

Torbay and South Devon NHS Foundation Trust



Statement of Assurance for 2022/23



Introduction

The following statement of assurance is provided by the Director of Audit and Assurance Services at ASW Assurance; the provider of internal audit, counter fraud and consultancy services to Torbay and South Devon NHS Foundation Trust; in relation to services provided to the Trust for 2022/23.

This assurance statement consists of the following elements:

-  Internal Audit Assurance Statement.
-  Counter Fraud Service Assurance Statement.

Internal Audit Assurance Statement

In conformance with the ASW Assurance Internal Audit Charter, Public Sector Internal Audit Standards and the Core Principles for the Professional Practice of Internal Auditing, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of an organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). ASW Assurance is externally assessed as compliant with Public Sector Internal Audit Standards.

The opinion provided to Torbay and South Devon NHS Foundation Trust for 2022/23 was substantially derived from the risk-based plan generated from the Trust-led Assurance Framework that took into consideration the strategies, objectives and risks of the organisation, the expectations of senior management, the Trust Board and other stakeholders, that was agreed by management and approved by the Audit and Risk Committee.

The basis for forming the opinion takes into consideration the context and oversight of the Trust as set out above, and the following:

1. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes.
2. An assessment of individual opinions arising from risk-based audit assignments from the Audit and Assurance Plan that have been reported during the period 1 April 2022 and 31 March 2023. This assessment takes account of the relative scope and materiality of the areas reviewed and management's progress in respect of addressing control weaknesses.
3. Any reliance that is being placed upon third party assurances are provided as part of this opinion.

My overall opinion is that:

***Satisfactory assurance** can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and controls are generally being applied consistently. Weaknesses in the design and/or inconsistent application of controls in some key areas put the achievement of particular objectives at risk.*

The assurances provided from the work undertaken, which together supported this opinion, are set out below.

We have concluded that the Trust has sound key core financial system controls and that over the past year, the Trust has continued to improve its governance arrangements including its Board Assurance Framework. Our working relationship with the Executive Team continues to enable us to undertake in depth reviews which provide a rich contribution to the assurances the Board receives on the effectiveness of the Trust's internal control arrangements and its governance framework. Our work this year has confirmed that improvements continue to be achieved across the Trust, although it is acknowledged that there is still work to be done to fully embed those improvements at all levels.

The Audit and Assurance Plan included reviews of core systems including Board Assurance Framework, Risk Management, Finance systems and Payroll, and value add reviews, where Internal Audit has supported the Trust in making improvements and enhancements to its processes and practices in its drive to provide the best services to its patients and service users

Where we gave limited assurance opinions, the Trust has responded positively to our findings and recommendations, taking timely action on high risk rated areas of improvement. However, there are examples of slow progress being made to address a number of low and medium risk rated recommendations, with a number of actions having passed the agreed, and in some cases revised, implementation dates.

The tables overleaf detail the audit and assurance work we completed in support of the Head of Internal Audit Opinion for 2022/23.

| Corporate Governance | |
|---|------------------|
| Audit | Assurance Rating |
| Board Assurance Framework and Risk Management | Satisfactory |

| Financial Management Systems | |
|---|------------------|
| Audit | Assurance Rating |
| Review of HFMA Improving NHS Financial Sustainability Checklist | Not applicable |
| Capital Strategy and Expenditure | Satisfactory |
| Financial Systems | Satisfactory |
| Payroll | Satisfactory |
| Walnut Lodge Petty Cash | Not applicable |

| Corporate Assurance | |
|---|---|
| Audit | Assurance Rating |
| Emergency Preparedness, Resilience and Response (EPRR) – Post Incident Debriefs | Limited |
| Medical Staffing – New L2P Job Planning System – Progress with Project | Limited |
| Fire Safety – Baseline Assessment | Satisfactory |
| Patient Safety – Management of Serious Incidents | Satisfactory |
| Workforce Plan and Ongoing Workforce and Workforce Planning Considerations | Various – Limited/Satisfactory |
| Medical Devices Training Records | Limited |
| Completion of Risk Assessments on Admittance to Hospital | Limited/Satisfactory |
| Adult Social Care Outcomes Framework Performance Reporting | Satisfactory |
| Care Quality Commission (CQC) | Satisfactory |
| Maternity | Satisfactory |
| Cyber Security | Satisfactory |
| Arranging Support Team | Management Review – No Opinion provided |

In support of the Head of Internal Audit Opinion work we reviewed the Trust's self-assessed position of its compliance with the requirements of the Data Security and Protection Toolkit (DSPT) using NHS Digital's Auditing guidance.

Third Party Assurance

The following Third Party assurance report was included within the Head of Internal Audit Opinion:

ISAE 3000 Type II Controls Report - Third Party Assurance report in respect of IT General Controls in respect of the Electronic Staff Record (ESR)

The 2022/2023 Independent Service Auditor's report provided by PwC, dated 11th May 2023, provides **qualified assurance** in respect of the IT general controls predominantly designed and operated by IBM in relation to the national Electronic Staff Record and controls in relation to the NHS General Ledger Interface which are the responsibility of the NHS ESR Central Team.

The audit work conducted by PwC covered the following seven areas:

- 🚩 Change Management
- 🚩 Logical Security
- 🚩 Problem Management and Performance and Capacity Planning
- 🚩 Physical Security and Environmental Controls
- 🚩 Computer Operations
- 🚩 Payslip Distribution
- 🚩 Data Migration

The key areas in the overall audit opinion of the Report of the Independent Service Auditor leading to the **qualified opinion**, for the period from 1 April 2022 to 31 March 2023, are as follows:

- 🚩 *Controls related to the authorisation and revocation of logical access did not operate effectively during the period 1 April 2022 to 31 March 2023 in order to achieve control objective 2 'Controls provide reasonable assurance that security configurations are created, implemented and maintained to prevent inappropriate access.'*
- 🚩 *Controls related to the tracking and resolution of NHS Hub Availability issues were not suitably designed during the period 1 April 2022 to 31 March 2023 to achieve control objective 3 'Controls provide reasonable assurance that system and network processing issues are identified, reported and resolved in a timely manner, and that performance against the SLA/contractual requirements for the ESR service is monitored.'*
- 🚩 *For the Newcastle data centre there was no available evidence of controls relating to the physical security and maintenance of environmental conditions and controls related to periodic testing of the backup power generators did not operate effectively from 1 April 2022 to 7 September 2022. In addition, controls were not in place to monitor the data centre physical security and maintenance of environmental controls designed and operated by the carved out Subservice Organisation, Crown Hosting Data Centres Limited. As a result, controls were not suitably designed and did not operate effectively during the period 01 April 2022 to 31 March 2023 to achieve control objective 4 'Controls provide reasonable assurance that physical access to controlled areas is restricted to authorised individuals, and that facilities are protected against environmental threats.'*

Section 7 of the report summarises the small number of exceptions found where, in the auditor's opinion, controls had not operated as intended. Management responses to the exceptions outlined either actions to be taken to address issues identified as part of the audit or provided further information to explain the issues identified.

In all material respects, except for the matters referred to in the paragraphs above, controls were suitably designed and operated effectively throughout the period 1 April 2022 to 31 March 2023.

Internal Audit Recommendations

In respect of the audits undertaken during the year, recommendations were agreed with management to address gaps in control and assurance. We monitored the status of these recommendations throughout the year, reporting directly to the Risk Group and the Audit and Risk Committee on recommendations which remained outstanding.

No significant matters were reported to the Audit and Risk Committee in the year, in respect of the follow-up of recommendations.

Counter Fraud Assurance Statement

The NHS Counter Fraud Authority (NHSCFA) requires the Trust to have sound counter fraud arrangements in place that meet NHSCFA standards.

The Counter Fraud function of Torbay and South Devon NHS Foundation Trust is overseen by the Chief Finance Officer and the NHSCFA. An annual work plan was prepared and approved by the Audit and Risk Committee and delivery was reported to the Audit and Risk Committee at each of its meetings. As part of the Strategic Governance of the Counter fraud function, the Audit and Risk Committee are able to question all submissions made by the LCFS and challenge the progress of investigations or any element of their work plan to ensure delivery. Resourcing for delivery of the work plan is agreed through the organisation's Audit and Risk Committee.

The annual Counter Fraud work plan covered the 13 components of the Government Functional Standard 013: Counter Fraud:

- 🟢 Accountable Individual (Parts 1A and 1B)
- 🟢 Counter Fraud Bribery and Corruption Strategy
- 🟢 Fraud bribery and corruption risk assessment
- 🟢 Policy and response plan
- 🟢 Annual Action Plan
- 🟢 Outcome-based metrics
- 🟢 Reporting routes for staff, contractors and members of the public
- 🟢 Report identified loss
- 🟢 Access to trained investigators
- 🟢 Undertake detection activity
- 🟢 Access to and completion of training
- 🟢 Policies and registers of gifts and hospitality and Conflicts of Interest

A risk assessment in compliance with Government Counter Fraud Profession Risk Assessment Methodology (GCFP) is in place. This is a live document, reviewed on a regular basis. During the year, additional staff were sourced to assist with the delivery of planned work.

The Trust's counter fraud arrangements are assessed annually through the submission of an annual report covering the Government Counter Fraud Functional Standard and the Government Counter Fraud Functional Standard Return (CFFSR). This was approved by both the Chief Finance Officer and the Chair of the Audit and Risk Committee before submission to the NHSCFA. The Trust scored an overall 'Green' rating in the CFFSR.

During the year, we opened eight new investigations as a result of receiving allegations of fraud. Some of these investigations have been carried over into 2023/2024. Referrals fell into the following areas:

- Manipulation of the Trust roster system (Healthroster).
- Abuse of sick leave (both cases resulted in a termination of contract).
- Recruitment – false statement on application form (the allegation was positively disproved).

- False contractor timesheets (resulting in the contractor withdrawing from the contract and withdrawing the disputed invoice).
- An employee of a contractor submitting false claims for work (resulting in the recovery of £25,307.79)

Two cases are ongoing. These relate to:

- Alleged misrepresentation to obtain a Personal Health Budget
- Abuse of position

In addition, we conducted 10 Local Proactive exercises. In most cases, this was in response to Intelligence Bulletins received from the NHS Counter Fraud Authority and fell into the following areas :

- Bank Mandate Fraud (six individual exercises).
- The Trust's new staff expenses system.
- Agency booking fees.
- Fraud Risk Assessment.
- Cyber awareness.

We also identified system weaknesses in respect of Personal Health Budget claims which has catalysed a Local Proactive Exercise to be undertaken in this area and will be delivered as part of our 2023/2024 Counter Fraud plan.



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