

Draft Head of Internal Audit Opinion & Annual Report 2023/2024

May 2024

Public Health Wales NHS Trust



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Audit Committee:	May 2024

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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 2023/24

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 2023/24 is that:

Reasonable assurance		The Board can take Reasonable Assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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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.

The Internal Audit Plan for 2023/24 year was initially presented to the Committee in April 2023. 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 2023/24. 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 2023/24

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> Welsh risk pool claims process Follow up - Population health grants management Board assurance – Committee work planning 	<ul style="list-style-type: none"> Work programmes IT infrastructure and network management (Draft) Business continuity and technical resilience Finance – Use of procurement cards Appraisal process – Consultants employed by Public Health Wales Contracts management (Draft)
Limited Assurance	Advisory/Non-Opinion
N/A	N/A
No Assurance	
N/A	

Table 1 above, does not include work undertaken at the hosted body, the NHS Wales Executive.

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 Quality 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 Quality 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.

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 2023/24 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.

Reasonable Assurance	 <p>- Yellow +</p>	<p>The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
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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.

2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2023/24 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 Quality Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Leadership standard.
- 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.

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 an 'Unsatisfactory' 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.

Board assurance – Committee work planning – In order to fulfil their duties and responsibilities each committee of the Board sets and agrees an annual programme of work and reports on its progress to the Board for assurance. It is important that committee members have an agreed plan of work for the year ahead and receive appropriate learning and development to deliver their responsibilities effectively.

Strategic Planning, Performance Management & Reporting

We have undertaken one review in this area during the year.

Contracts management (Draft) – The purpose of contract management is to ensure that both parties fulfil their contractual obligations for the duration of the contract and that commercial and contract requirements are successfully delivered. Our review identified a need for specific contract procedure guidance, and updating of information held on the contract registers. We issued a **reasonable** assurance report.

Financial Governance and Management

We have undertaken two reviews in this area during the year. In addition, the audits of the payment systems provided by NWSSP, which we audit each year, concluded with positive assurance. The audits of Payroll received a substantial assurance opinion and review of Accounts Payable received a reasonable assurance opinion. At the time of this draft report the fieldwork in relation to the review of Procurement at NWSSP was ongoing.

Financial – Use of procurement cards – The management of procurement cards and staff expense budgets is delegated to budget holders in line with the Trust's scheme of delegation. These responsibilities

include reviewing and approving individual staff expense claims, procurement card expenditure, and ongoing budget monitoring.

Our review sought to provide assurance that procurement card expenditure, including where used for travel and subsistence, is compliant with the Trust's established policies and procedures. We identified one medium priority and five low priority matters. We issued a **reasonable** 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.

Quality & Safety

This year we looked at one aspect of this area.

Incident reporting – During 2023 the Trust reviewed and revised its 'Putting Things Right Incident Reporting and Management Procedure' to ensure alignment with new national regulation and guidance. Implementation of the revised procedure will further support the Trust with the timely and robust management of incidents. We looked at the Trust's approach to incident reporting. At the time of this draft report our work in this area is concluding, but we have yet to issue a draft report.

Information Governance & Security

We undertook two reviews in this area.

IT infrastructure and network management (Draft) – The term 'infrastructure' in an ICT context refers to an organisation's collection of hardware, software, networks, data centres, facilities and related equipment used to develop, test, operate, monitor, manage and support information technology services. Our review confirmed that equipment is held securely, and core data centres have good environmental controls. We identified one high priority matter relating to switches that are not subject to routine patching. We issued a **reasonable** assurance opinion.

Business continuity and technical resilience – Business continuity is a management process used to identify and address potential risks that may threaten an organisation's day to day activity. Where technology outages impact an organisation's ability to operate, and stakeholders require services to be 'always on', near-instantaneous recovery is often required with minimal data loss. We identified that overall, the business continuity and disaster recovery process are suitably aligned with the Trust's IT structure. We identified one high priority matter in relation to the need for fire suppression arrangements at server sites. We also identified two medium priority and one low priority matter and issued a **reasonable** assurance opinion.

Operational Service and Functional Management

We have undertaken two reviews in this area.

Work programmes – We reviewed the processes relating to the governance, control and risk management arrangements for a sample of agreed work programmes led by the Health and Wellbeing directorate. We identified four medium priority matters and issued a **reasonable** assurance report.

Follow up - Population health grants management – We identified six matters arising in our original review, which included three high and three medium priority recommendations. Following our original review, the Health Improvement Division set up a Task and Finish Group to review the grant processes in place. They have made changes within the Division to enable the processing of grants to be more efficient and allowing them time to monitor the effectiveness of the programmes. All matters had been closed and we issued a **substantial** assurance report.

Workforce Management

We completed one review in this area. In addition, the audit of the recruitment system provided by NWSSP concluded with a reasonable assurance opinion ratings.

Appraisal process – Consultants employed by Public Health Wales – The Trust employs a number of consultants through medical, dental and agenda for change contracts. We looked at the policies in place, the revalidation process, the professional support process, and the approach to appraisals. We identified one high priority matter in relation to the documentation of information to support the appraisals process. We also raised four medium priority matters. We gave a **reasonable assurance** opinion in our report.

Capital & Estates Management

We did not plan to undertake any reviews in this area during 2023/24.

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 was one limited assurance opinion reports in 2022/23, which we have formally followed up. 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 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. This year, at the time of this draft report the fieldwork for one review was ongoing.

The majority of audit reviews will relate to the systems and processes in operation during 2023/24 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 2023/24.

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 2023/24.

Our conformance statement for 2023/24 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2023/24, which will be reported formally in the Summer of 2024; and
- the results of the External Quality Assessment.

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 2023/24 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 2023/24.

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;
- 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 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 purpose of the audit review was to evaluate and determine the adequacy of the systems and controls in place for the NWSSP Accounts Payable service.
Primary Care (GMS)	Reasonable	The purpose of the audit review was to provide assurance that Primary Care Services is maintaining a robust system to facilitate timely and accurate payments to General Medical Services primary care contractors.
Payroll	Substantial	The overall objective of this audit was to evaluate the design and operation of the systems and controls in place within payroll services.
Procurement	TBC	To review the adequacy of the systems and controls in place for procurement of contracts above OJEU thresholds.

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.

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
Benefits Realisation	Reasonable	To determine if the principles of an appropriate benefits realisation framework have been implemented to support decision making.
Programme Management	Reasonable	To provide an opinion of the project management being operated over the Digital Services for Patients and Public (DSPP) programme.
Business Continuity (Ransomware)	Reasonable	To assess the adequacy and effectiveness of business continuity arrangements, including in the event of a cyber-attack (including ransomware).
Legacy Software Modernisation	Reasonable	To review the management of risks associated with older technology.

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.

NHS Wales Executive

In April 2023 the NHS Wales Executive (the 'Executive') became operational. It is hosted by the Trust and is a national support function that has brought together four organisations:

- Delivery Unit;
- Finance Delivery Unit;
- Improvement Cymru; and
- NHS Wales Health Collaborative.

We have done one advisory review this year on behalf of the Executive and the details are included below. Work is also planned to be undertaken in 2024/25. Our work in relation to the Executive is reported in Part B of the Trust's Audit Committee.

Review Title	Objective
NHS Wales Executive – Management and governance of service arrangements within the networks and planning function	The advisory review focused on the steps that the Collaborative had taken to address our original conclusions, with a focus on ICST projects. We considered the procurement process followed in 2023/24 for ICST services now under the networks and planning function of the Executive.

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 2024/25 operational audit plan.

The audit plan approved by the Committee in April 2023 contained 11 planned reviews. One further review was added to our planned work after the audit plan had been approved. This additional review was a follow up of the limit assurance review relating to population health grants management reported in 2022/23. At the time of this draft report, one review remains a work in progress. 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 to the Trust, 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 2023/24	G	March 2023	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against plan for 2023/24	G	90% (9/10)	100%	v>20%	10%≤v≤20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	89% (8/9)	80%	v>20%	10%≤v≤20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	G	75% (6/8)	80%	v>20%	10%≤v≤20%	v<10%
Report turnaround: time from management	G	100% (8/8)	80%	v>20%	10%≤v≤20%	v<10%

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
response to issue of final report [10 working days]						

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 nine audit reviews for the Trust 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

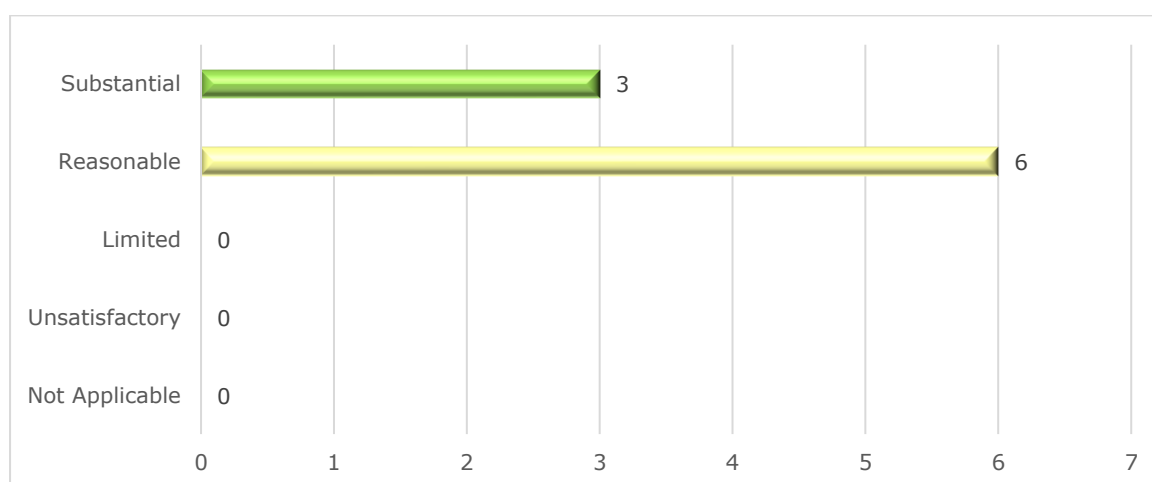


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW or the NHS Wales Executive.

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.
Follow up - Population health grants management	The overall objective of the audit was to provide the Trust with assurance regarding the implementation of, and progress against, the agreed management responses from the Population Health grants management audit.
Board Assurance - Committee work planning	To consider the arrangements in place for mapping assurance across the Trust's committees through their terms of reference and work plans as set out within the Board Assurance Framework.

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
Work programmes	The overall objective of the audit was to consider the management and approach to work programmes within the Health and Wellbeing directorate in the context of the corporate performance management system.
IT infrastructure and network management (Draft)	To evaluate and determine the adequacy of the systems and controls in place for the management

Review Title	Objective
	of the IT infrastructure assets and network management.
Business continuity and technical resilience	The overall scope of the audit was to provide assurance over the Trust's business continuity arrangements and to confirm they are aligned to and supported by the technical resilience of its IT estate and services.
Finance – Use of procurement cards	The overall objective of this review was to consider the monitoring, governance and reporting arrangements in relation to the administration and use of the Trust's procurement cards.
Personal development process for medical and public health consultants	To review the appraisal processes for medical and public health consultants within the Trust.
Contracts management (Draft)	To consider monitoring, governance and reporting arrangements in relation to contract management.

5.4 Limited Assurance (Amber)



No reviews were assigned a 'Limited' opinion.

5.5 Unsatisfactory Assurance (Red)



No reviews were assigned an 'Unsatisfactory' opinion.

5.6 Assurance Not Applicable (Grey)



The review we undertook at the NHS Wales Executive was Advisory in nature and is referenced in section 3 above.

5.7 Deferred Audits

We deferred one review title 'returning to business as usual', which specifically related to microbiology. Management requested that this review was deferred as the division is undergoing a UKAS accreditation review at the time of our planned work.

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 2023/24 plan.

Paul Dalton

Head of Internal Audit

Audit & Assurance Services

NHS Wales Shared Services Partnership

May 2024






Appendix A – Conformance with Internal Audit Standards

ATTRIBUTE STANDARDS	
1000 Purpose, authority and responsibility	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.
1100 Independence and objectivity	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 2023/24.
1200 Proficiency and due professional care	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.
1300 Quality assurance and improvement programme	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. An EQA was undertaken in 2018 and in 2023, both of which confirmed that we comply with the PSIAS.
PERFORMANCE STANDARDS	
2000 Managing the internal audit activity	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.
2100 Nature of work	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.
2200 Engagement planning	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.
2300 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
2400 Communicating results	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.
2500 Monitoring progress	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.
2600 Communicating the acceptance of risks	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:

	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.
	Unsatisfactory 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.



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