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Shared Services  
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Audit and Assurance Services



GIG  
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WALES

Bwrdd Iechyd Prifysgol  
Cwm Taf Morgannwg  
University Health Board

# **INTERNAL AUDIT 2020/21 PLAN - REVIEW**

**December 2020**

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

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## 1. Introduction

Internal Audit Operational Plans for all NHS Wales organisations ('organisations') for 2020/21 were reviewed and in the majority of cases re-issued, in the early summer of 2020 to take into account the impact of Covid-19. In most organisations, the revised plans include fewer audit reviews than previous years. However, they were produced following the established domain-based approach assuming that, if completed, they would support the provision of the Head of Internal Audit opinion in the usual way.

As time moves on, and organisations continue to respond to the pandemic whilst seeking to re-commence or continue other services, we are coming to the view that it will not be possible to deliver these revised programmes in full.

The Head of Internal Audit for Cwm Taf Morgannwg University Health Board ('the Health Board') has reported to the August and October 2020 meetings of the Audit and Risk Committee that the revised plan agreed in August 2020 would continue to be monitored, and would be revised again to meet changing demands as appropriate.

This paper sets out the current position and plan to complete a programme of Internal Audit work that enables the provision of a full Head of Internal Audit Opinion for 2020/21. We will continue to monitor the position as we move in to the final quarter of the financial year.

## 2. Forming the Annual Head of Internal Audit Opinion

The Head of Internal Audit draws upon the following in order to produce an annual opinion that can meaningfully inform the annual governance statement:

1. The evidence obtained from a sufficient number of individual audit and advisory reviews.
2. The results of internal audit reviews at other NHS Wales organisations that are relevant to the governance, risk management and control processes of the organisation, e.g. NHS Wales Shared Services Partnership ('NWSSP').
3. Cumulative knowledge of the organisation based on the results of internal audit work undertaken in previous years.
4. Knowledge of governance and risk management arrangements obtained from ongoing observation of Board and committee meetings and meetings with Executive Directors, senior managers and independent members.
5. Knowledge obtained undertaking other *ad hoc* work, including requests for advice, attending working groups and investigations.

6. The results of work undertaken by regulators and inspectors, including Audit Wales and Health Inspectorate Wales and liaison with LCFS and PPV.
7. Knowledge obtained through general research and understanding of the organisation.

The Head of Internal Audit considers whether the above provides a sufficient basis to enable a professional conclusion to be drawn in respect of governance, risk management and control processes (the basis of the Head of Internal Audit opinion) and, in particular, whether the coverage of internal audit reviews is sufficient to be able to give an overall opinion.

While neither the Public Sector Internal Audit Standards (see Appendix C) nor guidance prescribe a minimum coverage of internal audit work required to support an annual opinion, it is implicit that the annual plan needs to cover a sufficient quantity of work for the Head of Internal Audit to be able to issue the opinion with confidence.

Our approach to date has combined a risk based focus, using the organisation's assurance framework and risk management arrangements where appropriate, combined with a 'domain based' approach for health boards to ensure we undertake work across all the key areas of activity and that there is rotational coverage.

However, due to the fact we anticipate delivering fewer audits than in 2019/20 we have agreed with the Board Secretaries Group to remove the formal use of our domain approach to arrive at the Head of Internal Audit Annual Opinion at health boards in 2020/21.

In forming the annual opinion it is not necessarily the number of reviews that is important because the scopes of individual engagements can vary considerably depending upon the objectives and risks addressed. It is the quantity and quality of the cumulative evidence in respect of governance, risk management and control activities that is key.

### ***Governance and Risk Management***

Our audit approach provides coverage of governance and risk management arrangements in the majority of internal audit reviews. There is also broader evidence available to the Head of Internal Audit in respect of governance and risk management from other sources (2 to 7 above).

The Head of Internal Audit therefore anticipates that sufficient evidence will be available to reach a conclusion on the adequacy and effectiveness of governance and risk management processes.

## **Control Activities**

The primary source of evidence of the adequacy and effectiveness of control processes is testing and reviewing activity undertaken in audit and advisory reviews. The key question is therefore whether there is sufficient coverage of control activities from the programme of audit and advisory reviews to enable the Head of Internal Audit to form a robust and meaningful conclusion on their adequacy and effectiveness.

### **3. Progress to Date**

The revised plan presented at the August 2020 committee included 40 opinions and advisory reviews, with an additional five assurance reviews for the Prince Charles Hospital redevelopment ('PCH'), and three for EASC and WHSSC, the hosted bodies.

At 30 November 2020, 21 of the 40 reviews are either complete, work in progress or sufficiently advanced that they will be completed. Of the remaining 19:

- Three are follow up reviews to be completed;
- Two are mandated reviews to be completed (Welsh risk pool, and Health and Care standards);
- Ten other reviews we plan to complete over Q3/Q4;
- We propose to defer four reviews (Transformation fund/partnership arrangements, efficiency savings, outpatient, and workforce planning) to 2021/22 when there is more capacity to enable the audits to take place.

### **4. Review Activity**

In addition to considering the work to be completed or planned to complete, this review by the Head of Internal Audit has taken into account the following:

1. Continued engagement with senior managers and Executive Leads in order to ascertain which audits can be progressed. There have been a number of reviews where we have been asked to move the fieldwork into quarter 4, or into next year due to operational pressures at the present time.
2. Re-assessment of the risk profile of the organisation and the environment it is operating in, with reference to the latest Organisational Risk Register.
3. Anticipated continuing difficulties with undertaking audit work remotely and capacity within the Health Board during what is likely to be a very challenging winter.
4. Consideration of professional guidance on the production of the Head of Internal Audit Opinion where internal audit work is impacted by Covid-19 and the interpretation of Audit & Assurance Services of that

guidance, in consultation with the Board Secretaries Group and Welsh Government as our standard setter.

The Head of Internal Audit has taken the above into consideration when looking at the programme of work at the present time.

The proposed reviews to be completed are set out in Appendix A. Our consideration of risks identified in the November 2020 Organisational Risk Register that score '20' are set out in Appendix B.

Appendix A details the full coverage for the 2020/21 year, including the audits completed or in progress and those audits to be completed.

The traditional domain-based presentation has been retained for reporting consistency with the following modifications to show the breadth of coverage:

1. Where a review provides evidence in respect of more than one domain this has been shown in italics (for example, Covid-19 governance review).
2. More direct assurance is being provided from individual reports for each organisation from the national systems audits of Purchase to Pay, Payroll and Primary Care Contractor Services Payments which is shown in the Financial Governance and Management domain.

As a sense check and whilst re-iterating the number of reviews in itself is not an accurate measure of sufficient coverage, the programme can be compared with 2019/20 as follows:

<b>Final and draft opinions and advisory reviews to date</b>	<b>9</b>
Work in progress	12
To be commenced	19
<b>Sub-total (refs 1 to 40 in Appendix A)</b>	<b>40</b>
Add PCH work	5
Current proposed reduction in number of audits	(4)
<b>Opinions and reviews to be included in 2020/21 Opinion</b>	<b>41</b>
<b>Opinions and reviews included in 2019/20 annual report</b>	<b>44</b>

## **5. Conclusion**

The Head of Internal Audit considers that the current programme of work for the year provides sufficient coverage to enable the provision of a Head of Internal Audit Annual Opinion. This approach has been discussed and agreed with the Director of Audit & Assurance.

We will continue to review the programme of work and will update this paper as necessary for the February committee meeting.

Planned opinion output	Outline timing	Status	Assurance
<b>Corporate Governance, Risk and Regulatory Compliance</b>			
Annual Governance Statement	Q4		
<b>1. Risk management</b>	Q3	Work in progress	
<b>2. Governance arrangements – committee review</b>	Q4		
<b>3. Implementation of the operating model (OM)</b>	Q4	<b>DELAY Coverage through ILG review. Also, internal review of OM. Propose to undertake in 2021/22.</b>	
<b>4. Health and Care standards</b>	Q4		
<b>5. Governance Arrangements during Covid-19 Pandemic (Advisory review)</b>	Q1/2	Final Report	Advisory
Covid-19 governance – follow up	Q4		Advisory
<b>6. CAMHS directorate review</b>	Q3	Work in progress	
<b>7. Estates directorate review</b>	Q3	Work in progress	
Brexit preparedness review	Q3		Advisory

Planned opinion output	Outline timing	Status	Assurance
<b>Strategic Planning, Performance Management and Reporting</b>			
<b>8. Data quality – Integrity of Swansea bay data transfer</b>	Q4		
<b>9. Continuous improvement in response to targeted intervention</b>	Q3	Work in progress	
<b>10. Transformation fund / Partnership arrangements</b>	-	<b>DELAY - Propose to undertake in 21/22</b>	
<b>11. CAMHS directorate review</b>	Q3	Work in progress	
<b>12. Estates directorate review</b>	Q3	Work in progress	
Operating framework Q3/Q4	Q4		
<b>Financial Governance and Management</b>			
<b>13. Financial systems</b>	Q3/Q4	Work in progress	
<b>14. Efficiency Board</b>	-	<b>DELAY - Propose to undertake in 21/22</b>	
<b>15. CAMHS directorate - compliance</b>	Q3	Work in progress	
<b>16. Estates directorate - compliance</b>	Q3	Work in progress	
<i>NWSSP – Payroll</i>	Q3/4	Work in Progress	

Planned opinion output	Outline timing	Status	Assurance
<i>NWSSP – Accounts Payable</i>	Q3/4	Work in Progress	
<i>NWSSP – PCS Contractor Payments</i>	Q3/4	Work in Progress	
<b>Clinical Governance, Quality and Safety</b>			
<b>17. Annual Quality Statement</b>	Q1	Final Report	Substantial
<b>18. Outpatients</b>	Q4	<b>DELAY - Propose to undertake in 21/22</b>	
<b>19. Quality and patient safety governance framework</b>	Q4	-	
<b>20. Welsh Risk Pool (WRP) claim process</b>	Q4	-	
<b>21. Clinical audit</b>	Q4	-	
<b>22. Data quality – patient pathway appointment management process – follow up review</b>	Q3	Draft report	Limited
<b>23. Medical agency</b>	Q2	Final report	Reasonable
<b>Information Governance and Security</b>			
<b>24. IT Baseline review</b>	Q3	Draft report	Advisory

Planned opinion output	Outline timing	Status	Assurance
<b>25. Digital health strategy</b>	Q4		
<b>26. IT service management</b>	Q3	Draft report	Limited
<b>Operational Service and Functional Management</b>			
<b>27. ILG review</b>	Q4		
<b>28. Pathology directorate review</b>	Q3	Final report	Reasonable
<b>29. Head &amp; neck directorate - follow up of workforce domain</b>	Q3	Final report	No opinion
<b>Workforce Management</b>			
<b>30. Workforce planning</b>		<b>DELAY - Propose to undertake in 21/22</b>	
<b>31. Retention of staff - follow up</b>	Q4		
<b>32. Recruitment</b>	Q4		
<b>33. Facilities – workforce follow up</b>	Q3	Work in progress	
<b>34. Consultant job planning – follow up</b>	Q4		
<b>35. Medical rostering - follow up</b>	Q4		
<b>36. CAMHS directorate review</b>	Q3	Work in progress	

Planned opinion output	Outline timing	Status	Assurance
<b>37. Estates directorate review</b>	Q3	Work in progress	
<b>Capital &amp; Estates</b>			
<b>38. Environmental Sustainability Report</b>	Q1	Final Report	Substantial
<b>39. Fire safety</b>	Q4		
<b>40. Sunnyside project</b>	Q4		
PCH – Validation of management actions	Q3	Final report	Substantial
PCH – Governance	Q3/Q4	Work in progress	
PCH – Financial management	Q3/Q4	Work in progress	
PCH – Technical compliance	Q3/Q4	Work in progress	
PCH – Covid-19 related issues	Q3/Q4	Work in progress	

## COVERAGE OF HIGH SCORING RISKS ON THE ORGANISATIONAL RISK REGISTER

**Coverage of risks with score of 20 on organisational risk register as at 26.11.20**

Ref	Risk	Coverage
4060	Failure to ensure delivery of a viable balanced/break even 3 year integrated medium term plan	Financial monitoring arrangements Consideration of CTM improvement and value-based healthcare in 21/22 plan.
4332	Anticipated Impact of the Opening of the Grange University Hospital (GUH).	New risk – Consider in 21/22 plan.
4154	Financial Impact of Covid-19 (including Resetting CTM) on the 2020/21 In Year financial position.	New risk – Covid-19 governance review considered financial governance.
4095	Lack of control and capacity to accommodate all hospital follow up outpatient appointments	We have reviewed follow up outpatients in recent years and will review again.
4100	Failure to treat patients in a timely manner resulting in potential avoidable harm	We have reviewed in recent years and will review again.
4080	Failure to recruit sufficient medical and dental staff	Review planned in 20/21
4149	Failure to sustain Child and Adolescent Mental Health Services	Ongoing directorate review in 20/21
3183	there is non-compliance with the current fire enforcement notice	Review planned in 20/21

## COVERAGE OF HIGH SCORING RISKS ON THE ORGANISATIONAL RISK REGISTER

<b>Ref</b>	<b>Risk</b>	<b>Coverage</b>
3826	ED overcrowding	Consider for future plan
4253	Ligature Points - Inpatient Services	New risk – consider in future year
4331	Covid-19 emergency flow and Impact of RGH flow	New risk – Covid-19 governance arrangements considered in 20/21.
4071	Failure to sustain services as currently configured to meet cancer targets	Performance reviews
1793	Provision of negative pressure rooms in CTMUHB in line with WHC (2018) 033	New risk – consider in future year

## **Extract from the Public Sector Internal Audit Standard Requirements**

### 2450 Overall Opinions

When an overall opinion is issued, it must take into account the strategies, objectives and risks of the organisation and the expectations of senior management, the board and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant and useful information.

#### *Public sector requirement*

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

#### Overall Opinion

The rating, conclusion and/or other description of results provided by the chief audit executive addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the chief audit executive based on the results of a number of individual engagements and other activities for a specific time interval.



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