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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board

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INTERNAL AUDIT PROGRESS REPORT

**ABM University Health Board
Audit Committee
23rd January 2018**

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

1 INTRODUCTION

1.1 The purpose of this report is to:

- Advise the Audit Committee of progress in finalising reviews arising from the 2016/17 internal audit plan;
- Report progress of work within the agreed 2017/8 plan.

1.2 The report records progress of general (section 2) and specialist (section 3) internal audit work at the beginning of January 2018.

2 GENERAL INTERNAL AUDIT SERVICES

2.1 PROGRESS OF GENERAL INTERNAL AUDIT WORK 2017/18

2.1.1 Since the last meeting, we have finalised the following reports from this year's internal audit plan:

Ref	Subject	Rating ¹	Executive Officer Recipient(s)	Receiving C'ttee(s)
1718-007	Primary Care Clusters Governance		COO	AC
1718-013	Third Sector Commissioning		DOS	AC
1718-015	Financial Ledger		DOF	AC
1718-030	Information Governance Framework (Follow Up)		MD (CIO/SIRO)	AC
1718-038	Community Dental Services		COO	AC
1718-039	Mental Health & Learning Disabilities Unit Governance		COO	AC
1718-103	Sickness Absence Management (Follow Up)		DOHR	AC WODC
1718-106	Locum Medical Cover		DOF (Cc MD, DOHR))	AC WODC

2.1.2 Draft reports have been issued on the following subjects:

- Corporate Legislative Compliance: Well-being of Future Generations Act
- Health & Safety
- Primary Care: Core Quality & Delivery Measures
- Data Quality: Mental Health Measure (Follow Up)

¹ Definitions of assurance ratings are included within Appendix B to this report.

2.1.3 Work is in progress in respect of:

- Performance Management & Reporting
- Budgetary Control & Financial Reporting
- IT Infrastructure Assets
- Workforce Planning
- Safety Alerts

2.1.4 Since our last report to the Committee, we have continued to report to the Executive Team on audit matters. The Executives have considered actions required to address *limited* assurance reports and the timing of possible follow up audit reviews, with a view to agreeing follow up audits within the financial year where appropriate. Additional correspondence with Executive Directors and discussions at the Executive Team have prompted further proposed changes to audit plan content and timing in relation to work already planned also. Proposed changes to the content of the plan arising from these are presented below for Audit Committee consideration and approval:

ADJUSTMENTS – FOR APPROVAL	
Audit	Notes
PROMS	<p>Whilst we understand that progress has been made in implementing Patient Reported Outcome Measures (PROMS) within Orthopaedics, the intended rollout across other major services has been slowed by a desire nationally to implement a Once-For-Wales approach. At a recent meeting, the Executive Medical Director informed us that he has now appointed to the role of clinical lead for PROMS within the Health Board and intends using this to coordinate a more comprehensive update to the QSC in February. Noting the current position, he has agreed in principle to the deferral of this audit. The Audit Committee is requested to approve the <u>removal</u> of this subject from this year's audit plan for consideration within a future audit year, the timing of which will be kept under review as part of ongoing audit planning and in light of future updates to QSC.</p>
Clinical Audit	<p>Correspondence with the Executive Medical Director and Clinical Effectiveness & Governance Manager indicates the Health Board Policy on Clinical Audit is under review and due for discussion at Clinical Outcomes Group and then approval by Quality & Safety Committee in February 2018. Revisions are anticipated to clarify expectations as the extant version does not reflect current arrangements (reported earlier this year by Audit and now being addressed by management). We have agreed in principle to the <u>deferral</u> of this audit with the Executive Medical Director, to allow for approval and implementation of the new policy providing direction to Units. The Audit Committee is</p>

	requested to approve <u>deferral</u> of this audit, for consideration within the 2018/19 audit plan.
Medical Revalidation (Follow Up)	<p>The Audit Committee was updated by the Executive Medical Director in November on progress against recommendations made following the last audit of this subject, highlighting that the completion of action and further improvement to quality assurance arrangements is dependent upon the identification of Appraisal Lead roles within Units – this was being progressed through job planning, so ongoing but not yet complete. The Executive Medical Director has recommended deferring this follow up audit to 2018/19.</p> <p>The Audit Committee is requested to approve <u>deferral</u> of this audit, for inclusion within the 2018/19 audit plan.</p>
Corporate Governance: Code compliance	<p>We indicated earlier in the year that these subjects were re-scheduled to late Q3/Q4 to allow for changes in Board membership and Committee structures to take place and settle. Since then positions have been filled (some on an interim basis amongst the Executive team) and there have been changes at Committee level – though in respect of the latter reconsideration during the year has meant that final changes remain to be agreed and embedded in some cases (eg the Performance & Finance Committee and relationship with Workforce & OD matters).</p> <p>The Head of Internal Audit met with the Health Board's new Director of Corporate Governance in the first week of January. She is undertaking a review of Health Board governance and assurance arrangements as one of her first priorities, the outcome of which may result in further changes to arrangements in place. It has been agreed in principle with her that internal audit reviews of these areas would be more appropriately deferred to follow her review and implementation of revised arrangements.</p> <p>The Audit Committee is requested to approve the <u>removal</u> of these reviews from the 2017/18 audit plan and their inclusion within the audit plan for 2018/19.</p>
Health Board System of Assurance	
Discharge Processes	<p>We last reviewed this area in 2015/16 (audit ABM-1516-040 refers) and identified areas for action. The 2017/18 audit plan includes a follow up audit in respect of our original review. However, the Wales Audit Office report on <i>Discharge Planning</i> is currently being cleared with the Health Board and is making additional improvement recommendations. Noting this, and the passage of time since the original internal audit review, it may be appropriate to remove this audit from the 2017/18 internal audit plan and consider a fresh audit within future year audit planning after time has been allowed for implementation of action following the WAO review.</p> <p>The Audit Committee is requested to approve the <u>removal</u> of this review from the 2017/18 audit plan.</p>

ARCH	<i>See detail in Section 3.1 on deferral of this joint review.</i>
Medical Devices & Equipment Maintenance (Follow Up)	<p>Whilst some of the target dates within the action plan for this audit were set for the end of the financial year, the Executive Medical Director has indicated that sufficient progress has been made to warrant re-audit by the second week of February and has requested we consider a follow up at the end of that month. We have agreed in principle to do this.</p> <p>The Audit Committee is requested to approve <u>addition</u> of this follow up review to the 2017/18 audit plan.</p>
Fire Safety (Follow Up)	<p>Recognising the risks posed in respect of Fire Safety and noting that the target date agreed for completion of the last action following this audit passed at the beginning of December, we have issued a draft brief to the Director of Strategy for a follow up audit of this subject.</p> <p>We request the Audit Committee's approval for the <u>addition</u> of a follow up audit to the 2017/18 plan.</p>
Golau Fund	<p>Following queries raised at the Charitable Funds Committee, Internal Audit met with the Director of Finance, her Head of Accounting and the Director of Corporate Governance to discuss potential issues. It has been agreed in principle to undertake a governance review of this fund.</p> <p>The Audit Committee is requested to approve <u>addition</u> of this audit to the 2017/18 audit plan.</p>

The Executive Team is continuing to review the status of action following *limited* assurance internal audit reports. We anticipate additional requests may be received following the Audit Committee meeting for the inclusion of further follow up reviews before the end of the year. In order to expedite work where required we propose to agree any additional work with the lead Executive and Director of Corporate Governance and bring decisions to subsequent Audit Committee meeting for ratification.

The Audit Committee is asked to approve this approach to the approval of additional follow up assignments.

2.1.5 Progress against the plan and updated timings is presented at Appendix A for information.

2.2 ADDITIONAL WORK: FOLLOW UP REVIEWS, ADVICE & PROJECTS

There are some contingency days set aside within our Plan to provide for advice to individuals and groups, follow up work in response to audits reported in-year and other ad hoc tasks:

2.2.1 Advice

We continue to provide advice/support to management when requested. Areas not previously reported to the Committee include:

- Issues in respect of draft *Standard Operating Procedure: Quality Assurance of Outsourced Nursing Care* (Sept 2017 Version)
- Information in support of Charitable Funds Committee queries regarding the *Golau* Charitable Fund
- Support at a Board Development Session to consider and improve the Health Board approach to risk management.

Recognising the significant changes amongst Executive Director membership we are proactively engaging with new Executives to offer and provide support where required:

- The Head of Internal Audit met with the new Director of Corporate Governance in the first week of January 2018.
- The Head of Internal Audit has met with the new, Interim Director of Nursing & Patient Experience in December 2017. Previous audit work on agency nursing has been shared.
- The Deputy Head of Internal Audit has forwarded copies of recent, relevant audit reports to the new, Interim Chief Operating Officer, for information and to offer any support as may be required.

In addition to the above, the Head of Internal Audit continues to liaise with WAO and HIW to ensure our audit plan remains fit for purpose and our work does not duplicate that of others.

3 SPECIALIST SERVICES UNIT

3.1 PROGRESS OF THE CAPITAL AND ESTATES ASSURANCE DOMAIN

3.1.1 The following final report has been issued since the last meeting:

Ref	Subject	Rating	Executive Officer Recipient(s)	Receiving Committee(s)
ABM1718-049	Renal Ward Refurbishment		Director of Planning	AC

The key findings and conclusions are included within the separate Assignment Summary reports to this Committee.

3.1.2 Final briefing papers were issued in September arising from the mandated reviews of the Health Board's sustainability and carbon reduction commitment reporting requirements for 2017/18.

- 3.1.3 Fieldwork is currently being progressed on the Informatics SOP audit.
- 3.1.4 Draft audit briefs have been issued for management agreement on the following:
- Capital Systems (Equipment Replacement Programme); and
 - Capital and Estates Assurance Follow Up.
- 3.1.5 The consideration of the commercial offer provided by the main contractor on the HVS Phase 1B Main entrance development has been concluded.
- 3.1.6 As we plan for audits we are liaising with senior managers and lead Executives, considering progress of action to address previous audit recommendations and the impact of external reviews. Recent discussions have highlighted the need for changes to the audit plan. These are presented below for Audit Committee consideration and approval:

ADJUSTMENTS – FOR APPROVAL	
Audit	Notes
ARCH (ABM-1718-048)	<p>Ref. also internal audit progress update. This audit was scheduled to be delivered jointly between Internal Audit and the Specialist Services unit (SSu), ensuring co-ordination of delivery and minimal disruption to both programme and UHB staff.</p> <p>The draft audit brief was originally issued for management agreement in July 2017, with the aim of evaluating the systems and controls in place within the Health Board and reviewing information made available through partnership arrangements.</p> <p>The commencement of the review has previously been deferred to enable management to address recommendations arising from the Deloitte's report on Programme Governance arrangements. More recently, we have been informed that the partnership programme has been affected by the Swansea City Deal. The former Director of Corporate Governance has requested an update to the Executive Team from the lead Executive. This is awaited.</p> <p>It is therefore proposed to defer the commencement of the audit until the Executive team has considered the current governance arrangements in light of the recommendations arising from the Deloitte's review and impact of the City Deal. Approval is therefore sought to <u>defer</u> commencement of the review until 18/19 (Q1/2).</p>
Transitional Care Unit / Neonatal and Paediatrics Capacity	In accordance with the agreed internal audit plan, this proposed review was to evaluate the processes and procedures that support the development of increased Neo-

(ABM1718-050)	<p>natal and Post-natal capacity at the Singleton Hospital site.</p> <p>A Business Justification Case in the sum of £9.629m has been submitted to Welsh Government for approval. However, initial feedback provided by the Welsh Government has indicated that due to capital resource pressures this scheme is unlikely to be funded until 2019/20.</p> <p>Accordingly, we have agreed with management to seek approval to <u>defer</u> the audit of this scheme until BJC approval is received and consider inclusion at future annual planning updates.</p>
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- 3.1.7 In accordance with the University Health Board's Financial Control Procedure 15, we are required to review all scheme final accounts (subject to risk assessment).
- 3.1.8 Progress against the plan and updated timings is presented at Appendix A for information.

4 DEVELOPMENTS

4.1 External Quality Assessment

Our Director of Audit & Assurance has confirmed that the contract for performing the external quality assessment of NWSSP Audit & Assurance has been awarded to the Institute of Internal Auditors. We understand the assessment will begin imminently and it is expected that the views of Board members and senior management may be sought to inform it.

We will continue to update the Committee on progress and report the outcome when it is made available to us.

4.2 Staff Changes

We reported previously that we had two vacancies within the department: one for a Senior Auditor and one a Principal Auditor. We interviewed in the first week of January 2018 and have made offers to candidates to fill each of these posts (at the point of writing this report we await formal responses).

Since the last meeting, another of our Principal Auditors has been successful in gaining promotion to an Audit Manager position within our South East Wales audit team. She leaves us at the start of February. We are initiating recruitment to that vacancy currently.

In the meantime, graduate resource from the NWSSP Audit Bank has been retained to deliver the element of NWSSP Payroll work that has been routinely provided from the resources of the Swansea Team.

4.3 Strategic Audit Planning 2018-21

The Head of Internal Audit has commenced preparation for development of our next strategic and operational audit plans for the Health Board. Her participation in the recent risk management Board workshop will inform the audit risk assessment in order to align it with key Board risks.








A draft of the plan will be presented to the Executive Team for consideration. Amendments will be considered in response to any feedback offered and the revised plan will be brought to the March meeting of the Audit Committee for approval.












5 ACTION

- 5.1 The Audit Committee is asked to note the progress with the delivery of 2017/18 audits and adjustments to audit timings.**
- 5.2 The Audit Committee is asked to approve changes to the plan detailed at section 2.1 and 3.1.**









INTERNAL AUDIT PROGRESS AGAINST PLAN

APPENDIX A

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	
Corporate Governance: Code compliance	AC approval sought to defer to 2018/19	
Health Board System of Assurance	AC approval sought to defer to 2018/19	
Primary Care Clusters: Governance arrangements	 Final report issued Dec 2017	
Partnership Governance: ARCH (deferred from 2016/17)	AC approval sought to defer to 2018/19	
Health & Safety	Draft report issued Dec 2017	
Fire Safety	 Final report issued Aug 2017	
Strategic Planning, Performance Management & Reporting		
IMTP	Jan 2018	Feb 2018
Performance Management & Reporting	Work in progress	Jan 2018
Third Sector Commissioning/Contracts	 Final report issued Nov 2017	
Financial Governance & Management		
Financial Ledger	 Final report issued Dec 2017	
Budgetary Control & Financial Reporting	Work in progress	Jan 2018
Welsh Risk Pool Claims	 Final report issued Sep 2017	
Medical Equipment: maintenance contract payments	Feb 2018	Mar 2018
Non Pay Expenditure (Local Controls)	Jan 2018	Feb 2018
Clinical Governance Quality & Safety		
Annual Quality Statement	Final report issued Aug 2017	
Putting Things Right	Removed from Plan (AC Nov 2017)	
Patient Reported Experience & Patient Reported Outcome Measures	AC approval sought to defer to 2018/19	
Clinical Audit & Assurance	AC approval sought to defer to 2018/19	
Pressure Ulcers (deferred from 2016/17)	 Final report issued Oct 2017	

Planned output	Indicative audit start date	Indicative draft report date
Medical Equipment & Devices	 Final report issued Oct 2017	
POVA (DOLS)	 Final report issued Oct 2017	
Discharge Processes (follow up)	AC approval sought to defer to 2018/19	
Primary Care: Core quality & delivery measures	Draft report issued Dec 2017	
Safety Alerts Communication (Follow Up) *ADDED*	Fieldwork complete. Internal QA.	Dec 2017
Information Governance & Security		
Data Quality: Follow up review *ADDED* Mental Health Measure	Draft report issued Dec 2017	
IT infrastructure assets	Work starting in Jan	Jan 2018
Information Governance & Information Assurance (deferred from 2016/17)	 Final report issued Dec 2017	
Data Quality: Delayed Follow Ups	Jan 2018 ²	Feb 2018
IT / Cyber Security *ADDED*	Removed from Plan (AC Sep 2017)	
Data Quality: Follow up review *ADDED* Stroke	Jan 2018	Feb 2018
Operational Service & Functional Management		
Singleton Hospital Service Delivery Unit	 Final report issued Jun 2017	
NPT & Clinical Support Services Delivery Unit	 Final report issued Aug 2017	
HR&OD Directorate (follow up)	Removed from Plan (AC Nov 2017)	
Medical Directorate	 Final report issued Sep 2017	
Nursing Directorate	 Final report issued Aug 2017	
Finance Directorate	Feb 2018	Mar 2018
Community Dentistry (CDS not GDS)	 Final report issued Dec 2017	
Mental Health Unit Governance Framework	 Final report issued Nov 2017	
GP Managed Practices	Removed from Plan (AC Sep 2017)	
Workforce Management		
Staff performance management and appraisals	 Final report issued Oct 2017	
Workforce Planning (deferred from 2016/17)	Fieldwork Complete. Internal QA.	Dec 2017
Statutory & Mandatory Training	 Final report issued Aug 2017	
Medical Staff Revalidation	AC approval sought to defer to 2018/19	

² Indicative timing entered – further consideration to be given following outcome of WAO progress update on *Follow-up Outpatient Appointments*

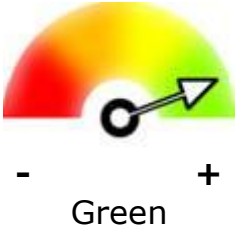

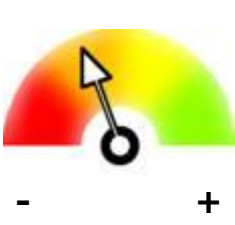
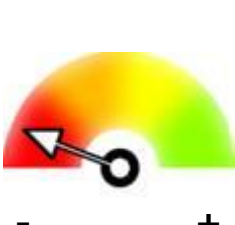
Planned output	Indicative audit start date	Indicative draft report date
Organisational Change Policy / Contractual Changes	Removed from Plan (AC Nov 2017)	
EWTD	Feb 2018	Mar 2018
Sickness Absence Management (Follow Up) (Deferred from 2016/17) *ADDED*	 Final report issued Nov 2017	
Nurse Rostering (Follow Up) (Deferred from 2016/17) *ADDED*	Removed from Plan (AC Nov 2017)	
Junior Doctors Banding (Follow Up) (Deferred from 2016/17) *ADDED*	Removed from Plan (AC Nov 2017)	
Medical Locum Cover *ADDED*	Final report issued January 2018	
Capital and Estates Assurance Domain		
16/17 Audit Plan b/f		
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	
17/18 Audit Plan		
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	Work in progress	Q4/Q1(2018)
Capital Systems (Equipment Replacement Programme)	Draft Audit Brief issued	Q4/Q1(2018)
Capital Follow Up	Draft Audit Brief issued	Q4/Q1(2018)
Follow Up (Estates Assurance)	Draft Audit Brief issued	Q4/Q1(2018)
Estates Assurance: Control of Substances Hazardous to Health	Q4	Q1
ARCH Programme	AC approval sought to defer to Q1/Q2 2018/19	
Transitional Care Unit / Neonatal and Paediatrics Capacity	AC approval sought to defer to 2019/20 (Subject to WG approvals)	

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

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ASSURANCE RATINGS

APPENDIX B

RATING	INDICATOR	DEFINITION
Substantial assurance	 <p>- + Green</p>	The Board can take substantial assurance 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 low impact on residual risk exposure.
Reasonable assurance	 <p>- + Yellow</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.
Limited assurance	 <p>- + Amber</p>	The Board can take 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.
No assurance	 <p>- + Red</p>	The Board has no assurance 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 high impact on residual risk exposure until resolved.