remain to be reported but are reflected within this Annual Report will be reported alongside audits from the 2022/23 operational audit plan.

The audit plan approved by the Committee in March 2021 contained 14 planned reviews. Changes have been made to the plan with one audit



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added, one started in 2020/21 but reported this year and three deferred/cancelled. All of these changes have been reported to, and approved by, the Committee. As a result of these agreed changes, we have delivered 13 reviews.

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 Trust. 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 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 NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2020/21	G	March 2021	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2020/21	G	100% (13/13)	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	85% (11/13)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	A	70% (7/10)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	100% (10/10)	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 areas 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 13 audit reviews were reported during the year. Figure 2 below presents the assurance ratings and the number of audits derived for each.

**Figure 2 Summary of audit ratings**

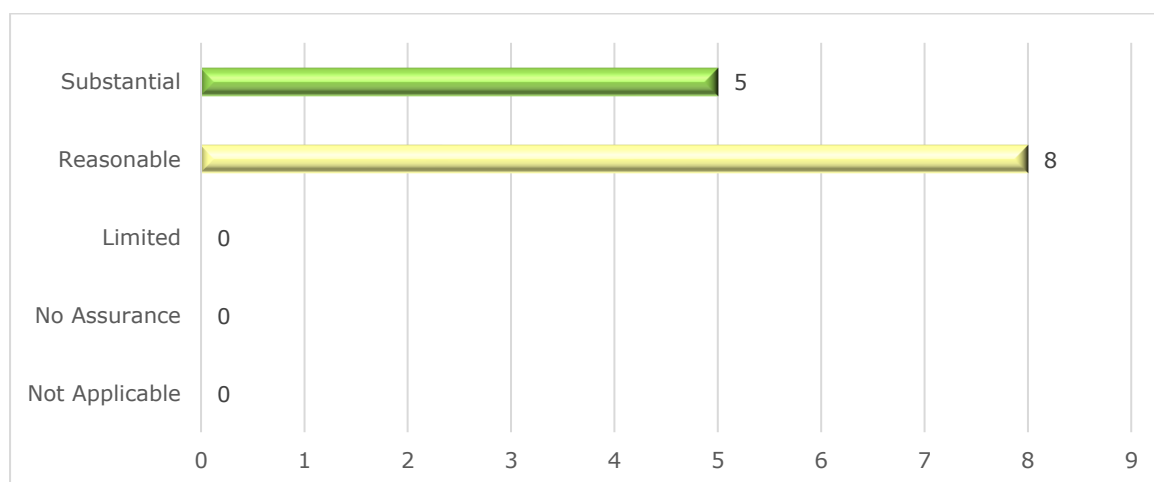


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW, WHSSC or EASC.

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

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management. In some cases, the impact of COVID-19 was the reason for the deferral or cancellation and in other cases, 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
Screening services – Reactivation of service plans	We considered the adequacy of the systems and controls in place with a focus on governance arrangements, risk, staffing levels, monitoring and reporting, and learning from events.
Operational plan	To evaluate and determine the adequacy of the systems and controls in place within the Trust to deliver the Operational Plan. We did not test the integrity of data as we reviewed this as part of our previous data audit in March 2021. We considered: <ul style="list-style-type: none"> <li>• Governance arrangements;</li> <li>• Resources and scrutiny of changes to milestones; and</li> <li>• Risk management and reporting mechanisms.</li> </ul>
Management of microbiology stock	Our review of the stock process considered the procedures, management of stock and management information.
Recruitment	We looked at recruitment arising from the Health Protection business case, and specifically considered risks, monitoring and reporting, and the process followed.
Data breach	To determine the adequacy of systems and controls in place in relation to dealing with the breach recorded in August 2020.

## 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
Welsh risk pool claims	We looked at the reimbursement process and focused on: the completion of documents with the required timescales; evidence supporting the costs incurred; the authorisation process; and the accuracy of the information within Datix.
Follow up – Additional hours and overtime	We assessed the progress in implementing the recommendations arising from the 2020/21 limited assurance internal audit report.
Concerns and grievances	We looked at the systems and controls in place for training, capturing and investigating concerns and grievances, trends and themes, and reporting arrangements.
Staff wellbeing	We evaluated the adequacy of the systems and controls in place within the Trust for staff wellbeing. Our particular focus was on the framework in place, engagement with staff, and monitoring and reporting.
PHW Laboratory at IP5	The audit was a post-completion review of the arrangements put in place to manage the delivery of Laboratory 2 at IP5. It determined the adequacy of the systems/ controls in place and evaluated the overall delivery of the project.
Information governance toolkit [Draft]	The objective was to review the organisation's processes for completion of the IG Toolkit and the collation and submission of appropriate evidence to support the assessed score.
NIS Directive (Cyber Security) [Draft]	We looked at the arrangements in place for the implementation of the NIS Directive in PHW, including the Cyber Assessment Framework (CAF), improvement plan and overarching governance.
Risk management [Draft]	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.

## 5.4 Limited Assurance (Amber)



No reviews were assigned a 'limited assurance' opinion.

## 5.5 No Assurance (Red)



No reviews were assigned a 'no assurance' opinion.

## 5.6 Assurance Not Applicable (Grey)



No reviews were assigned a 'not applicable' opinion.

## 5.7 Deferred Audits

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 / Reason for Deferral
Population health	Management request to delay due to restructure and pandemic. Will be addressed in 2022/23.
Personal development of medical and public health consultants	Management request to delay due the pandemic. Will be addressed in 2022/23.
Impact of Brexit	Not taken forward as risks known to management and an audit review at that time would not add additional value.

## **6. ACKNOWLEDGEMENT**

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the Trust to support delivery of the Internal Audit assignments undertaken within the 2021/22 plan.

**Paul Dalton**

**Head of Internal Audit**

**Audit & Assurance Services**

**NHS Wales Shared Services Partnership**

**May 2022**

## Appendix A – Conformance with Internal Audit Standards

<b>ATTRIBUTE STANDARDS</b>	
<b>1000 Purpose, authority and responsibility</b>	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.
<b>1100 Independence and objectivity</b>	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.
<b>1200 Proficiency and due professional care</b>	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.
<b>1300 Quality assurance and improvement programme</b>	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.
<b>PERFORMANCE STANDARDS</b>	
<b>2000 Managing the internal audit activity</b>	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.
<b>2100 Nature of work</b>	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.
<b>2200 Engagement planning</b>	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.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
<b>2400 Communicating results</b>	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.
<b>2500 Monitoring progress</b>	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.
<b>2600 Communicating the acceptance of risks</b>	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:

	<p><b>Substantial assurance</b></p>	<p>Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.</p>
	<p><b>Reasonable assurance</b></p>	<p>Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.</p>
	<p><b>Limited assurance</b></p>	<p>More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.</p>
	<p><b>No assurance</b></p>	<p>Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.</p>
	<p><b>Assurance not applicable</b></p>	<p>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.</p>



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