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Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>15<sup>th</sup> May 2020</b>		<b>Agenda Item</b>	<b>2.3</b>
<b>Report Title</b>	<b>Approach to Internal and External Audit</b>			
<b>Report Author</b>	Pam Wenger, Director of Corporate Governance			
<b>Report Sponsor</b>	Pam Wenger, Director of Corporate Governance			
<b>Presented by</b>	Pam Wenger, Director of Corporate Governance			
<b>Freedom of Information</b>	Open			
<b>Purpose of the Report</b>	<p>For the period of the coronavirus emergency the board should strip back the agenda and focus on the essential business only. The Board has agreed an approach to ensure the appropriate level of board oversight and scrutiny to discharge its responsibilities effectively, whilst recognising the reality of executive focus and time constraints.</p> <p>The approaches to Internal and External Audit have been agreed and is set out in this report.</p>			
<b>Key Issues</b>	<p>This report sets out the following:</p> <ul style="list-style-type: none"> <li>• Heads of Internal Audit have confirmed that they have completed sufficient work to be able to issue an opinion (final reports, draft reports and work completed but not reported formally).</li> <li>• Internal Audit Plan for 2020/21 will be suspended for the foreseeable future;</li> <li>• Financial Audit work programme will continue remotely where possible to ensure the delivery of the amended annual accounts timescales; and</li> <li>• All on-site audit work will be suspended for the foreseeable future.</li> </ul>			
<b>Specific Action Required (please choose one only)</b>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>	<b>Approval</b>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Recommendations</b>	<p>Members are asked to:</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the report;</li> <li>• <b>SUPPORT</b> the approach as outlined in this report.</li> </ul>			

## **APPROACH TO INTERNAL AND EXTERNAL AUDIT DURING COVID-19 EMERGENCY**

### **1. INTRODUCTION**

For the period of the coronavirus emergency the board should strip back the agenda and focus on the essential business only. The Board has agreed an approach to ensure the appropriate level of board oversight and scrutiny to discharge its responsibilities effectively, whilst recognising the reality of executive focus and time constraints.

The approaches to Internal and External Audit have been agreed and is set out in this report.

### **2. GOVERNANCE AND RISK ISSUES**

#### **Internal Audit 2019/20 opinions**

The Board Secretaries have had discussions with NWSSP Internal Audit Service and all Heads of Internal Audit have confirmed that they have completed sufficient work to be able to issue an opinion (final reports, draft reports and work completed but not reported formally).

The Head of Internal Audit annual report will be structured in the same way as previous years but there will be additional narrative around the impact of COVID 19 and on the work that has not been reported formally to date. There will be more reports in draft than in previous years and some draft reports will not, by necessity, have covered the whole scope originally agreed and this will be made clear in those reports. The draft reports will not have management responses. This does not stop the Head of Internal Audit giving an overall opinion but how we deal with management responses and recommendation tracking/follow-up more generally going forward will be something we all need to pick up when things are in a more stable state.

In discussion with the Chair of Audit Committee and the Head of Internal Audit, it has been agreed not undertake any further work on the 2019/20 plans. The Director of Audit and Assurance has discussed this approach with WG as the standard setter for Internal Audit in NHS Wales.

#### **Internal Audit 2020/21 Plans**

The Audit Committee approved the Internal Audit Plan for 2020/21 in March 2020 however, it is accepted that these plans will have to change and change significantly. Over the next few weeks the Director of Audit and Assurance and the Heads of Internal Audit will be working to put together an approach to reassess risk and undertake audit programmes for 2020/21 assuming a number of scenarios – the main ones being a start date for audit work of either October 2020 or as late as January 2021 and what work will need to be prioritised and can be delivered in either a 7 or 4 month window (assuming audits run to the end of April 2021).

The Internal Audit Service will also be picking up the issues in relation to management responses and recommendation tracking/follow-up and whether or not any

outstanding work from 2019/20 plans should be included. This position will be reviewed with the Board Secretaries across Wales at the end of June 2020.

### **Audit Wales**

In response to the government advice and subsequent restrictions, Audit Wales have ceased on all on site work at audited bodies and their offices have closed. Audit Wales staff are working from home and will continue to make whatever progress they can whilst working and engaging with the Health Board remotely.

In respect of the financial audit work, Welsh Government have issued an amended timetable for the preparation and submission of accounts. Audit Wales will continue to liaise with NHS bodies on the timetable for the audit of the accounts, and work as flexibly as possible in the current circumstances.

- Draft accounts, Annual Governance Statement, Statement of Directors Responsibilities and Remuneration Report – 22 May 2020
- Final accounts, Annual Governance Statement, Statement of Directors Responsibilities and Remuneration Report - 30 June 2020
- All other sections of the Annual Report, includes Performance Report and the Accountability Report (excluding the Annual Governance Statement and the Remuneration Report – 31 August 2020
- Annual Quality Statement - 30 September 2020

The suspension of on-site fieldwork will inevitably have an impact on the delivery of the Audit Wales planned performance audit work programme, including structured assessment and other thematic reviews. To help facilitate this, Performance Audit Leads may well need to periodically ask for access to electronic papers but will ensure we keep any such requests proportionate, being sensitive to the current demands on yourselves and your colleagues in NHS bodies.

Audit Wales position on audit recommendations in light of the current situation is that whilst audit recommendations will remain valid, they fully understand that NHS bodies' ability to implement them as originally planned is going to be significantly compromised as the response to the pandemic takes priority. Audit Wales will take an entirely pragmatic view on that when normal business eventually resumes, and have indicated that they would fully expect to need to revisit some recommendations to take account of recovery planning. Audit Wales position is that audit recommendations which are related to important aspects of organisational governance and financial management should remain firmly within NHS bodies' line of sight as a means of ensuring business is conducted as effectively as possible in the current circumstances.

A copy of a recent letter has that has been received from Audit Wales is attached as Annex (i)

### **3. FINANCIAL IMPLICATIONS**

There are no financial implications arising within this report.

#### 4. RECOMMENDATIONS

Members are asked to:

- **NOTE** the report;
- **SUPPORT** the approach as outlined in this report.

Governance and Assurance		
<b>Link to Enabling Objectives</b> (please choose)	<b>Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities</b>	
	Partnerships for Improving Health and Wellbeing	<input checked="" type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	<b>Deliver better care through excellent health and care services achieving the outcomes that matter most to people</b>	
	Best Value Outcomes and High Quality Care	<input type="checkbox"/>
	Partnerships for Care	<input checked="" type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
(please choose)	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input type="checkbox"/>
	Effective Care	<input type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
Adherence to the standing orders ensures the correct governance procedures are in place to support quality, safety and patient experience.		
Financial Implications		
There are no financial implications associated with this report.		
Legal Implications (including equality and diversity assessment)		
The health board has a statutory responsibility to ensure it has standing orders in place by which to manage its day-to-day business.		
Staffing Implications		
There are no staffing implications contained within this report.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
Standing orders will ensure the health board continues to have good governance procedures in place for its long-term future.		
<b>Report History</b>	This report is been discussed with the Chief Executive, Vice Chair and Chair of Audit Committee.	
<b>Appendices</b>	Annex (i) E-mail from Director of Audit and Assurance Annex (ii) Audit Wales Letter Annex (iii) Letter from Auditor General – Audit Wales Work Programme	