

Draft Head of Internal Audit Opinion 2024/2025

Briefing Paper

May 2025

Swansea Bay University Health Board

1. Introduction and Background

At the end of year audit year, the Head on Internal Audit is required to issue an Opinion and Annual Report. 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 to the Board, which underpin the Board's own assessment of the effectiveness of the system of internal control. The Opinion given provides a level of assurance as to the adequacy of an organisation's arrangements for governance, risk management and internal control.


This overall Opinion and Annual Report document sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year.

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.

This briefing paper sets out in some detail our rationale for the Opinion intended to be issued to the Health Board for 2024/25. At the time of producing the draft Annual Report, two audits are still work in progress with the assurance rating yet to be confirmed. It is anticipated that the majority of the work will be sufficiently progressed so that the ratings can be established before production of the final Annual Report.

2. Draft Head of Internal Audit Opinion 2024/25

The draft Head of Internal Audit Opinion 2024/25 is Reasonable Assurance.

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| <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Limited Assurance</p> |  | <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.</p> <p>More significant matters require management attention.</p> <p>Moderate impact on residual risk exposure until resolved.</p> |
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3. Development of Opinion and Rationale

The draft opinion by the Head of Internal Audit results from the risk-based programme of work delivered as part of the approved audit plan. It is predominantly based on the number / percentage of limited assurance audit ratings, the significance of the areas / findings, and also the broader position regarding overall governance, risk management and control and any improvements made to address agreed management actions.

We also consider a comparison of outcomes across years and against other NHS Wales Bodies as part of that process to inform our judgment, the significance of the limited assurance areas and any progress to date, including from agreed follow up work. Consideration is also given to the impact of the deferred audits, together with other relevant information relating to the organisation's overall system of governance, risk management and internal control.

Key points noted in developing the Opinion:

- An increase in the percentage of limited assurance ratings versus the prior year, with a decrease in the percentage of reasonable assurance audits. We have issued the same number of substantial ratings.
- A number of limited assurance rated audits in key areas such as Population Health Strategy, Records Management, Speaking Up Safely, Asset Management and Business Continuity Planning.
- The internal audit plan is focussed on risk and it is also worth noting that many audits undertaken this year have been in key priority areas and reported positive outcomes. Examples include Risk Management, Service Group Governance, Discharge Planning, Primary Care Cluster Plans, Child and Adolescent Mental Health Service (CAMHS) Transition, Learning from Incidents and Concerns and Data Quality.
- We have also raised a higher number of high priority recommendations, including within reasonable assurance reports.
- Good progress has been made in implementing recommendations from the limited assurance reports issued in the previous year, including Estates Condition which was subject to a separate review and was awarded reasonable assurance. However, the most recent recommendations tracker paper reported a number of overdue recommendations outstanding in important areas such as the Waiting List Management and Additional Learning Needs.

A comparison of opinions across year is set out in the table below.

| Year | Substantial | | Reasonable | | Limited | | Unsatisfactory | | Advisory | | Total | Overall Opinion |
|---------|-------------|--------|------------|--------|---------|--------|----------------|----|----------|--------|-------|-----------------|
| 2024/25 | 1 | 4% | 14 | 56% | 10 | 40% | 0 | 0% | 0 | 0% | 25 | Limited |
| 2023/24 | 1 | 4% | 18 | 72% | 6 | 24% | 0 | 0% | 0 | 0% | 25 | Reasonable |
| 2022/23 | 3 | 10.34% | 17 | 58.62% | 7 | 24.14% | 0 | 0% | 2 | 6.90% | 29 | Reasonable |
| 2021/22 | 2 | 7.14% | 18 | 64.29% | 5 | 17.86% | 0 | 0% | 3 | 10.71% | 28 | Reasonable |
| 2020/21 | 5 | 15.63% | 12 | 37.50% | 5 | 15.63% | 0 | 0% | 10 | 31.25% | 32 | Reasonable |

A summary of the audits undertaken in the year and the results are summarised in table 1 included in the appendix.

Limited Assurance Assignment Opinions

The table below sets out below the audits given limited assurance in the 2024/25 year and their impact to the overall opinion.

| | AUDIT | RATING | NOTES | Assessment (High, Medium, Low) |
|---|--|---------------|--|---|
| 1 | Asset Management | Limited | Key matters arising focused on strengthening asset verification processes to provide assurance on the completeness and accuracy of the fixed asset register. | M/H |
| 2 | Business Continuity Planning (draft) | Limited | A number of high and medium priority findings raised, including to clarify roles and responsibilities, improve the quality of plans through regular review and testing, and to strengthen monitoring arrangements to provide assurance on their effectiveness. | M/H |
| 3 | Tertiary Services | Limited | A number of high and medium priority findings raised, including a requirement to determine the longer-term direction of service provision, as well as identifying funding and staff resource required to deliver. | M |
| 4 | Population Health Strategy (draft) | Limited | A number of high and medium priority findings raised, highlighting limited engagement with the Strategy, the need to better coordinate efforts to implement, which requires a system wide approach to embed, and to develop performance indicators. | H |
| 5 | Quality Assurance Framework | Limited | The audit identified a lack of evidence to demonstrate audits being undertaken at a Service Group level to underpin the corporate quality assurance arrangements. | M |
| 6 | Mortuary Service (Joint review with Hywel Dda UHB) | Limited | A number of high and medium priority findings raised, which highlighted the requirement for clearer roles and responsibilities and to review governance structures to ensure they provide effective oversight. Funding issues have clearly impacted capacity to deliver the Programme. | M |
| 7 | Clinical Coding | Limited | A number of high and medium priority findings raised. The audit identified insufficient resource to meet Welsh Government targets. Whilst issues are generally well understood within the department, there is no formal improvement plan, and we have noted limited reporting and escalation of the challenges. | M |

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|----|--|---------|---|---|
| 8 | Records Management (non-health) | Limited | A number of high and medium priority findings raised. Our review highlighted the absence of a coordinated records management process. | H |
| 9 | Speaking Up Safely | Limited | A number of high and medium priority findings raised. Successful delivery requires commitment from across the Health Board. | H |
| 10 | Neath Port Talbot District General Hospital Private Finance Initiative (draft) | Limited | A number of high and medium priority findings raised. Whilst the Health Board made strong initial progress in initiating its expiry project, and recognising that there is still more than five years to hand-back, limited resource within the project team has delayed progress in other key areas. | M |

Deferred Audits

As part of the process of developing the opinion we also consider any audit work deferred during the year. The table below sets out those audits and a note around rationale for deferral and any anticipated impact on the opinion.

| Deferred audits | Notes |
|--------------------------------|--|
| Strategic Equality Action Plan | Deferred at the request of management, recognising work is ongoing to develop the Health Board's Equality Plan. Could have had an impact on the opinion, noting the delays there is potential improvement for the Health Board in this area. |
| Capital Systems | Deferred at the request of management to give them time to develop a new framework and allow it to embed. Could have had impact on the opinion as the Health Board has significant ongoing financial challenges. |

As part of formulating the opinion several other points of note are considered:

- The audit plan approved by the Committee in March 2024 contained 28 planned reviews. A small number of changes have been made with two audits deferred, one of which was replaced with the Job Evaluation audit at the request of management. As a result of these agreed changes, we have delivered 27 reviews.
* *At the time of producing the draft Annual Report, two audits are still work in progress with the assurance rating yet to be confirmed. It is anticipated that the majority of the work will be sufficiently progressed so that the ratings can be established before production of the final Annual Report.*
- The audit plan is prepared on the basis of a risk based planning approach, including areas that the Health Board had specifically identified as known risks areas and areas of potential concerns. In the current year this did include areas that have been allocated a limited assurance rating, including Mortuary Service, Tertiary Services, Clinical Coding.
- Our work has generally found that the Health Board has a good understanding and awareness of the challenges and issues it is facing, and has put good plans

and processes in place in response to those. We have found that the pace of change in implementing these plans has not always been in line with the timeframes the Health Board has set itself. An example of this in the current year is the Population Health Strategy and the deferral of the Strategic Equality Action Plan.

- It is considered that the Health Board has stronger arrangements at a corporate level, and our audits often found a well-designed structure is in place centrally. However, arrangements across the Service Groups within the organisation show variation, with weaknesses identified from a control, risk management and governance perspective. This is a recurring theme from prior years, and has resulted in additional limited assurance reports this year with examples including Business Continuity Planning, Quality Assurance Framework, and the Population Health Strategy. Recommendations have focused on the need to strengthen governance, accountability, and oversight processes, including into the Health Board's Management Board.
- Limited assurance reports have been issued this year in areas associated with partnership arrangements, including Tertiary Services, Mortuary Services and the Population Health Strategy. Important area to address, noting the increasing importance of effective partnership working going forward, including the Regional Joint Committee between Swansea Bay and Hywel Dda UHBs, and to address system wide challenges such as admission avoidance and discharge planning.
- Follow Up position continues to be positive on the whole. There has been good progress in addressing areas where serious concerns have been raised, including CAMHS Transition, Welsh Fertility Institute, and Energy Management (linked to the Decarbonisation limited assurance report in the prior year. However, there are areas where challenges still need to be addressed.
- As part of our processes, we also consider the assurances available from audit work we have undertaken at other NHS Bodies including NWSSP, DHCW, and NHS Wales JCC. No significant matters have been identified that have impacted adversely on the Health Board's opinion.
- We also liaise regularly with other assurance providers and inspectors and have assessed the impact of their work, as well as the Health Board's escalation status with Welsh Government.

Table 1 – Summary of Audits 2024/25

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|-----------------------|---|
| Substantial Assurance | <ul style="list-style-type: none"> • Business Intelligence Strategy Implementation (draft) |
| Reasonable Assurance | <ul style="list-style-type: none"> • Risk Management and Board Assurance Framework • Service Group Governance Arrangements: Neath Port Talbot & Singleton (draft) • Learning from Incidents and Concerns (draft) • Mortality Reviews • Discharge Planning • Primary Care Cluster Plans • Acute Medical Services Redesign Programme – Benefits Realisation (draft) • Child and Adolescent Mental Health Service Transition |

| | |
|----------------------|--|
| | <ul style="list-style-type: none"> • Wales Fertility Institute • Data Quality • Job Evaluation (draft) • Estates Assurance: Energy Management • Estates Assurance: Estates Condition (Governance and Assurance Arrangements) • Morriston Hospital: Burns / Intensive Care Unit Project (Phase 1) |
| Limited Assurance | <ul style="list-style-type: none"> • Asset Management • Business Continuity Planning (draft) • Tertiary Services • Population Health Strategy (draft) • Quality Assurance Framework • Mortuary Service (Joint review with Hywel Dda UHB) • Clinical Coding • Records Management (non-health) • Speaking Up Safely • Neath Port Talbot District General Hospital Private Finance Initiative (draft) |
| Unsatisfactory | N/A |
| Advisory/Non-Opinion | N/A |
| Work in Progress | <ul style="list-style-type: none"> • Contract Management • Follow Up |



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors

Acknowledgement

NHS Wales Audit and Assurance Services would like to acknowledge the time and co-operation given by management and staff during this review.

Disclaimer notice - please note

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