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**AUDIT COMMITTEE**

**19<sup>th</sup> April 2018**

**AGENDA NO: 4a**

**AUDIT & ASSURANCE:**

**Draft Head Of Internal Audit Opinion 2017/18  
For ABMU Health Board**

**1. PURPOSE**

The purpose of this report is to advise the Audit Committee of the Draft Head of Internal Audit opinion for 2017/18. It also highlights progress in closing work since the last meeting.

**2. RESPONSIBILITIES**

In accordance with 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 Audit Committee, which should provide an appropriate level of assurance.

The opinion does not imply that internal audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. It is a key component that the Board takes into account but is not intended to provide a comprehensive view.

**3. CRITERIA FOR GIVING OVERALL OPINION**

In April 2014 the Audit Committee, received a report from the former Director of Audit & Assurance that presented the Audit & Assurance criteria to be adopted when the Head(s) of Internal Audit form a judgement for the overall opinion. The criteria was

developed in consultation with Health Board and Trust Stakeholders in 2013 and adopted for the 2013/14 opinion report.

During 2016 Mr Simon Cookson, the Director of Audit & Assurance revised the criteria in consultation with Stakeholders. This was ratified by Chairs of Audit at the Audit Committee Chairs meeting on 29<sup>th</sup> March 2017. The revisions enable the Head of Internal Audit to apply both professional judgement and the Audit & Assurance “criteria for giving an overall opinion” which includes equal consideration across all eight domains.

(Refer Appendix A & B)

#### **4. REMAINING ASSIGNMENTS TO BE REPORTED FOR CONSIDERATION AND IMPACT ON THE HEAD OF INTERNAL AUDIT OPINION**

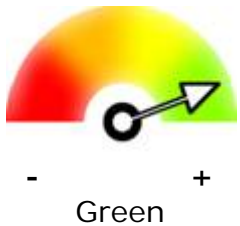
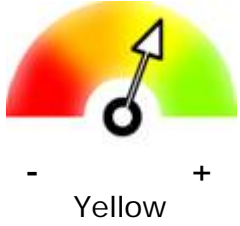
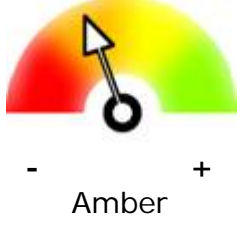
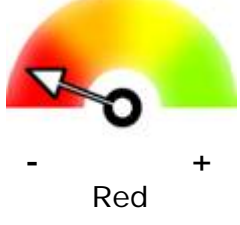
The Internal Audit progress table (Appendix C) confirms that the programme of work has substantially been delivered. There are just a few internal audit assignments from the general internal audit plan that we expect to report, and further consideration of reports currently draft in the Capital & Estates Domain, before the final Head of Internal Audit opinion can be confirmed. The final opinion will be reported to the Audit Committee when it meets on 17<sup>th</sup> May 2018.

#### **5. DRAFT OPINION**

Based on the work reported at w/e 31<sup>st</sup> March 2018 the indicative Head of Internal Audit opinion is one of *Limited Assurance* (The table at Appendix D illustrates the outcomes of individual assignments and eight domain assurance ratings). However, it should be noted that this opinion cannot be confirmed until some key audits are completed. These include, Health & Care Standards with the Governance & Accountability module assessment, and the Annual Planning arrangements. Also, for those reports that remain at draft stage by the time the opinion needs to be confirmed to the Health Board, we will take the draft opinion into account.

#### **6. RECOMMENDATION**

**The Audit Committee is asked to note the Draft Head of Internal Audit opinion.**

RATING	INDICATOR	DEFINITION
Substantial assurance		The Board can take <b>substantial assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with <b>low impact on residual risk</b> exposure.
Reasonable assurance		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 <b>low to moderate impact on residual risk</b> exposure until resolved.
Limited assurance		The Board can take <b>limited assurance</b> 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 <b>moderate impact on residual risk</b> exposure until resolved.
No assurance		The Board has <b>no assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with <b>high impact on residual risk</b> exposure until resolved.

## HIA Opinion: Criteria for giving an Overall Opinion Based Upon Assurance Domains













## APPENDIX B

















Criteria	Substantial Assurance	Reasonable Assurance	Limited assurance	No assurance
Audit results consideration				
Overall results				
Assurance domains rated green	≥5 green; and			
Assurance domains rated yellow	≤3 yellow; and	≥5 yellow; and		
Assurance domains rated amber	No amber; and	≤ 3 amber; and	≥5 amber; and	
Assurance domains rated red	No red	No red	≤3 red	≥4 red
Audit scope consideration				
Audit spread domain coverage	All domains must be rated	No more than 1 domain not rated	No more than 2 domains not rated	3 or more domains not rated









The above is a guide. The final rating assigned will be a matter of professional judgment for the HIA.

# INTERNAL AUDIT PROGRESS AGAINST PLAN

# APPENDIX C

Planned output	Indicative audit start date	Indicative draft report date
Corporate Governance, Risk & Regulatory Compliance		
Annual HoIA Opinion	Apr 2018	May 2018
Governance, Leadership and Accountability	Apr 2018	May 2018
Annual Governance Statement	Apr 2018	May 2018
Risk Management & Assurance (including Risk Register)	 Final report issued Nov 2017	
Corporate Legislative Compliance: Wellbeing of Future Generations (Wales) Act	Draft report issued Nov 2017 Proposed Final report issued Feb 2018 <i>Summary reported to AC Mar 2018</i>	
<del>Corporate Governance: Code compliance</del>	<i>Removed from Plan (AC Jan 2018)</i>	
<del>Health Board System of Assurance</del>	<i>Removed from Plan (AC Jan 2018)</i>	
Primary Care Clusters: Governance arrangements	 Final report issued Dec 2017	
<del>Partnership Governance: ARCH</del>	<i>Removed from Plan (AC Jan 2018)</i>	
Health & Safety	 Final report issued Jan 2018	
Fire Safety	 Final report issued Aug 2017	
Fire Safety (Follow Up) <i>*ADDED*</i>	Draft report issued Feb 2018	
Strategic Planning, Performance Management & Reporting		
IMTP ( <i>Annual Plan</i> )	Work in progress	Early Apr 2018
Performance Management & Reporting	 Final report issued Feb 2018	
Third Sector Commissioning/Contracts	 Final report issued Nov 2017	
Financial Governance & Management		
Financial Ledger	 Final report issued Dec 2017	
Budgetary Control & Financial Reporting	 Final report issued Feb 2018	
Welsh Risk Pool Claims	 Final report issued Sep 2017	
Medical Equipment: maintenance contract payments	Draft report issued Mar 2018	
Non Pay Expenditure (Local Controls)	Subject to QA	Mar 2018
FHOT: Golau Governance Review <i>*ADDED*</i>	 Final report issued Feb 2018	
Clinical Governance Quality & Safety		
Annual Quality Statement (2016/17)	Final report issued Aug 2017	
<del>Putting Things Right</del>	<i>Removed from Plan (AC Nov 2017)</i>	
<del>Patient Reported Experience &amp; Patient Reported Outcome Measures</del>	<i>Removed from Plan (AC Jan 2018)</i>	
<del>Clinical Audit &amp; Assurance</del>	<i>Removed from Plan (AC Jan 2018)</i>	
Pressure Ulcers (deferred from 2016/17)	 Final report issued Oct 2017	
Medical Equipment & Devices	 Final report issued Oct 2017	



Planned output	Indicative audit start date	Indicative draft report date
Medical Equipment & Devices (Follow Up) <i>*ADDED*</i>	Draft report issued Apr 2018	
POVA (DOLS)		Final report issued Oct 2017
<del>Discharge Processes (follow up)</del>	<i>Removed from Plan (AC Jan 2018)</i>	
Primary Care: Core quality & delivery measures		Final report issued Jan 2018
Safety Alerts Communication (Follow Up) <i>*ADDED*</i>		Final report issued Feb 2018
<b>Information Governance &amp; Security</b>		
Data Quality: Follow up review <i>Mental Health Measure *ADDED*</i>		Final report issued Jan 2018
IT infrastructure assets	Draft report issued Mar 2018	
Information Governance & Information Assurance (deferred from 2016/17)		Final report issued Dec 2017
<del>Data Quality: Delayed Follow Ups</del>	<i>Removed from Plan (AC Mar 2018)</i>	
<del>IT / Cyber Security *ADDED*</del>	<i>Removed from Plan (AC Sep 2017)</i>	
Data Quality: Follow up review <i>Stroke *ADDED*</i>	Draft report issued Apr 2018	
<b>Operational Service &amp; Functional Management</b>		
Singleton Hospital Service Delivery Unit		Final report issued Jun 2017
NPT & Clinical Support Services Delivery Unit		Final report issued Aug 2017
<del>HR&amp;OD Directorate (follow up)</del>	<i>Removed from Plan (AC Nov 2017)</i>	
Medical Directorate		Final report issued Sep 2017
Medical Directorate (Follow Up) <i>*ADDED*</i>		Final report issued Mar 2018
Nursing Directorate		Final report issued Aug 2017
Finance Directorate	Work in progress	Mar 2018
Community Dentistry (CDS not GDS)		Final report issued Dec 2017
Mental Health Unit Governance Framework		Final report issued Nov 2017
<del>GP Managed Practices</del>	<i>Removed from Plan (AC Sep 2017)</i>	
<b>Workforce Management</b>		
Staff performance management and appraisals		Final report issued Oct 2017
Workforce Planning (deferred from 2016/17) <i>Workforce Delivery Plan Actions</i>		Final report issued Feb 2018
Statutory & Mandatory Training		Final report issued Aug 2017
<del>Medical Staff Revalidation</del>	<i>Removed from Plan (AC Jan 2018)</i>	
<del>Organisational Change Policy / Contractual Changes</del>	<i>Removed from Plan (AC Nov 2017)</i>	
EWTD	Subject to QA	Mar 2018
Sickness Absence Management (Follow Up) (Deferred from 2016/17) <i>*ADDED*</i>		Final report issued Nov 2017

Planned output	Indicative audit start date	Indicative draft report date
<del>Nurse Rostering (Follow Up)</del> (Deferred from 2016/17) *ADDED*	Removed from Plan (AC Nov 2017)	
<del>Junior Doctors Banding (Follow Up)</del> (Deferred from 2016/17) *ADDED*	Removed from Plan (AC Nov 2017)	
Medical Locum Cover *ADDED*		Final report issued January 2018
<b>Capital and Estates Assurance Domain</b>		
<b>16/17 Audit Plan b/f</b>		
Neath Port Talbot – Operational PFI		Final report issued July 2017
Follow Up (Capital)		Final report issued July 2017
Follow Up (Estates Assurance)		Final report issued July 2017
<b>17/18 Audit Plan</b>		
Capital Systems/crl (b/f)		Final report issued July 2017
Informatics Programme (b/f)		Final report issued August 2017
Backlog maintenance (b/f)		Final report issued October 2017
Renal Ward Refurbishment		Final report issued January 2018
Sustainability	Final briefing paper issued September 2017	
CRC (Energy Efficiency Scheme)	Final briefing paper issued September 2017	
Informatics SOP	Draft report issued March 2018	
Capital Systems (Equipment Replacement Programme)	Fieldwork being concluded	Q4/Q1(2018/19)
Capital Follow Up	Fieldwork being concluded	Q4/Q1(2018/19)
Follow Up (Estates Assurance)	Fieldwork being concluded	Q4/Q1(2018/19)
Estates Assurance: Control of Substances Hazardous to Health	Fieldwork being initiated	Q1 (2018/19)
<del>ARCH Programme</del>	Deferred to Q1/Q2 2018/19 (Jan 2018 A/C)	
<del>Transitional Care Unit / Neonatal and Paediatrics Capacity</del>	Deferred to 2018/19 (Jan 2018 A/C)	

\*ADDED\* = Added to reflect Audit Committee requests following submission of the original plan agreed in March 2017.



### Audit Results Summarised by Assurance Domain Matrix @ 31<sup>st</sup> March 2018

Note: Overall domain rating to be decided. Also work to be completed shown in italics



Assurance domain	Audit Count	Overall rating	Not rated	No Assurance	Limited assurance	Reasonable assurance	Substantial assurance
Clinical Governance, Quality and Safety	<p><b><u>11</u></b></p> <p><u>4 Deferred:</u></p> <ul style="list-style-type: none"> <li>● Putting Things Right</li> <li>● PROMS</li> <li>● Clinical audit &amp; assurance</li> <li>● Discharge process</li> </ul> <p><u>2 Added:</u></p> <ul style="list-style-type: none"> <li>● Medical Devices &amp; Equipment follow up</li> <li>● Safety Alerts Communication</li> </ul>		<ul style="list-style-type: none"> <li>● Annual Quality Statement</li> <li>● <i>Medical Devices &amp; Equipment – follow up</i></li> </ul>		<ul style="list-style-type: none"> <li>● Pressure Ulcers</li> <li>● Medical Devices &amp; Equipment Maintenance</li> <li>● POVA (DoLS)</li> </ul>	<ul style="list-style-type: none"> <li>● Primary Care: Core Quality &amp; Delivery Measures</li> <li>● Safety Alerts Communication</li> </ul>	
Corporate Governance, Risk and Regulatory Compliance	<p><b><u>9</u></b></p> <p><u>3 Deferred:</u></p> <ul style="list-style-type: none"> <li>● Corporate governance: code compliance</li> <li>● System of Assurance – HB</li> <li>● Partnership Governance - ARCH</li> </ul> <p><u>1 Added:</u></p> <ul style="list-style-type: none"> <li>● Fire Safety (Fup)</li> </ul>				<ul style="list-style-type: none"> <li>● Health and Safety</li> <li>● Fire Safety</li> <li>● <i>Fire Safety – follow up review</i></li> <li>● <i>Corporate Legislative Compliance: Wellbeing of Future Generations Act</i></li> </ul>	<ul style="list-style-type: none"> <li>● Risk management &amp; Assurance</li> <li>● Primary Care Clusters: Governance</li> </ul>	




## APPENDIX D

Assurance domain	Audit Count	Overall rating	Not rated	No Assurance	Limited assurance	Reasonable assurance	Substantial assurance
Financial Governance and Management	<b><u>6</u></b> <u>1 Added:</u> ● Golau governance review		● <i>Medical Devices</i> <i>Home Maintenance Payments</i>		● Golau Governance Review		● Financial Ledger ● Budgetary Control & Financial Reporting ● Welsh Risk Pool Claims
Strategic Planning, Performance Management and Reporting	<b><u>3</u></b>	To be confirmed				● Third Sector ● Performance Management & Reporting	
Information Governance and Security	<b><u>6</u></b> <u>2 Deferred:</u> ● IT / Cyber security ● Data Quality; Op delayed follow ups  <u>2 Added:</u> ● Data Quality: mental health measures follow up ● Data Quality: stroke follow up				● <i>IT Infrastructure Assets</i>	● Data Quality: Mental Health – follow up ● Information Governance & Information Assurance	● <i>Data Quality: Stroke follow up</i>

## APPENDIX D

Assurance domain	Audit Count	Overall rating	Not rated	No Assurance	Limited assurance	Reasonable assurance	Substantial assurance
Operational Service and Functional Management	<b><u>10</u></b> <u>2 Deferred:</u> <ul style="list-style-type: none"> <li>● HR&amp;OD Directorate follow up</li> <li>● GP Managed Practices</li> </ul>				<ul style="list-style-type: none"> <li>● Medical Directorate (<i>now superseded</i>)</li> </ul>	<ul style="list-style-type: none"> <li>● Singleton Hospital Service Delivery Unit</li> <li>● NPT &amp; clinical Support Services Delivery Unit</li> <li>● Nursing Directorate</li> <li>● Community Dentistry</li> <li>● Mental Health Unit Governance framework</li> </ul>	<ul style="list-style-type: none"> <li>● Medical Directorate – Follow up review</li> </ul>
Workforce Management	<b><u>10</u></b> <u>4 Deferred:</u> <ul style="list-style-type: none"> <li>● Medical staff revalidation</li> <li>● Organisational change / contractual changes</li> <li>● Nurse rostering follow up</li> <li>● Junior Doctor Bandings follow up</li> </ul> <u>2 Added:</u> <ul style="list-style-type: none"> <li>● Sickness Absence Mgt follow up</li> <li>● Medical Locum cover</li> </ul>				<ul style="list-style-type: none"> <li>● Sickness Absence Management – follow up</li> <li>● Staff Performance Management &amp; Appraisals</li> <li>● Statutory &amp; Mandatory Training</li> <li>● Medical Locum Cover</li> </ul>		<ul style="list-style-type: none"> <li>● Workforce planning: WF Delivery Plan Actions</li> </ul>

## APPENDIX D

Assurance domain	Audit Count	Overall rating	Not rated	No Assurance	Limited assurance	Reasonable assurance	Substantial assurance
Capital and Estates Management	<b>16</b>  <u>2 Deferred:</u> ● ARCH Programme ● Transitional Care Unit / Neonatal and Paediatric capacity		● Sustainability reporting ● Carbon Reduction		● Backlog maintenance	● NPT Operational PFI ● Follow up capital ● Follow up estates assurance ● Capital Systems ● Informatics programme ● <i>Informatics SOP</i> ● Renal ward refurbishment	

### Notes:

The *Audit Count* figure represents all audits within the original 2017/18 Plan, including those deferred, plus those added during the year. Audits added appear in both the *Audit Count* column and the columns summarizing audit assurance ratings.

The above table excludes the outputs from *Capital & Estates* final account work completed during the year.

Commentary following audit work on *Governance, Leadership and Accountability* and review of the *Annual Governance Statement* is provided separately to the Health Board and is not included in the above.