

Population Health grants management

Final Internal Audit Report

May 2023

Public Health Wales NHS Trust

Contents

Executive Summary	3
1. Introduction.....	4
2. Detailed Audit Findings.....	4
Appendix A: Management Action Plan.....	8
Appendix B: Task and Finish Group Action Plan.....	16
Appendix C: Assurance opinion and action plan risk rating.....	18

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Acknowledgement

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Executive Summary

Purpose

To review the arrangements the Trust has in place in relation to the management of a number of population health grants.

Overview

We have issued limited assurance on this area. The significant matters which require management attention include:

- There is a considerable amount of time taken with monitoring and reviewing the financial claims that are received from the providers.
- There has been no formal review undertaken of the programmes to ascertain whether they are achieving the objectives of the programme.
- A risk in relation managing risks was only developed at the time of the audit.

Further matters arising concerning the areas for refinement and further development have also been noted (see Appendix A).

Report Opinion



More significant matters require management attention.

Moderate impact on residual risk exposure until resolved

Assurance summary¹

Objectives	Assurance
1 Procedures in place for allocating and distributing grant funding.	Reasonable
2 Appropriate systems in place for the financial administration of the grants.	Reasonable
3 Mechanisms in place to monitor the effectiveness of the grants.	Limited
4 Appropriate budget setting arrangements and resources are in place.	Limited
5 Risks in relation to managing the grants are captured.	Limited

¹The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

Key Matters Arising

		Objective	Control Design or Operation	Recommendation Priority
1	Grant Administration Business Administrator Handbook requires updating	1 & 3	Design	Medium
2	Time taken to review and monitor the financial claims	2	Operation	High
3	Reviewing monitoring information of the three programmes is not being undertaken	3	Operation	High
4	Reviewing of future indicative budget	4	Operation	Medium
5	Review of financial resources for the delivery of the programme outcomes	4	Operation	Medium
6	Reviewing risks in relation to managing grants	5	Operation	High

1. Introduction

- 1.1 Our review of population health grants management was completed in line with the 2022/23 Internal Audit Plan for Public Health Wales NHS Trust (the 'Trust').
- 1.2 Part of the remit of the Health and Wellbeing directorate includes the distribution and management of grant funding to local health boards and local authorities in order to help the Trust meet some of its objectives relating to population health. We reviewed the processes relating to the management of three of these grants, and the effectiveness of the funding in delivering the required outcomes:
- Welsh Network of Healthy Schools Scheme (WNHSS) – This was launched in 1999 to encourage the development of local healthy school schemes within a national framework, and to promote health and wellbeing. For 2022/23 funding of £1.7m was equally shared across the 22 local authority areas.
 - Health and Sustainable Pre-School Scheme (HSPSS) – This scheme is an extension of WHNSS and was launched in 2011. Over 575 organisations are involved in the scheme. They are expected to introduce health improvement topics to pre-school establishments. Funding of £657k was available for 2022/23, split equally over the 22 local authority areas.
 - National Exercise Referral Scheme (NERS) – The scheme has been in existence since 2007 and aims to standardise exercise referral opportunities across local authorities and local health boards. In 2022/23 the 22 local authorities or local public health teams each received a share of £3.3m funding.
- 1.3 The relevant lead for the review is the Interim Director of Health and Wellbeing.
- 1.4 The potential risks considered in the review were as follows:
- Reputational damage to the Trust if grant outcomes are not achieved or cannot be achieved within resources allocated.
 - Increased costs to administering and managing the grants that outweigh the benefits.
 - Inappropriate expenditure by grant recipients.

2. Detailed Audit Findings

Objective 1: There are procedures in place for allocating and distributing grant funding and for monitoring spend.

- 2.1 The Health Improvement division has developed a grant administration business administrator handbook. The handbook includes the administration process for the three grants we reviewed. It details the processes for:
- Issuing confirmation letters, offer letters and terms & conditions to the providers for the forthcoming financial year.
 - Requesting, receiving and processing the quarterly or six-monthly claims and revised expenditure plans.
 - Payment of invoices to reimburse providers in line with their approved claims.

- Wider administration of the grant within the Trust, such as meeting schedules, key contacts and filing structures.
- 2.2 The handbook does not include information on the process for determining the allocation of each grant amongst the providers.
- 2.3 As well as the handbook, there is a management of Service Level Agreements (SLAs) and grant payments finance procedure document, which provides a high-level overview of the grants process. The handbook aligns to the finance procedure, though both documents have passed their review date. The handbook was scheduled for review in November 2021. While it appears that a review was started, it has not been completed. In addition, our review has identified a number of aspects to the grant administration process that may need revising. **(Matter arising 1 – Medium Priority)**

Conclusion:

- 2.4 The Trust has procedural guidance in place but both documents need to be reviewed and updated. **(Reasonable Assurance)**

Objective 2: There are appropriate systems in place for the financial administration of the grants.

- 2.5 The Health Improvement Planning and Performance team is responsible for administering a number of grants.
- 2.6 For each grant the team issue the 22 providers with a letter confirming that they intend to award the provider a grant.
- 2.7 Each provider is also sent an offer letter detailing the grant entitlement for the following financial year. In addition, standard grant terms & conditions are provided for the provider to agree.
- 2.8 As part of the acceptance of the grant, the provider is required to complete an expenditure plan detailing staffing and resources predicted costs. Updated expenditure plans may be received as part of the claims process to reflect changes after actual costs have been incurred. Information sent to, and received from the providers is logged on a monitoring spreadsheet, which we saw in place for each of the three grants we reviewed.
- 2.9 Two of the grants we reviewed required the providers to send a quarterly expenditure and monitoring return, whilst the third required six-monthly returns. In addition, all three grants required both provisional and actual quarter four returns. As such, each year, nearly 300 returns are sent to the Trust for the three grants. Each return is reviewed and reconciled to supporting evidence by the Business Administrator, Business Manager and Grant Co-ordinator ahead of approval for payment. We understand that this process is time consuming for the team and can mean that the quarterly reviews are not completed in good time. **(Matter Arising 2 – High Priority)**

Conclusion:

2.10 Whilst there appear to be many controls in place for the financial administration of the grants, the current process does not appear to be an efficient use of time and resources. **(Reasonable Assurance)**

Objective 3: Mechanisms are in place to monitor the effectiveness of the grants and to ensure the objectives of the schemes are achieved.

2.11 Providers are issued with a standard terms & conditions detailing that payment of the grant will be made on completion of the grant claim form and monitoring form. The monitoring forms are specific to each grant and facilitate the collection of data to be used to monitor grant effectiveness. We confirmed that the following information is requested and received:

- WNHSS – Any training activities, stakeholder engagement/ partnership working and any other activities undertaken to support school health and wellbeing within the quarter.
- NERS – Quarterly key performance indicators are reported including the number of referrals, the number of clients attending NERS sessions, and the number on the waiting list each month.
- HSPSS – The provider has to submit monitoring reports twice a year indicating progression to the agreed targets and objectives.

2.12 While the three programmes have been running for many years, there is only limited guidance on monitoring in the handbook. The guidance is not a detailed process for undertaking in-year monitoring. Nor is there information on undertaking annual or year-on-year review to assess the effectiveness of the approach to administering the schemes, the impact that the schemes are having, or to ensure that the scheme objectives are being achieved. **(see Matter Arising 1– Medium Priority)**

2.13 Furthermore, as we note above, the team spend time reviewing the financial elements of the grant claims and addressing queries. As a result of the time spent undertaking these tasks, little time appears to be spent reviewing the monitoring information received during the year, or at year end. For one programme, we understand that when the team receive the periodic returns, they do review the information to identify any providers that have included data that is not in line with expectation and discuss the matter with the provider. We have been informed that prior to the pandemic annual reports for each programme were prepared and in early 2022 a review of the NERS scheme was carried out but has not yet been published. **(Matter Arising 3– High Priority)**

Conclusion:

2.14 The monitoring of the quarterly / six-monthly financial claims takes a considerable amount of time and appears to be resource intensive. As such, staff are not able to monitor the effectiveness of the grants. In addition, no formal reviews of the three programmes have been undertaken to assess whether they have been effective in achieving their outcomes or are adding value. **(Limited Assurance)**

Objective 4: Appropriate budget setting arrangements and resources are in place to allow grant outcomes to be achieved.

- 2.15 On an annual basis, the Trust receives funding from Welsh Government for the delivery of certain services that the Trust asks local providers to deliver. The services in terms of the population health programmes, are issued to providers through a grant process. We understand that the grant funding values have not increased since the programmes became the responsibility of the Trust. As part of the Trust's cost improvement programme, the funding allocation that is used for two of the grants means that more efficient ways of delivering these programmes must be found. **(Matter Arising 5 – Medium Priority)**
- 2.16 Due to the nature of the funding of the Trust, for the grants that we reviewed, they are only able to enter into annual agreements with providers. In contrast, we understand other organisations that receive funding from Welsh Government identify indicative three-year budgets in their grant awarding letters. The current annual approach to funding adds a level of financial uncertainty to providers which could affect staff working on these programmes within provider organisations. **(Matter Arising 4 – Medium Priority)**

Conclusion:

- 2.17 The current annual budget setting approach for the three programmes does not enable longer term planning for the service providers. In addition, financial pressure on the programmes could have an impact on the successful delivery of the programme outcomes. **(Limited Assurance)**

Objective 5: The risks in relation to managing these grants and delivery of their objectives have been captured and are monitored.

- 2.18 At the time of our fieldwork no specific risk in relation to managing the grants had been identified on the Division risk register. However, we acknowledge that a new high-level risk had been added to Datix relating to the ability to continue to deliver the strategic work programmes with the current grant funding arrangements. The risk had not been discussed and reviewed by appropriate groups within the Division or considered for escalation. **(Matter Arising 6 – High Priority)**

Conclusion:

- 2.19 At the time of our fieldwork a new risk encompassing all grants within the Division has been developed but had yet to be approved. As such, it has not been discussed by appropriate groups within the Division. **(Limited Assurance)**

Appendix A: Management Action Plan

Matter Arising 1: Review of Grant Administration Business Administrator Handbook (Design)		Impact
<p>The Health Improvement Division 'Grant Administration Business Administrator Handbook' details the grant administration process that is in place. The handbook was due for review in November 2021, and while a review appears to have been started, it was not completed.</p> <p>We reviewed the processes set out in the handbook and note that due to the number of providers involved, some processes appear to be time-consuming and may detract from other important administrative duties. For example, the quarterly processing of grant claims, can detract from monitoring activities.</p> <p>A review of the process document provides an opportunity to reflect on the practical administration of the process including the monitoring aspects, and identify efficiencies without impacting on key controls.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> Grant not administered or monitored correctly.
Recommendations		Priority
1.1	The Health Improvement Division Grant Administration Business Administrator Handbook and associated documents such as the finance procedure, should be updated. This review should be used as an opportunity to consider if the current process can be made more efficient.	Medium
Agreed Management Action		Target Date
1.1	Refer to Task and Finish Group Action Plan in Appendix B.	-
		Responsible Officer
		-

Matter Arising 2: Time taken to review and monitor claims (Operation)								Impact																																																		
<p>We reviewed the process in relation to three grants and calculated the number of claims processed each year:</p> <table border="1"> <thead> <tr> <th rowspan="2">Grant and total value</th> <th rowspan="2">No. of providers</th> <th rowspan="2">Value per provider</th> <th colspan="5">Returns and claims required</th> <th rowspan="2">TOTAL</th> </tr> <tr> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4 projected</th> <th>Q4 actual</th> </tr> </thead> <tbody> <tr> <td>WNHSS £1.7m</td> <td>22</td> <td>£77,273</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>110</td> </tr> <tr> <td>NERS £3.3m</td> <td>22</td> <td>*</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>110</td> </tr> <tr> <td>HSPSS £657k</td> <td>22</td> <td>£29,864</td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>66</td> </tr> <tr> <td colspan="8" style="text-align: center;">TOTAL NUMBER OF CLAIMS TO BE PROCESED PER YEAR</td> <td>286</td> </tr> </tbody> </table> <p>*grant values to providers vary, with the lowest being £99k, and the highest £227k.</p> <p>The process of reviewing and monitoring financial claims is time consuming, especially for the grants with quarterly claims. At the time of our fieldwork, the review of the quarter 2 claims (to the end of September 2022) had only just been completed. Claims can take longer to process if there are queries related to the claims.</p> <p>Furthermore, where there are spending variances in a period, adjustments to expenditure plans have to be made depending on if the variation is caused by staffing costs or training and resource costs, and therefore if the money is to be retained by the Trust or carried forward.</p> <p>In addition to processing the claims, the team address grant queries. We note that the NERS programme team have recently reviewed the number of queries received each month. Between April and December 2022, they received approximately 1,500 queries, with just under 400 of these in relation to the grant claim forms.</p> <p>We understand that for some of the grants, due to the number of claims that require reviewing and processing and the day-to-day queries, the programme teams are not always able to appropriately allocate time to monitoring and evaluating the performance of the programmes.</p>								Grant and total value	No. of providers	Value per provider	Returns and claims required					TOTAL	Q1	Q2	Q3	Q4 projected	Q4 actual	WNHSS £1.7m	22	£77,273	✓	✓	✓	✓	✓	110	NERS £3.3m	22	*	✓	✓	✓	✓	✓	110	HSPSS £657k	22	£29,864		✓		✓	✓	66	TOTAL NUMBER OF CLAIMS TO BE PROCESED PER YEAR								286	<p>Potential risk of:</p> <ul style="list-style-type: none"> Resources used to administer the grants that outweigh the benefits.
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2.1	<p>A risk assessment should be carried out to determine if the current process of checking all grant claims is an effective use of Trust resources. A review of the claims processing arrangements should follow, to</p>							High																																																		

	<p>establish if there is a more efficient way of operating, that allows staff more time to be involved in monitoring effectiveness activities. For example, considering the frequency or approach to reviewing of the claims or making payments in equal instalments, with year-end adjustments. Sample checking grants claims could also be an approach.</p>		
Agreed Management Action		Target Date	Responsible Officer
2.1	Refer to Task and Finish Group Action Plan in Appendix B.	-	-

Matter Arising 3: Monitoring the effectiveness of the programmes (Design)		Impact	
<p>The terms and conditions of each grant set out the monitoring information that is to be supplied by providers with their quarterly / six-monthly grant claims. Whilst we have seen evidence of this information being provided, as set out in Matter Arising 2, significant time is spent reviewing the financial aspects of the claims. In relation to the NERS programme, we understand that if outlying data is identified from the quarterly monitoring information, the provider is contacted to discuss the situation and agree a way forward. Aside from this, we have not seen any evidence that the monitoring information received is used to carry out any formal monitoring during the year, or at year end, for example looking at levels of uptake or variations in achievements across providers.</p> <p>We have been informed that prior to the pandemic annual reports in relation to the various programmes were produced. In addition, wider reviews on the effectiveness of interventions have been carried out. However, it is important that the current monitoring information collected is properly used in assessing the effectiveness of the providers in delivering the programme objectives and ensuring the schemes are having the desired impact.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> Reputational damage to the Trust if grant outcomes are not achieved or cannot be achieved within resources allocated 	
Recommendations		Priority	
3.1	Monitoring information received from providers should be reviewed in-year to ensure support can be provided if necessary and more formal annual reviews of the three programmes should be carried out to ensure that they are effective and are achieving the overall objectives and whether they are making an impact.	High	
Agreed Management Action		Target Date	Responsible Officer
3.1	Refer to Task and Finish Group Action Plan in Appendix B.	-	-

Matter Arising 4: Reviewing of indicative budgets (Operation)		Impact
<p>Due to the nature of how the Trust is funded by Welsh Government, they are only able to issue offer letters in approximately March each year, detailing to providers their grant entitlements for the following financial year. In contrast, other NHS organisations can include indicative three-year budgets in their offer letters. As a result of this annual approach, there is a greater degree of financial uncertainty for providers. We are aware that this has led to some providers being at risk of losing staff with valuable knowledge and experience and impacting their ability to deliver the programme objectives.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Reputational damage to the Trust if grant outcomes are not achieved or cannot be achieved within resources allocated.
Recommendations		Priority
<p>4.1 Consideration should be given to how the current annual grant funding set up could be improved to provide greater clarity to providers on future years indicative budgets in order to create greater stability for staff and programme delivery.</p>	<p>Medium</p>	
Agreed Management Action	Target Date	Responsible Officer
<p>4.1 Refer to Task and Finish Group Action Plan in Appendix B.</p>	<p>-</p>	<p>-</p>

Matter Arising 5: Financial resources for the delivery of the programme outcomes (Operation)	Impact
<p>On an annual basis, the Trust receives money as part of its revenue budget from Welsh Government that is used to provide the grants to programme providers. It is at the discretion of the provider to determine how best to use the grant money to deliver the service. We understand that in the main, the grants distributed are used by providers to contribute to provider salary costs. However, as the Trust treat the grants as 'non pay' budgets, uplifts to allow for salary increases are not provided in the same way as pay budgets.</p> <p>As such, there is a risk that the financial pressure on providers may mean that staffing levels cannot be sustained and the service can no longer be provided at current levels, impacting on the ability to meet the expected outcomes.</p> <p>Furthermore, two of the three grants we reviewed are linked to the Trust's cost improvement programme, meaning grant allocations are being eroded and more efficient ways of delivering these programmes must be found. We understand that in previous years the savings target has been achieved. Though this has been reliant on provider underspends, for example, staff changes that lead to short term vacancies or new staff starting on lower grades.</p> <p>In relation to the grants we reviewed, there does not appear to be processes in place for ensuring grant budgets are reviewed in line with the objectives of the programmes.</p> <p>We note that a risk in relation to the current funding model for these grants has been added to the Division's risk register.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> Increased costs to administering and managing the grants that outweigh the benefits.
Recommendations	Priority
<p>5.1 In conjunction with the finance department, a review of the budget setting arrangements should be carried out to determine how the service can meet its objectives whilst being mindful of financial pressures. The review should consider the implications of funding arrangements on the grant claims process.</p>	<p>Medium</p>

Agreed Management Action	Target Date	Responsible Officer
5.1 Refer to Task and Finish Group Action Plan in Appendix B.	-	-

Matter Arising 6: Reviewing risks in relation to managing grants (Operation)		Impact	
<p>Our initial enquires identified that the Health Improvement Divisional risk register did not capture any grant related risks. However, we note that at the time of our fieldwork a risk had been added to Datix to cover all grants. The risk focuses on the potential impact or ability to continue delivering a number of strategic work programmes under the current grant funding model. Although the risk had been added onto Datix, it had yet to be approved.</p> <p>We understand that the funding model has been a concern for a number of the programme teams for a period of time, however as this is a risk that has only recently has been captured, there has not been a discussion at appropriate groups within the Division, or consideration as to whether it is a risk that needs to be escalated within the Trust.</p> <p>The risk to delivery of the programmes may differ. While the addition of the risk is appropriate, further consideration of risk to the delivery of individual programmes should be considered.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Reputational damage to the Trust if grant outcomes are not achieved or cannot be achieved within resources allocated. 	
Recommendations		Priority	
6.1	<p>The newly identified risk in relation to grants should be appropriately assessed and reviewed, and then approved within Datix.</p> <p>In addition, management should consider if more granulated risks should be considered. For example, at a programme or grant level.</p>	High	
Agreed Management Action		Target Date	Responsible Officer
6.1	Refer to Task and Finish Group Action Plan in Appendix B.	-	-

Appendix B: Task and Finish Group Action Plan

Task and Finish Group Action Plan				
<p>The Health Improvement Division Grant Administrator Business Administrator Handbook has been superseded by a series of SOPs. There are changes to the grant administration process currently being planned which will provide an opportunity to review the issues raised. Changes to the budget will also reduce the need to recover underspend on grants which will release the need for many of the checks.</p> <p>Having reviewed the recommendations it is proposed that a Task and Finish group is established with input from finance in order to develop and oversee a programme of work to address the recommendations. Elements of the recommendations will be actioned during the year and some will be aligned to the transformation and improvement programmes for each of the grants.</p>				
Agreed Management Action		Matter Arising	Target Date	Responsible Officer
1.1	Establish a Task and Finish Group, chaired by the Director of Health Improvement and including representatives from the Business Administration and Finance Teams along with the programme teams to address the recommendations.	1.1; 2.1; 4.1; 5.1;	5/5/23	Director of Health Improvement
1.2	Grant process mapping workshop undertaken to map existing processes	1.1; 2.1	31/5/23	Director of Health Improvement
1.3	Agree aim, objectives and principles for the grant management process	1.1; 2.1; 3.1	31/5/23	Task and Finish Group
1.4	Produce a RACI matrix for the grant management and administration process	1.1; 2.1	30/6/23	Programme Manager
1.5	Agree revised grant management process and procedures	1.1;2.1; 4.1; 5.1	31/7/23	Task and Finish Group

1.6	Ensure responsibilities for grant management are incorporated into staff objectives and reviewed as part of My Contribution	1.1; 2.1	30/9/23	Line Managers
1.7	Agree measurement indicators to measure improvement in grant management processes	All	30/6/23	Task and Finish Group
1.8	Grant management as part of programme plan; monitored through monthly programme team meetings, includes the identification of risks	6.1; 3.1	30/4/23	Programme Leads
1.9	Develop options for budget and grant agreement intervals within agreed Public Health Wales budget setting process	4.1; 5.1	31/10/23	Task and Finish Group
1.10	Develop and agree revised monitoring and reporting metrics for NERS and WNHSS through the relevant Improvement and Transformation Programme mechanisms.	3.1	31/3/24	Health Promoting Schools Programme Board NERS Programme Advisory Board

Appendix C: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	No assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

* Unless a more appropriate timescale is identified/agreed at the assignment.



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