

Declarations of Interest Final Internal Audit Report

August 2024

Digital Health and Care Wales



Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services



Iechyd a Gofal
Digidol Cymru
Digital Health
and Care Wales



Contents

Executive Summary	3
1. Introduction	4
2. Detailed Audit Findings	5
Appendix A: Management Action Plan	10
Appendix B: Assurance opinion and action plan risk rating	14

Review reference:	DHCW-2425-03
Report status:	Final
Fieldwork commencement:	18 th June 2024
Fieldwork completion:	15 th July 2024
Draft report issued:	18 th July 2024
Debrief meeting:	18 th July 2024
Management response received:	19 th July 2024
Final report issued:	6 th August 2024
Auditors:	Stephen Chaney, Interim Head of Internal Audit Philip Lewis-Davies Principal Auditor
Executive sign-off:	Chris Darling, Board Secretary
Distribution:	Laura Tolley, Head of Corporate Governance
Committee:	Audit and Assurance Committee



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 & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Disclaimer notice - please note

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit and Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Audit and Assurance Services and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Digital Health and Care Wales Special Health Authority (DHCW) and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with DHCW. Work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, or all circumstances of fraud or irregularity. Effective and timely implementation of recommendations is important for the development and maintenance of a reliable internal control system.

Executive Summary

Purpose

Based on the agreed Internal Audit Plan for 2024-25 we have undertaken an audit over Declarations of Interest of staff and other key individuals within Digital Health and Care Wales (DHCW).

Overview

We have issued substantial assurance on this area following a review of the identification, scrutiny and reporting of declared interests, including the management of gifts, hospitality, sponsorships and honoraria.

We have raised three low priority recommendations to assist with improving the processes. These relate to:

- Consistency of information reported on the Register of Interests.
- Corporate Governance oversight of DHCW staff procurement related declarations and their inclusion on a publicly available register.
- Periodic confirmation by NHS Wales Shared Services Partnership (NWSSP) to DHCW of NWSSP procurement staff compliance with NWSSP's declaration policy and procedures. This will prevent any potential DHCW procurement conflicts.

Report Classification

		Trend
Substantial 	Few matters require attention and are compliance or advisory in nature.	n/a
	Low impact on residual risk exposure.	

Assurance summary¹

Assurance objectives	Assurance
1 Guidance to assist DHCW employees and Independent Board Members that is in accordance with the Nolan Principles.	Substantial
2 Effective management of declarations of interests within DHCW, including the maintenance of a Register of Interests.	Substantial
3 Offers of gifts, hospitality, sponsorships and honoraria to employees and Independent Members are processed in accordance with the Declarations of Interests process.	Substantial
4 Employees engaged in DHCW procurement process are subject to a Declaration of Interests process.	Reasonable

Key matters arising

Key matters arising		Assurance Objectives	Control Design or Operation	Recommendation Priority
1	Gifts, Hospitality, Sponsorships and Honoraria	3	Operational	Low
2	Procurement - DHCW Staff	4	Design	Low
3	Procurement - NHS Wales Shared Services Partnership (NWSSP) Staff	4	Design	Low

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

1. Introduction

- 1.1 An Internal Audit of DHCW's Declarations of Interests, as included in the DHCW Internal Audit Plan for 2024/25, has been undertaken to review the identification, scrutiny and reporting of declared interests, including the management of gifts, hospitality, sponsorships and honoraria.
- 1.2 The objectives of the audit were to ensure:
- Guidance is in place to assist DHCW employees and Independent Board Members in accordance with the Nolan Principles.
 - There is effective management of declarations of interests within DHCW, including the maintenance of a Register of Interests.
 - Offers of gifts, hospitality, sponsorships and honoraria to employees and Independent Members are processed in accordance with the Declarations of Interests process.
 - Employees engaged in the DHCW procurement process are subject to a declaration of interests process, to ensure all interests are declared and scrutinised.
- 1.3 Potential risks identified included:
- The expected standards of conduct and behaviour are not defined and communicated within DHCW.
 - DHCW guidance is not effective and/or communicated within DHCW.
 - Declarations of interests are not reported, or where reported, are not effectively managed.
 - Gifts, hospitality, sponsorship and honoraria are not subject to Executive/Director scrutiny and approval before acceptance.
 - Gifts, hospitality, sponsorship and honoraria approved and accepted are not detailed in a DHCW register of such transactions.
 - DHCW procurement processes are subject to conflicts of interest from DHCW employees or NHS Wales Shared Services Partnership (NWSSP) – procurement staff, engaged on DHCW procurement activity.
 - Strategic objectives are not achieved.
- 1.4 The following was outside the scope of the audit:
- Any party engaging with DHCW other than employees and Independent Members, noting that the term "employees" includes all those who have a contract of employment or honorary contract with DHCW, and NHS Wales Shared Services Partnership (NWSSP) – procurement staff engaged on DHCW procurement activity.

Detailed review of NWSSP procurement processes regarding the capture, scrutiny and reporting of declared interests, including the management of gifts, hospitality, sponsorships and honoraria.

2. Detailed Audit Findings

Audit objective 1: Guidance is in place to assist DHCW employees and Independent Board Members that is in accordance with the Nolan Principles.

- 2.1 DHCW Policy CG-POL-19 on Standards of Behaviour (the 'Policy') clearly identifies the standards expected of employees and Independent Members of the DHCW Board. The Policy is available to all employees on the intranet and to the wider public on the DHCW internet site.
- 2.2 The current Policy was reviewed by the Head of Corporate Governance, and this was approved by the Board Secretary in early 2024. The Policy was formally approved by the Management Board in February 2024 and the Audit and Assurance Committee in April 2024.
- 2.3 The Policy makes specific reference to the Nolan Principles in Section 1 noting that the 'Seven Principles of Public Life' (the 'Nolan Principles') form the basis of DHCW's Standards of Behaviour requirements for its employees and Independent Members.
- 2.4 In addition, the corporate induction process includes reference to standards of behaviour expected and the declaration processes, and the Corporate Governance Team manage a SharePoint site established to promote Standards of Behaviour matters on the DHCW intranet site.
- 2.5 In support of these principles, employees and Independent Members must be impartial and honest in the way that they go about their day-to-day functions. They must always remain beyond suspicion. Key to evidencing delivery of these behaviours is an effective declaration of interests process and an effective gifts, hospitality, sponsorship and honorarium process, as detailed in the Policy.
- 2.6 The Audit and Assurance Committee and the Executive Board receive the Declarations of Interests Register and an overview of the gifts, hospitality, honoraria and sponsorship activities within DHCW on a quarterly basis.
- 2.7 In addition, the Audit and Assurance Committee report to the Board upon the adequacy of the arrangements for declaring, registering and handling interests, gifts, hospitality, honoraria and sponsorship via Highlights Reporting to the DHCW Board and as part of the Committee's Annual report to the DHCW Board.

Conclusion:

- 2.8 DHCW Policy CG-POL-19 on Standards of Behaviour provides guidance to assist DHCW employees and Independent Board Members in acting in a manner that is

in accordance with the Nolan Principles. We have not raised any matters under this objective. Therefore, we have provided **substantial assurance** over this area.

Audit objective 2: There is effective management of declarations of interests within DHCW, including the maintenance of a Register of Interests.

- 2.9 DHCW Policy CG-POL-19 on Standards of Behaviour comments in detail on the roles and responsibilities of staff and independent Members regarding declarations of interests and the maintenance of a Register of Interests.
- 2.10 It is the responsibility of all employees and Independent Members to ensure they are not placed in a position that risks, or appears to risk, conflict between their private interest and the NHS. The responsibility for declaration resides with the individual employee or Independent Member.
- 2.11 It is recognised that a judgement may be required in individual circumstances regarding the appropriateness for a declaration to be made. Advice can be sought from the Corporate Governance Team or the Board Secretary. Where there is doubt, the Policy clearly comments that a declaration of interest should be made.
- 2.12 The recording process does not involve physical input forms as the recording system is electronic with information input by employees, reviewed by the Corporate Governance Team, who then update the Register of Interests electronically. For Board Members, the Corporate Governance Team actively manage declaration updates and annual reaffirmations, as evidenced by emails.
- 2.13 The Board Secretary is responsible for ensuring that a Register of Interests is established and maintained as a formal record of interests declared by employees and Independent Members. The Policy provides detailed examples of interests including, directorships, pecuniary (financial) and non-pecuniary interests in organisations that may have dealings with the wider NHS.
- 2.14 Arrangements have been established by the Board Secretary, and approved by the Audit and Assurance Committee, to prompt specific groups of employees and Independent Members to complete a Declaration of Interest Form on initial employment with DHCW, and at agreed periodic intervals thereafter.
- 2.15 The processes detailed in the Policy provide effective and efficient monitoring of conflicts of interest, given the caveat that the process is heavily reliant upon individuals identifying and declaring potential conflicts. The processes provide transparency via disclosure and monitoring by the Executive Management Board and the Audit and Assurance Committee, engagement with the DHCW Board and the public disclosure of registers.
- 2.16 Detailed testing of the disclosure processes was undertaken, testing all Board members, Executive Directors and Independent Members, as part of the February/March 2024 update exercise. The Board members' declarations, as evidenced by

email correspondence received by the Corporate Governance Team, were agreed to the updated Register of Interests dated April 2024 and made available to the public.

Conclusion:

- 2.17 The effective management of declarations of interest within DHCW, including the maintenance of a register of interests has been evidenced in the Policy and compliance successfully tested for all Board Members' declaration updates. We have not raised any matters arising under this objective. Therefore, we have provided **substantial assurance** over this area.

Audit objective 3: Offers of gifts, hospitality, sponsorships and honoraria to employees and Independent Members are processed in accordance with the Declarations of Interests process.

- 2.18 DHCW Policy CG-POL-19 on Standards of Behaviour comments in detail on the roles and responsibilities of staff and Independent Members, and details the capture, approval and management of gifts, hospitality, honoraria or sponsorship.
- 2.19 Employees and Independent Members have a personal responsibility to volunteer information regarding offers of gifts, hospitality, honoraria and sponsorship, including those offers that have been declined.
- 2.20 All such offers are approved by authorised persons, as defined in the Policy, before the offer can be formally accepted. These authorised persons can refer to the Policy as it comments on what is, or is not, deemed acceptable. All offers are recorded on an electronic input form and accompanied by email approval evidence. The Corporate Governance Team review and process all accepted and unaccepted offers and update the gifts, hospitality, honoraria or sponsorship register.
- 2.21 Periodic reporting of the register is made by the Corporate Governance Team to the Executive Management Committee, the Audit and Assurance Committee, and is available to the public via the public minutes and papers presented at the Audit and Assurance Committee meetings.
- 2.22 Offers accepted in the period January to June 2024 were identified, as detailed on the register. Testing was performed to assess the accuracy of the record in the register and to ensure that all accepted offers had been evidenced by the correct authorised persons.
- 2.23 The results of our testing noted that the details of the offers agreed with supporting evidence held. However, some of the offers recorded on the register were not sufficiently detailed, lacking financial value, or dates, even though this information was available to the Corporate Governance Team in the supporting evidence.
- 2.24 We also noted that pre-approval of the acceptance of all offers was evidenced, with the exception of one offer where the decision was not clearly stated.

- 2.25 We have recommended that care is taken to ensure that sufficient detail of each offer is recorded on the register and that those persons who can authorise or deny acceptance of an offer are reminded of the need to be clear in their decisions, providing either an accepted or not accepted decision for each offer considered. **matter arising 1 in Appendix A.**

Conclusion:

- 2.26 The processes detailed provide for the effective and efficient monitoring of any acceptances and their subsequent disclosure in the register. Whilst we have raised one matter arising under this objective, we consider this addresses the evidencing of control, rather than a lack of control. Therefore, we have provided **substantial assurance** over this area.

Audit objective 4: Employees engaged in DHCW procurement process are subject to a Declaration of Interests process to ensure all interests are declared and scrutinised.

- 2.27 DHCW Policy CG-POL-19 on Standards of Behaviour comments that DHCW employees must comply with the wider DHCW requirements regarding disclosure. They may have already completed a declaration of interests form on induction, or as a specific result of their status within DHCW, as Board member, or as management at level 8A and above. This is in addition to specific requirements where an employee is engaged in DHCW procurement as follows:
- Where an employee is requested to participate in DHCW's procurement process and has not previously completed a Declaration of Interests Form, they will be asked to do so prior to participating. Where a Declaration of Interests Form has been previously completed by an employee, they are asked to reaffirm their interests and to confirm that there are no other relevant interests that should be declared.
 - The Procurement Lead will scrutinise such individual declarations of interests to ensure that there is no opportunity for any conflicts of interest.
- 2.28 Our review of these specific processes was limited by the lack of central control, as they are managed on a project-by-project basis and not aggregated on a DHCW procurement-wide basis. In addition, the Corporate Governance Team are not engaged in these processes from a capture, scrutiny or reporting approach and as such any declarations made are currently not recorded in the Register of Interests, due to potential commercial disclosure concerns. However, such an approach has resulted in these declarations not being subject to review by the Management Board, the Audit and Assurance Committee or the wider public.
- 2.29 We have recommended that management reconsider the publication of those declared interests relating to DHCW staff disclosures made because of being

engaged in procurement processes. We have raised this issue in **matter arising 2 in Appendix A**.

- 2.30 As well as DHCW employees being engaged in procurement processes, NWSSP procurement staff may be engaged in DHCW procurement activity. Whilst NWSSP have their own policy on standards of behaviour and declarations of interests' procedure we noted that any potential conflict is to be brought to the attention of Corporate Governance Team or the Board Secretary. We are not aware that any such communications have been made by NWSSP in recent years.
- 2.31 To provide DHCW management with greater assurance in terms of NWSSP's role in procurement, we have recommended that DHCW consider requesting NWSSP to provide periodic (annual) confirmation that:
- NWSSP procurement have been fully compliant with their internal Disclosure of Interest declaration procedures in the period; and
 - no potential conflicts have been identified in the disclosures made by NWSSP staff engaged on DHCW procurement activities in the period.

We have raised this issue in **matter arising 3 in Appendix A**.

Conclusion:

- 2.32 Whilst DHCW employees engaged in procurement processes are subject to defined declaration of interest processes, it is not as robust as that applied across DHCW given that the Corporate Governance Team is not engaged, with scrutiny and reporting being less effective in demonstrating compliance with DHCW standards of behaviour. In addition, where NWSSP procurement staff are engaged in DHCW procurement activities, DHCW do not currently receive positive assurances from NWSSP regarding compliance with NWSSP's declarations of interests' processes. We have therefore raised two matters arising under this objective and have provided **reasonable assurance** over this area.

Appendix A: Management Action Plan

Matter arising 1: Gifts, Hospitality, Sponsorships and Honoraria (Operational)

Impact

A review of a sample of transactions detailed on the gifts, hospitality, sponsorships and honoraria register for the period January to June 2024 identified the following:

- (a) Not all the disclosures on the register were sufficiently detailed. For some of the sample tested the value was not recorded, in others the date of the transaction was not noted. Whilst supporting evidence provided to Internal Audit held this detail it had not been disclosed on the register itself and was not therefore visible to those reviewing the register; and,
- (b) All sampled transactions had been evidenced as approved by relevant Executives / Board Members in advance of accepting the transaction with a clear approved statement with the exception of one sample where there was no clear approved / not approved statement provided.

Potential risk of:

- Gifts, hospitality, sponsorships and honoraria approved and accepted may not be fully detailed recorded in the DHCW register of such transactions.
- Gifts, hospitality, sponsorships and honoraria approvals given by Executives / Board members may not be clearly evidenced as approved or not approved.

Recommendations

Priority

1.1 We recommend that DHCW management ensure that each gift, hospitality, sponsorship or honorarium is clearly documented in the register noting:

- date(s) of event or transaction;
- financial amount or estimated amount of transaction; and,
- details of transaction, including name of provider.

In addition, we recommend that where such transactions are over the £25 de minimis limit and require approval to accept the transaction from a relevant Executive / Board member, it is always clearly evidenced by the approver as either approved or not approved.

Low

Management response	Target Date	Responsible Officer
1.1 We will ensure that all entries on the register detail the: - date(s) of event or transaction; - financial amount or estimated amount of transaction; and, - details of transaction, including name of provider. In addition, we will ensure clear evidence for transactions over £25 is provided which evidences the approver stating either approved or not approved.	31 October 2024	Head of Corporate Governance

Matter arising 2: Procurement - DHCW Staff (Design)**Impact**

Where an employee is requested to participate in DHCW's procurement process and has not previously completed a Declaration of Interests Form, they will be asked to do so prior to participating. Where a Declaration of Interests Form has been previously completed by the individual, they are asked to reaffirm their interests and to confirm that there are no other relevant interests that should be declared.

The Procurement Lead will scrutinise such individual declarations of interest to ensure that there is no opportunity for any conflicts of interest.

However, the disclosures made because of such requests and scrutiny are not reported to the Corporate Governance department and are not included in the Register of Interests and disclosed to the public due to potential commercial confidentiality.

Potential risk of:

- Employees engaged in DHCW procurement processes are subject to a declaration of interests' process that is not capable of scrutiny by the public.

Recommendations**Priority**

- 2.1 We recommend that DHCW management reconsider publishing a register of DHCW staff declarations of interests made relating to DHCW procurement activity.

Any disclosure format should identify the individuals and the nature of any declarations of interest. Where detailed disclosure of interests is considered commercially sensitive this could be redacted, and an explanation noted. In adopting this more inclusive approach, DHCW would be able to demonstrate publicly a wider compliance with its expected standards of behaviour.

Low

Management response**Target Date****Responsible Officer**

- 2.1 The DHCW Commercial Services team will develop a Procurement Register of Interests, to adopt a more inclusive approach to support DHCW demonstrating publicly a wider compliance with its expected standards of behaviour.

31 October 2024

Head of Procurement

Matter arising 3: Procurement - NHS Wales Shared Services Partnership (NWSSP) Staff (Design)**Impact**

NWSSP ensures that all their procurement staff complete declaration of interest forms in line with their procedures. NWSSP will advise DHCW, through the Corporate Governance Department or the Board Secretary, of any such interests impacting on DHCW procurement services.

Enquiry of the Head of Corporate Governance indicated that they had not been contacted by NWSSP about any potential conflicts in recent years, nor have they received any periodic confirmation of compliance with NWSSP processes.

Potential risk of:

- DHCW procurement processes are subject to potential conflicts of interest of NWSSP staff engaged on DHCW procurement activity that are not captured or shared with DHCW.

Recommendations**Priority**

- 3.1 We recommend that DHCW management consider requesting NWSSP to provide a periodic (annual) confirmation that:
- NWSSP procurement have been fully compliant with their internal Disclosure of Interest declaration procedures in the period; and,
 - no potential conflicts have been identified in the disclosures made by NWSSP staff engaged on DHCW procurement activities in the period.

Low

Management response**Target Date****Responsible Officer**

- 3.1 We will engage with NWSSP to request an annual confirmation that:
- NWSSP procurement have been fully compliant with their internal Disclosure of Interest declaration procedures in the period; and
 - no potential conflicts have been identified in the disclosures made by NWSSP staff engaged on DHCW procurement activities in the period. If received, we will share this annually with the Audit & Assurance Committee at the end of each financial year.

31 March 2025

Head of Procurement

Appendix B: 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.
	Unsatisfactory 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.



NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)