

# Head of Internal Audit Opinion & Annual Report 2022/2023

July 2023

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>Lead Executive:</b>	Board Secretary
<b>Audit Committee:</b>	July 2023

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## 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.

### 1.2 Head of Internal Audit Opinion 2022-23

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

<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

Our internal audit plan is agile and responsive to ensure that key developing risks to the Trust 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 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.

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The Internal Audit Plan for 2022/23 year was initially presented to the Committee in April 2022. Some 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 Public Finance and Accountancy (in March 2023), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work 'fully conforms' to the requirements of the Public Sector Internal Audit Standards (PSIAS) for 2022/23. We are able to state that our service '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 2022/23

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> <li>Local public health teams</li> <li>Financial management</li> <li>Cyber security</li> <li>Welsh risk pool process</li> <li>Health protection division management arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Risk management</li> <li>Health and Safety</li> <li>Workforce – sickness absence monitoring</li> <li>Information governance – contract management</li> <li>Information provision</li> </ul>
Limited Assurance	Advisory/Non-Opinion
<ul style="list-style-type: none"> <li>Population health grants management</li> </ul>	N/A
No Assurance	
N/A	

Please note that our overall opinion has also taken into account 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 2022/23 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

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

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

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

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


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

## **2.4 Head of Internal Audit Opinion**

### **2.4.5 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 Limited Assurance opinions issued during the year and the significance of the recommendations made (of which there was one audit in 2022/23).

### 2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2022/23 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, five were allocated Reasonable Assurance, and one was allocated Limited Assurance. No reports were allocated a 'no assurance' 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** – Our work focused on the first year implementation of the Trust's risk management development plan. We issued a **reasonable** assurance opinion, but note that progress against the plan needed to be reported more regularly to the leadership team.

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

We did not plan to undertake any reviews in this area during 2022/23 performance management and reporting are considered as part our reviews in other areas.

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

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

**Financial management** – We focussed on budget control within the directorates of the Trust. This is important to any organisation's success as it sets targets for income and expenditure. The organisation can then hold itself accountable to those targets as the year progresses. We found that budgets were clearly aligned to the integrated medium term plan, there were up to date policies and procedures, and that budgets were monitored and reviewed. We issued a **substantial** assurance report.

**Welsh risk pool claims** – We looked at the documentation, authorisation and evidence to support claims. We did not raise any matters and we issued a **substantial** assurance opinion.

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

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**Quality & Safety**

This year we looked at one aspect of this area.

**Health and Safety** – Our review focused on matters concerning staff working from home. While we identified a need to update related policies and procedures, and the Trust’s health and safety risk register, we saw regular monitoring and reporting of matters. Overall we issued a **reasonable** assurance opinion

**Information Governance & Security**

We undertook three reviews in this area.

**Information governance – contract management** – Our review identified that the purchasing and contracting processes ensure that Information Governance requirements are stated, and suppliers have to provide evidence of this to win contracts. There is a register of information assets, and data protection impact assessments with data processing agreements in place. Although, There was no procedure within the Trust setting out the requirements and processes for requesting contracts. We issued a **reasonable** assurance opinion.

**Cyber security** – Cyber security and resilience is the protection of computer systems and networks from the theft of or damage to their hardware, software or electronic data, as well as from the disruption or misdirection of the services they provide. We issued **substantial** assurance on this area. Following an assessment against the Cyber Assurance Framework (CAF) in the previous year, the Trust had an improvement plan in place. We saw evidence that security has been improved, and continues to do so.

**Information provision** – The Data, Knowledge and Research Directorate has recently strengthened its leadership and have recognised significant scope for improvement. The directorate has started to implement plans to improve the information provision across the organisation as the professional leads for data and information. We have issued a **reasonable** assurance opinion.

**Operational Service and Functional Management**

We have undertaken three reviews in this area.

**Health protection division management arrangements** – Last year we reviewed the recruitment process in relation to the business case for the transformation of the health protection service. This year, our review has focused on the management arrangements for the operation of the division given its recent expansion and restructure. There were appropriate governance and risk management arrangements in place. We made one

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medium and one low priority recommendation and issued a **substantial** assurance opinion.

**Population health grants management** – The Trust distributes grant funding to local health boards and local authorities in order to help the Trust meet some of its objectives relating to population health. We reviewed the processes relating to the management of three of these grants, and the effectiveness of the funding in delivering the required outcomes. While there were procedures in place to allocate grants and administer finances, we identified that improvements were needed both in the time taken to review and monitor claims, and with regards to reviewing grant claim risks. We issued a **limited** assurance report.

**Local public health teams (LPHT)** – In October 2021 the Welsh Government approved the transfer of LPHT staff from the Trust to the Local Health Boards. A project to transfer LPHT staff and resources to their respective health board was set up. A project Board, Senior Responsible Officer and project management team were put in place. In addition, a staff stakeholder function was established to provide advice. We looked at the project approach and issued a **substantial** assurance opinion.

#### **Workforce Management**

We completed one review in this area.

**Workforce – sickness absence monitoring** – The Trust monitors sickness absence through its performance assurance dashboard. The information that is reported through the dashboard is only as effective as the accuracy and timeliness of the data recorded within ESR. We looked at the approach to training, managing and monitoring sick absence. We made high priority recommendations in relation to managers completing appropriate training and ensuring that documentation was in place for all absences. We saw evidence of effective reporting of sickness through the PAD. We gave a **reasonable assurance** opinion in our report.

The audit of the recruitment system provided by NWSSP concluded with a reasonable assurance opinion ratings.

#### **Capital & Estates Management**

We did not plan to undertake any reviews in this area during 2022/23.

### **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. 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.

The role of audit committees is to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by management.

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

There were no limited assurance opinion reports in 2021/22 so we did not need to formally report back on the progress made by the Trust. However, we have reviewed the management of the internal audit action tracker during the year and confirmed that it is being appropriately monitored and scrutinised by the Audit Committee. We also tested a sample of completed agreed actions from the tracker and agreed with the conclusion reported to the Committee in the tracker documentation.

#### **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 the programme of work in recent years, 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

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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 2022/23 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

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

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

## **2.5 Required Work**

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

## **2.6 Statement of Conformance**

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

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

The NWSSP Audit and Assurance Services can assure the Audit & Risk Committee that it has conducted its audits at the Trust in conformance with the Public Sector Internal Audit Standards for 2022/23.

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Our conformance statement for 2022/23 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2022/23, which will be reported formally in the Summer of 2023;
- the results of the External Quality Assessment; 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 2022/23 QAIP report. There are no significant matters arising that need to be reported in this document.

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

## **2.7 Completion of the Annual Governance Statement**

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

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

## **3. OTHER WORK RELEVANT TO THE 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 about

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below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership; and
- Digital Health & Care Wales.

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 Trust'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.

### **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	The overall objective was to assess the adequacy and effectiveness of the systems and controls for the management of the NWSSP accounts payable service.
Recruitment	Reasonable	The overall objective was to assess the adequacy and effectiveness of the systems and controls for the management of recruitment services.
Payroll	Reasonable	The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for the management of Payroll Services.
Procurement	Work ongoing	-

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
Switching services	Reasonable	Where data moves either between software or hardware.
Embedding the stakeholder engagement plan	Reasonable	-
Centre of excellence	WIP	Roll out of O365 across Wales
Technical resilience	Substantial	-
Cyber security	WIP	-

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.

## 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 2023/24 operational audit plan.

The audit plan approved by the Committee in April 2022 contained 11 planned 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 2022/23	<b>G</b>	March 2022	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against plan for 2022/23	<b>G</b>	100% (11/11)	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	<b>G</b>	82% (9/11)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	<b>R</b>	55% (6/11)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	<b>G</b>	100% (11/11)	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 10 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**

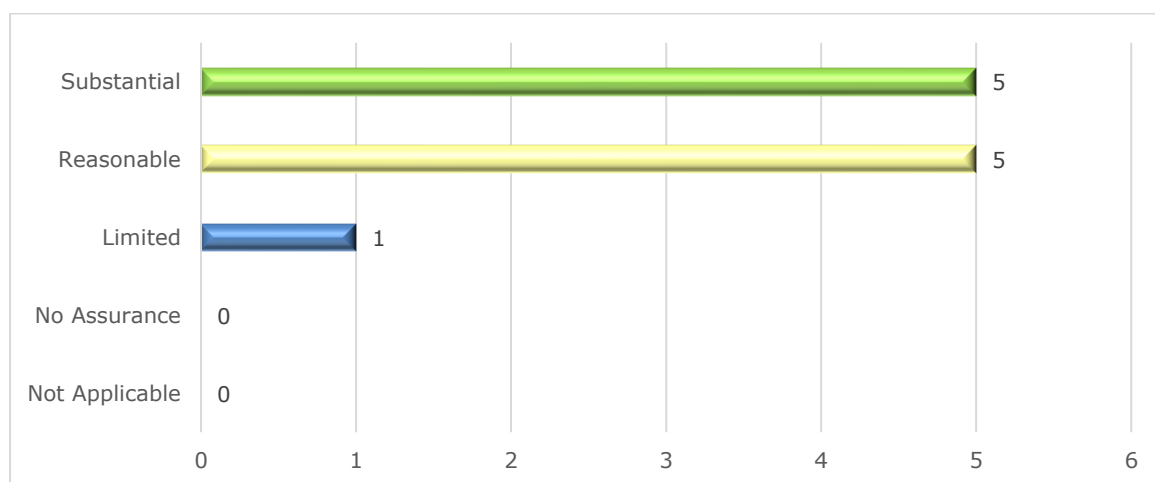


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW, WHSSC or EASC.

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

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
Welsh risk pool claims	To provide assurance over the reimbursement processes in place within the Trust.
Health protection division management arrangements	The overall objective of the review was to evaluate and determine the adequacy of the systems and controls in place within the Health Protection Division following the outcome of the internal review of the health protection operating model.
Local public health teams	The overall scope of the audit is to consider the planned project approach and its implementation.
Financial management	The overall objective of the review was to consider the management of financial plans at directorate level.
Cyber security	To provide assurance that the organisation is working to improve its cyber security position, and that appropriate reporting is in place that shows the current status.

## 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
Health and Safety	The overall objective of the audit was to consider corporate reporting of Health and Safety matters

Review Title	Objective
	with consideration to matters concerning staff working from home.
Workforce – sickness absence monitoring	The overall scope of the audit was to consider the effectiveness of sickness absence monitoring and reporting.
Information governance – Contract management	To review of the arrangements in place for the management of Information Governance (IG) requirements within the contracts management process.
Information provision	To evaluate and determine the processes in place for the Trust to deliver information products to the right users and whether the transformation plans put in place by the new leadership team are sufficient to address the problems.
Risk management	To undertake a high-level review of the new risk process. Focusing on the first year of implementation of the risk management development plan.

### 5.4 Limited Assurance (Amber)



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

Review Title	Objective
Population health grants management	To review the arrangements the Trust has in place in relation to the management of a number of population health grants.

### **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**

No reviews were deferred.

## **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 2022/23 plan.

**Paul Dalton**

**Head of Internal Audit**

**Audit & Assurance Services**

**NHS Wales Shared Services Partnership**

**July 2023**

## 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. There have been no impairments to our independence during 2022/23.
<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 and in 2023, both of which confirmed that we comply with the PSIAS.
<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

	<p>strategy and annual plan is approved by Audit Committee.</p> <p>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.</p>
<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>	<p>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.</p> <p>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.</p>
<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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