

Major Infrastructure Investment Programme

Final Internal Audit Report

2025/26

Hywel Dda University Health Board



Reasonable Assurance

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Review Reference

HDU-SSU-2526-30

Fieldwork

February – March 2026

Executive Sign Off

20th April 2026

Audit Committee

7th May 2026

Executive Lead

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Audit Team

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Executive Summary

Purpose

This audit was commissioned in accordance with the 2025/26 Internal Audit Plan approved by the Audit, Risk and assurance Committee. This was the first audit of the Major Infrastructure Investment Programme. Any future audits will be delivered via an Integrated Audit Plan included within the individual Business Justification Cases, subject to approval by Welsh Government.

Overview

The Major Infrastructure Investment Programme seeks to address the most urgent and unacceptable risks associated with the Health Board's critical infrastructure, and the impact these will have on business continuity and patient safety, whilst also reducing existing backlog maintenance at each acute site.

Programme development commenced in 2018 and has been rationalised over a number of years to reach its current form. Initially, plans were developed to maintain business continuity for a short interim period until the aims of the A Healthier Mid and West Wales (AHMWW) programme (and associated estates reconfiguration) were achieved. Now the AHMWW timeline has been extended, there is a greater need to address the key priorities more urgently. The current programme reflects this through the delivery of ten priority schemes over three phases, with a total investment requirement range of £49-55m. Welsh Government funding of £895k to develop the Business Justification Case for Phase 1 was awarded in December 2025. The Health Board has demonstrated a clear risk assessed, prioritised approach in defining the programme, developed with support from NWSSP: Specialist Estates Service over several years. Recognising the audit took place at the commencement of Phase 1, governance and project management arrangements have to date reflected available resource and the uncertainty over the form and timeline of the programme. We recognise that work was underway during the audit to shift to a more formal, structured approach with the commencement of Phase 1 and provision of formal approval/ funding, including the appointment of the external Project Manager in February 2026.

In recognition that the programme's primary objective is to identify and prioritise high-risk estates compliance issues to support business continuity and ongoing patient safety, an overall assessment of **Reasonable Assurance** has been concluded from this review.

Whilst a robust and compliant procurement process for the appointment of advisers was evidenced, the absence of adviser contracts in place for the completed and ongoing RIBA stages (in breach of the Health Board's Standing Financial Instructions) has limited the assurance at the '*Appointments and Contract*' objective. It is recognised that this matter has been resolved post-issue of the draft report, with all adviser contracts now in place at the time of the final report.

The matters requiring management attention include:

- Governance and project management arrangements should be further aligned with other Health Board capital projects, now Phase 1 has commenced.
- A clear audit trail demonstrating value for money and approvals at the procurement process should be maintained.
- Adviser contracts should be implemented as soon as possible.
- Key Performance Indicators should be maintained as defined in the tender specification.
- Improved controls should be introduced for the management of adviser fee payments.

Full details of matters arising are detailed within the Findings & Agreed Action Plan. The following opportunity for enhancement has been identified that does not impact the overall opinion and are highlighted for management information:

- Whilst pre-tender estimates were determined prior to tender for the external advisers, procurement reports did not provide narrative to confirm affordability or value for money where the winning bids exceeded these. It should be noted however that following the tender returns an appropriate in-house exercise involving Major Capital and Procurement fully appraised the tender returns against financial and quality criteria.

Scope & Assurance Summary

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

	Related Findings	Assurance
1 Governance: Assurance that appropriate governance arrangements were in place, including establishing the control environment e.g., allocation of roles and responsibility, effectiveness of the scrutiny arrangements, operation of effective reporting.	1-4	Reasonable
2 Prioritisation and Identification: Assurance that appropriate mechanisms including funding streams (All Wales Capital, Target Estates Fund etc), risk assessments were in place to identify priority areas within the estate. Also to obtain assurance that effective and appropriate stakeholder engagement had occurred e.g. with Welsh Government and its agents during the prioritisation process.	-	Substantial
3 Appointments and Contracts: To obtain assurance that parties contracted to the Health Board have been appropriately appointed e.g. external advisers, other and in accordance with national and local procurement requirements including the timely completion of appropriate contractual documentation.	5-8	Limited
4 Fee Management and Payments: Assess whether fee-management arrangements for the programme are robust and controlled, ensuring fees are accurately calculated, approved, monitored, and paid in line with internal financial procedures and contractual obligation.	9	Reasonable

Management Actions



High Priority



Medium Priority

Themes



- Approvals
- Contractual
- Finance Management & Control
- Governance
- Performance Monitoring
- Reporting

Risk Types

- Quality or Safety Issues
- Financial Loss
- Legal & Regulatory Non-Compliance

Findings & Agreed Action Plan

Overview / Summary of Observations

The Major Infrastructure Investment Programme benefited from an appropriate allocation of key internal roles, including leadership from the Senior Responsible Officer and Project Director, with scrutiny and control at the Programme Group (chaired by the Project Director and supported by advice from NWSSP: Specialist Estates Service). High level oversight and decision-making also took place at the Capital Sub-Committee and Infrastructure and Estates Sub-Group.

The Programme has been in development for a number of years, with limited funding support, resources or an agreed way forward until recently. The receipt of Welsh Government funding in December 2025 to develop the first Business Justification Case (BJC1), and the appointment of an external Project Manager in February 2026, marks an appropriate juncture at which to introduce more formality over governance and project management arrangements.

Whilst these arrangements were not yet in place at the time of audit fieldwork, there was a commitment to review and update existing processes and ensure key project management tools are introduced, and work had commenced in some of these areas. We also recognise that the Major Projects team has been particularly impacted by sickness absence during the last year, which has reduced available resource to undertake some of the actions outlined within this report.

Accordingly, we determine that the governance arrangements provided reasonable assurance at the time of review, however they now require prompt strengthening to ensure appropriate arrangements are in place for the new phase.

Key Findings	Risk & Impact	Agreed Management Action
<p>1 Programme (Project(s)) Execution Plan</p> <p>At the time of the current review a formal Programme / Project(s) Execution Plan (PEP) had not been implemented for the programme.</p> <p>It is acknowledged that this was being developed at the time of audit fieldwork, having been requested by the Project Director in the February 2026 Programme Group meeting.</p> <p>The PEP may include, for example:</p> <ul style="list-style-type: none"> • A summary of Programme (project) scope and objectives; • Roles and responsibilities; • Project(s) programme; • Programme/Project(s) budget; • Inter-relationships of associated Programme and constituent projects 	<p>Governance and programme / project management arrangements may not be clearly defined and understood.</p> <p>Arrangements may not operate as intended.</p>	<p>Agreed Action:</p> <p>A Programme Execution Plan is now in place, reviewed at Project Group level and signed off by the Executive Director (SRO).</p>

	<ul style="list-style-type: none"> • Programme (project) management processes, including e.g. risk management, quality management, change control; • Delegated authorities; • Communication plans; • Reporting requirements. 		<p>Expected Evidence of Implementation: N/A</p>
	<p>Theme: Governance</p>	<p>Medium Priority</p> <p>Control Design</p>	<p>Officer: Project Director, Major Infrastructure Projects</p> <p>Target Implementation Date: Actioned since fieldwork</p>
<p>2</p>	<p>Programme Group</p> <p>A review of Programme Group papers and minutes from 2025 and 2026 identified some issues in the effective operation of the Group to date when compared with the requirements defined within the Terms of Reference (ToR), including:</p> <ul style="list-style-type: none"> • The ToR required clarification in respect of defined membership and quoracy (a review of the terms of reference commenced during audit fieldwork and Audit and Assurance have provided feedback to inform this process). • Attendance of some members has not been at the required level, with two meetings recorded as non-quorate (however, see point 1 re clarification of membership and quoracy). • Minutes / action logs were not captured from two meetings. 	<p>There may be an insufficient level of scrutiny and oversight of a major and complex programme.</p> <p>This may impact project performance.</p> <p>Medium Priority</p>	<p>Agreed Action:</p> <ul style="list-style-type: none"> • Actioned since fieldwork - the ToR has been reviewed and updated, with the comments received from Internal Audit reflected in the updated version. • Members will be reminded of the importance of regular attendance and ongoing attendance monitored. • Meetings will be recorded, ensuring a record is maintained where support staff are not available to take minutes during the meeting. <p>Expected Evidence of Implementation:</p> <p>Updated ToR reflecting the points raised by Internal Audit.</p> <p>Ongoing monitoring of attendance at future Project Group meetings.</p> <p>Minutes/actions captured for every Project Group meeting.</p> <p>Officer: Project Director, Major Infrastructure Projects</p> <p>Target Implementation Date: 30th June 2026</p>
<p>3</p>	<p>Reporting</p> <p>Whilst the Programme Group has received a progress report at each meeting, the template was not fully populated and was lacking in key information, including:</p> <ul style="list-style-type: none"> • No financial information has been reported to date, e.g. spend against budget and forecast outturn, and monitoring of spend and forecasts against the 	<p>The Programme Group does not receive sufficient information to exercise appropriate scrutiny and decision making.</p>	<p>Agreed Action:</p> <p>With the external Project Manager now in post (Feb 2026), this will support more detailed reporting against the areas highlighted by Internal Audit, including risks and programme status.</p> <p>The Progress Report template will be fully populated for each Programme Group meeting to ensure information is fully conveyed.</p>

<p>overarching programme cost envelope. It is recognised that financial reporting is intended to be supported by the external Cost Adviser going forward.</p> <ul style="list-style-type: none"> • Whilst key risks were included in the report, it was noted that these had differed from those presented within the highlight reports submitted to the Capital Sub Committee, and have not been taken from a programme risk register (which had yet to be fully developed (see <i>Key Finding 4</i> below). • Contract status information was not populated – see <i>Key Finding 6</i> in relation to the absence of adviser contracts. This highlights the importance of the inclusion of this information to enable appropriate scrutiny and actions. • Whilst programme activities were listed, reporting did not indicate whether planned activities were on track against the defined programme. Reporting should highlight any actual or potential slippage which may impact key milestones (see also <i>Key Finding 4</i>). 		
<p>Theme: Reporting</p>	<p>Medium Priority</p> <p>Control Operation</p>	<p>Expected Evidence of Implementation:</p> <p>A fully populated Progress Report reported to each Programme Group meeting.</p> <p>Officer: Project Director, Major Infrastructure Projects</p> <p>Target Implementation Date: 30th June 2026</p>
<p>4 Programme / Project Management Tools</p> <p>As noted at <i>Key Finding 1</i>, the PEP should define the programme / project management controls to be operated at the programme.</p> <p>At the time of the current review key tools were not in place, e.g. project/programme risk register, detailed programme/management control plan for BJC1 development.</p> <p>It is recognised the recent appointment of the external project manager (who commenced in post on 16th February 2026) will support delivery of these and other formal project management tools.</p> <p>The same should be used to inform reporting to Programme Board and elsewhere.</p>	<p>Management do not operate sufficient project management tools to support effective planning, delivery, monitoring and reporting of project delivery.</p> <p>Medium Priority</p>	<p>Agreed Action:</p> <p>As above, the recently appointed (Feb 2026) external Project Manager will support the project in developing project management tools, including a risk register and detailed programme for BJC1 development.</p> <p>These tools will be used to inform the Progress Report to Programme Board and elsewhere.</p> <p>Expected Evidence of Implementation:</p> <p>Development of project management tools including a risk register and detailed programme for the BJC1 development phase.</p> <p>Officer: Project Director, Major Infrastructure Projects</p> <p>Target Implementation Date: 30th June 2026</p>
<p>Theme: Governance</p>	<p>Control Operation</p>	

Overview / Summary of Observations

As noted in *Objective 1*, the Major Infrastructure Investment Programme has been in development for several years, commencing in 2018/19. The first iteration of the Programme Business Case identified a full project cost of £246m. Following review in 2020/21, the scope was reduced to take account of the ongoing A Healthier Mid and West Wales programme. The Programme Business Case was approved by the Board in 2020 and endorsed by Welsh Government in 2021, in which projects totalling £87m were identified as priority schemes at that time. Subsequently, an ongoing review of risks and priorities saw the cost envelope increase to circa £130m, reflecting risks to service continuity and patient safety.

Recognising affordability issues and the Welsh Government capital prioritisation exercise, more recently, work had focused on the rationalisation of the programme and identification of the most critical projects within which the highest risks could be addressed across the four acute sites. Development activities were supported in July 2024, by £300k funding from Welsh Government which enabled the appointment of external advisers (see *Objective 3*). Funding available from the Estates & Facilities Advisory Board (EFAB) and the Targeted Estates Fund (TEF) has been secured to enable a number of smaller, more urgent schemes to be taken forward outside of the main Programme.

The current Programme has an investment requirement in the range of £49-55m, covering ten priority schemes. The history and current risk and prioritisation / phasing process, along with costed plans, was presented within the Strategic Estates Development Plan in 2025. It has been agreed with Welsh Government that a refresh of the Programme Business Case itself is not required at this time.

We evidenced ongoing engagement with NWSSP: Specialist Estates Services throughout the above timeline, to support participation in site surveys, the identification of risks and prioritisation of an appropriate programme and phasing of works. The Strategic Estates Development Plan demonstrates the extent of engagement with and support from Specialist Estates Services.

The current plans were shared with Welsh Government in September 2025 and received funding support for the first phase (development of BJC 1) in December 2025, in the sum of £895k.

Recognising the extent of work undertaken to date, supported by Specialist Estates Services and Welsh Government, and the clear documentation of risks and priorities for the current proposals in the Strategic Estates Development Plan, substantial assurance has been determined in this area.

Overview / Summary of Observations

The audit reviewed the procurement and contract arrangements for the following external advisers: Architect, Building Services Engineer, Civil Engineer, Cost Adviser, Principal Designer and Project Manager. Although advisers had been engaged informally earlier in the programme, this review focused on the formal appointments made during 2025.

Appointment

Five advisers were appointed in early 2025, with the Project Manager appointed after completion of RIBA Stage 2 activities, following Welsh Government approval for BJC1 development. Advisers tendered for work across the four-year programme, with awards made at tendered prices and a contractual cap of £475,000 set for each adviser to allow for future programme changes.

Procurement was undertaken through mini competitions from national frameworks, managed by NWSSP: Procurement Services, demonstrating compliance with procurement regulations and Standing Financial Instructions. However, gaps were noted in the audit trail relating to approvals and insurance documentation.

Contracts

Although the tender process specified the use of the Joint Contracts Tribunal (JCT) Consultancy Agreement, formal contracts had not been executed. RIBA Stage 2 has concluded and BJC1 development has commenced, yet contractual cover remains outstanding. Whilst purchase orders have been used to instruct discrete work packages, the absence of formal contracts weakens controls over e.g. change management, performance and payment mechanisms. It also represents non-compliance with Standing Financial Instructions, where the original purchase orders raised for the now-completed RIBA Stage 2 work exceeded the £25,000 threshold for formal contracts for all five advisers.

The RIBA Stage 2 element of work followed the initial tender submission (Dec 2024) and was undertaken solely to evaluate and develop the scope of the project and the risks to the UHB estate. This was jointly undertaken with NWSSP-SES following the changes made due to Targeted Estates Funds (TEF) funding and prioritisation.

Re-Negotiated Fees

Following the original appointments, substantial changes were necessary to the works planned within this programme. This related to two key areas:

- A refresh of Welsh Government Targeted Estates Funds (TEF) which removed a number of projects from the original plan.
- Positive engagement with NWSSP-SES to jointly review critical HB risks which identified a substantially increase on work necessary to address concerns.

Advisers submitted revised prices, increasing total costs from £1,067,759 to £1,728,861. The increases at individual appointments varied significantly but were subject to scrutiny and reflected the revised scope. Two advisers exceeded the contractual cap, with appropriate approvals obtained. Contractual Change Notices were issued but remained unsigned due to the absence of original contracts.

Funding to proceed with the revised programme of works and associated business case development was not made available from WG until December 2025.

The lack of formal adviser contracts is a key limitation and requires resolution.

Key Findings	Risk & Impact	Agreed Management Action
<p>5 Procurement Process</p> <p>The procurement processes applied in the appointment of the external advisers were reviewed, informed by review of the files maintained by NWSSP: Procurement Services.</p> <p>Whilst we evidenced a procurement process compliant with Standing Financial Instructions (SFIs) and procurement regulations, we noted some gaps in the audit trail of the processes applied, including:</p> <ul style="list-style-type: none"> Whilst the required level of insurances was defined in the tender documents, the evaluation documents did not record whether insurances had been checked. <p>The UHB should confirm that appropriate insurances are in place (and maintained) for all advisers.</p> <ul style="list-style-type: none"> The Ratification Papers held on file by Procurement Services had not been fully authorised by the required UHB officers (Project Lead and UHB Decision Maker), with the Procurement checklist also indicating signed copies had not been obtained. We identified three of six papers signed by the Project Lead but only one signed by the Decision Maker. The UHB did not locate any additional signed copies during the audit. <p>The UHB should ensure signed copies of all key documents are retained in project files for reference and audit trail if required.</p> <p>Theme: Approvals</p>	<p>The procurement process does not provide a clear audit trail of value for money assessment, compliance with tender requirements or appropriate approvals in line with delegated authorities.</p> <p>Medium Priority</p> <p>Control Operation</p>	<p>Agreed Action:</p> <p>We confirm that evidence of insurances was included within the tender documents.</p> <p>We will ensure at future procurements that evidence of insurances is documented within the tender evaluation.</p> <p>We will ensure that these are updated each year for the duration of the appointment.</p> <p>We will ensure that signed copies are held for all key approval documents.</p> <p>Expected Evidence of Implementation:</p> <p>Fully completed tender evaluations at future procurements.</p> <p>Officer: Project Director, Major Infrastructure Projects</p> <p>Target Implementation Date: At future projects</p>
<p>6 Adviser Contracts</p> <p>Standing Financial Instructions require formal contracts (in addition to purchase orders) for contracts over £25,000 (Table – ‘Goods & Non-Health Services,’ section 11.10.2).</p>	<p>Non-compliance with SFIs.</p> <p>The UHB is not afforded adequate legal protection.</p>	<p>Agreed Action:</p> <p>Actioned since fieldwork.</p> <p>JCT Consultancy contracts have now been issued to and returned by all advisers.</p>

<p>Whilst tender documents stated that the JCT Consultancy Agreement would be utilised at the adviser appointments, formal contracts had not yet been enacted.</p> <p>To date, RIBA Stage 2 activities have been completed without contractual cover, and BJC1 development work had recently commenced. We acknowledge that the nature of the work undertaken during RIBA Stage 2 means there are no design liability risks, as the work was of an advisory basis to inform programme development. However, this remains a breach of SFIs at each of the five appointments.</p> <p>We have also not identified any framework call-off Service Level Agreements, in the absence of the above. The UHB should confirm with Procurement Services if there is any impact to the appointments to date should framework procedures not have been applied in calling-off the advisers.</p> <p>Whilst the Programme Group progress report includes a section on contract status, this had not been completed to date (see <i>Key Finding 3</i>).</p> <p>The above should be resolved as soon as possible with reporting to the Programme Group to provide appropriate assurances and demonstrate appropriate actions.</p>	<p>Reduced control over adviser performance.</p> <p>Recued protection in the event of a dispute over deliverables.</p>	<p>Expected Evidence of Implementation:</p> <p>Fully executed contracts for all appointed advisers.</p> <p>Officer: Project Director, Major Infrastructure Projects</p> <p>Target Implementation Date: N/A Actioned since fieldwork</p>
<p>Theme: Contractual</p>	<p>Control Operation</p>	
<p>7 Contract Choice</p> <p>It was originally intended to apply the JCT suite of contracts for this programme (for both the advisers and the construction works), reflecting the original anticipated nature of the programme comprising of relatively small, discretionary capital-funded schemes. At the time of audit fieldwork, consideration was being given to switching to NEC contracts, reflecting the increased size and complexity of the individual schemes.</p> <p>Noting that the Architect, Building Services Engineer, Civil Engineer, Cost Adviser and Principal Designer tendered based on an anticipated JCT contract (whilst the Project Manager was latterly appointed based on the NEC suite of contracts) any potential impact of the change on the appointments/prices</p>	<p>Costs may increase if a change in contract impacts adviser perception of risk and effort.</p>	<p>Agreed Action:</p> <p>A decision has been made to maintain the intended JCT Consultancy contract approach for the work being undertaken to develop BJC1.</p> <p>Further consideration will be given to switching to NEC Professional Services Contracts, thereafter, should this be determined to better align with the works-contracting approach. Appropriate advice will be obtained to inform the decision.</p> <p>Any potential cost impacts (to the advisers quoted fees) will be appropriately considered and reported.</p>

<p>should be considered, noting the bids may have been priced to reflect the particular risk profile and administrative burden of the specific contract referenced within the issued tender documentation. This would be particularly relevant to the Project Manager and Lead Consultant/Project Administrator roles defined at the respective NEC and JCT contract forms. Any changes in responsibilities would also have an associated impact on fee rates.</p> <p>Professional advice would also need to be sought to ensure compliance with Procurement Regulations and the original market engagement.</p>		<p>Expected Evidence of Implementation:</p> <p>The basis for any future decisions in relation to contract strategy (including supporting advice received) will be documented and reported to a relevant forum e.g. Programme Group.</p>
<p>Theme: Contractual</p>	<p>Medium Priority</p> <p>Control Design</p>	<p>Officer: Project Director, Major Infrastructure Projects</p> <p>Target Implementation Date: 31st December 2026</p>
<p>8 Contractual Changes</p> <p>Whilst recognising that formal change control has been impeded to date by the absence of contracts as above, Contractual Change Notices were issued following the re-negotiation of the adviser's prices but remained unsigned by either party.</p> <p>Going forward, and once contracts are in place, contractual changes should be appropriately documented and signed utilising the applicable contractual change process (e.g. NEC compensation events) along with application of internal controls such as Contractual Change Notices.</p> <p>It was also noted that there had been some (relatively minor) variance in the figures reported to the Programme Group in respect of the re-negotiated tender prices, with additional variations outside the main uplift not included within reported figures.</p>	<p>The UHB is not afforded adequate legal protection.</p> <p>Reduced control over adviser performance.</p> <p>The Programme Group is not fully informed.</p>	<p>Agreed Action:</p> <p>With formal contracts in place, any future contractual changes will be managed via the appropriate contractual route.</p> <p>Cost information reported to Programme Group will be checked for accuracy and updated if required.</p> <p>Expected Evidence of Implementation:</p> <p>Appropriately applied and authorised contractual changes at any future change events.</p>
<p>Theme: Contractual</p>	<p>Medium Priority</p> <p>Control Operation</p>	<p>Officer: Project Director, Major Infrastructure Projects</p> <p>Target Implementation Date: 31st December 2026</p>
<p>9 Key Performance Indicators</p> <p>Tender documents set out the performance monitoring arrangements to be applied to the adviser appointments, including quarterly Key Performance Indicators (KPIs) based on the NHS Building for Wales framework.</p> <p>No KPIs have been completed to date.</p>	<p>Performance issues are not identified, reported and addressed.</p> <p>Advisers may be retained past potential contractual break</p>	<p>Agreed Action:</p> <p>We will review the intended KPI approach as outlined in the tender specification and determine an appropriate level of application for the current stage.</p>

	<p>We recognise however that no performance concerns have been noted to date in project reports or at Programme Group.</p>	<p>points, allowing poor performance to continue to impact the UHB.</p>	<p>Expected Evidence of Implementation: Implementation of KPI monitoring for advisers.</p>
	<p>Theme: Performance Monitoring</p>	<p>Medium Priority</p> <p>Control Operation</p>	<p>Officer: Project Director, Major Infrastructure Projects Target Implementation Date: 31st October 2026</p>

Overview / Summary of Observations

Adviser activities to date have focused on RIBA Stage 2 development, with fees met from a £300k budget funded by Welsh Government in 2024. The stage was concluded within budget.

As noted within the *Governance* objective (above), the Programme Group had not received any financial reporting to the date of the audit (*Key Finding 3*). We recognise that going forward, cost monitoring and reporting will be supported by the external cost adviser.

Whilst noting the absence of adviser contracts (see *Objective 3*), the tender process included the provision of costed schedules of services, and purchase orders were raised for each appointment. Purchase orders were amended to reflect the re-negotiated prices and at this stage they were also split into individual purchase orders for each scheme.

Invoices had to date been assessed against the agreed purchase orders and approved for payment if within the approved total fee for the stage. Whilst recognising RIBA stage 2 was delivered on budget, we note the limitations of this approach in managing fee payments at complex projects and have highlighted the benefits of greater control over fee management going forward.

Key Findings	Risk & Impact	Agreed Management Action
<p>10 Fee Management</p> <p>Payments to date have been made against agreed fixed lump sum awards.</p> <p>Payments to advisers had to date been assessed against the approved Purchase Order value for each scheme, and providing the invoice fell within this value, payments have been approved.</p> <p>This prevents the over-payment of an adviser above the pre-agreed fixed fee for each scheme.</p> <p>It does not, however, enable more nuanced assessment of adviser delivery, e.g. against forecast cash flow, costed activity schedules, or agreed changes in scope.</p> <p>It was noted that invoices submitted to date had contained insufficient detail of the work undertaken in the period to support a more detailed assessment. Applications for payment should ideally include a breakdown of work completed in the period against the agreed scope, and clearly indicate any additional work completed, to facilitate client review. The implementation of contracts (see <i>Key Finding 6</i>) will help clarify the required processes in this area.</p> <p>It is recognised that RIBA Stage 2 activities were delivered within budget and therefore no risk has materialised to date. As</p>	<p>Payments may be made ahead of delivery of agreed activities.</p> <p>Performance management controls are weakened.</p>	<p>Agreed Action:</p> <p>We will require advisers to provide more detailed information about activities completed, and this will be reviewed against the defined cash flow for the lump-sum appointment before payments are made.</p> <hr/> <p>Expected Evidence of Implementation:</p> <p>More detailed invoicing from advisers.</p> <p>A clear audit trail of the invoice review process.</p>

<p>the complexity and cost of adviser work increases, and as contracts may be subject to variation/change in terms of time and cost, improved controls over the review of adviser payments would be beneficial going forward.</p>		
<p>Theme: Finance Management & Control</p>	<p>Medium Priority</p> <p>Control Operation</p>	<p>Officer: Project Director, Major Infrastructure Projects</p> <p>Target Implementation Date: 30th June 2026</p>

Appendix A

Assurance Opinion

	Substantial	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	Unsatisfactory	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Advisory	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 Findings

Priority	Explanation
High	Significant risk to achievement of a system objective OR evidence present of material loss, error, or misstatement. Poor system design OR widespread non-compliance.
Medium	Some risk to achievement of a system objective. Minor weakness in system design OR limited non-compliance.

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

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The report is based on the review work undertaken and is not necessarily a complete statement of all weaknesses that exist or potential improvements. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, no complete guarantee or warranty can be given with regard to the advice and information contained.

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 management of the Hywel Dda University Health Board. 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.

Public Sector Internal Audit Standards

Audit work undertaken by NHS Wales Audit and Assurance Services conforms with the International Standards for the Professional Practice of Internal Auditing and associated Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.

