

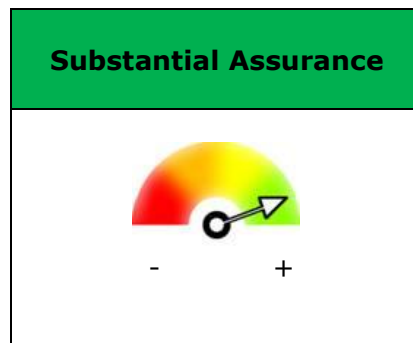
Estates Assurance - Follow Up

Final Internal Audit Report 2020/21

Hywel Dda University Health Board

Private and Confidential

**NHS Wales Shared Services Partnership
Audit and Assurance Services**



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

Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

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1. Introduction and Background

An audit was undertaken to determine the status of previously agreed recommendations arising from the following estates assurance audits:

- Financial Safeguarding (Maintenance Team) (issued November 2019 – Limited Assurance);
- Control of Contractors (issued May 2020 – Limited Assurance);
- Water Safety Follow Up (Withybush) (issued May 2020 – Reasonable Assurance; *noting the movement from Limited Assurance in October 2019*);
- Water Safety – Bronglais General Hospital (issued May 2020 – Reasonable Assurance);
- Water Safety (issued April 2019 – Limited Assurance) – *to include site specific issues only (identified in relation to Prince Philip and Glangwili Hospitals), recognising that UHB-wide matters have been subsequently reviewed/superseded by the more recent Water Safety reports above*; and
- Residential Accommodation (Limited Assurance: issued April 2014)

The University Health Board (UHB) maintains an audit tracker of agreed management actions, which is updated quarterly and reported to the Capital, Estates & IM&T (CE&IMT) Sub-Committee. Whilst the audit tracker report reflects the number of recommendations deemed to be implemented by UHB management, they state that closure of recommendations will only be confirmed by Audit follow up, based on independent review of evidence.

2. Scope and Objectives

This audit sought to take account of the UHB's audit tracker record to determine the focus of recommendations to follow up at this audit.

The audit was progressed through obtaining evidence in support of each recommendation, to demonstrate sufficient action has been taken to address each recommendation.

3. Associated Risks

The potential risks considered in the review were as follows:

- control frameworks continue to exhibit weaknesses;
- management do not have processes in place to review and action agreed audit recommendations (and consequential risk mitigation); and

- management do not have adequate recording systems to inform whether requisite actions have been undertaken, and are therefore unable to evidence actions.


OPINION AND KEY FINDINGS

4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

Positive action has been demonstrated by the UHB in addressing a significant number of previously agreed recommendations; particularly noting the pressures of the Covid pandemic.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the remaining outstanding recommendations is **Substantial Assurance**.

RATING	INDICATOR	DEFINITION
Substantial Assurance		The Board can take substantial assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with low impact on residual risk exposure.

The overall level of assurance that can be assigned to the follow up review is dependent on the ability of addressing the findings as applied against the specific review objectives and should therefore be considered in that context.

5. Summary of Audit Findings

The status of agreed management actions can be summarised as follows:

Audit	Closed	Partially implemented	Outstanding	Total
Financial Safeguarding (Maintenance Team)	15	1	1	17
Control of Contractors	6	2	-	8
Water Safety Follow Up (Withybush) ¹	6	-	-	6
Water Safety (Bronglais General Hospital)	7	-	-	7
Water Safety	4	-	-	4
Residential Accommodation	-	-	1	1
Total	38	3	2	43

¹ One recommendation, reported as closed, was applicable for future schemes. The Assistant Head of Operational Facilities Management provided communication to the Capital team in August 2002, setting out the importance of undertaking design risk assessments. However, due to the impact of Covid, there have been no schemes initiated by the UHB to be able to provide tangible examples of this being put into practice. The detail of the recommendation will be considered through future project audits undertaken by ourselves.

Of the 43 recommendations that were agreed by management 38 (88%) recommendations were fully implemented; three (7%) were partially implemented and two (5%) remain outstanding.

No high priority recommendations remain outstanding.

The full audit findings are detailed in **Appendix A**.

6. Audit Recommendations

A summary of the recommendations remaining is outlined as:

	H	M	L	Total
Financial Safeguarding (Maintenance Team)	-	-	2	2
Control of Contractors	-	1	1	2
Residential Accommodation ²	-	1	-	1
Total	-	2	3	5

² The current status is reported in this follow up report, given the origination of the review and addressing of recommendations by the Estates department. The Director of Operations is to confirm the responsible officer for the remaining outstanding recommendation; noting that it sits outside of the Estates team.

Key issues for management are:

- Financial Safeguarding (Maintenance Team):
 - Inclusion of contractor details in reporting to CMF (aligned to the DCP (Design) reporting undertaken); and
 - Update to the spreadsheet recording system to include initial job number provided and date of close out of work.
- Control of Contractors:
 - Finalisation and roll-out of an appropriate sign in/out system at the community sites; and
 - Formalisation of contract monitoring reporting (on an exception basis) to the Operational Performance Delivery Meetings.
- Residential accommodation:
 - Finalisation of management and usage of SIFT monies [see ² above].

The updated recommendations are detailed in **Appendix A** together with the management action plan and indicative revised implementation timetable.

Financial Safeguarding (Maintenance Team)

Previously providing



Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
Low				
11	Reporting on DCP [Maintenance] should be reviewed and strengthened to align with DCP [Design] reporting.	Interim Head of Operations February 2020	<p>Partially implemented</p> <p>Review of latest CMF report noted that the details of contractors had yet to be included. Management advised that this recommendation had not been prioritised due to Covid demands on the team; and noted that there had been a limited use of contractors on site, rather the in-house team, during the height of the Covid pandemic.</p> <p>Management confirmed that:</p> <ul style="list-style-type: none"> a) The report format will be updated with immediate effect [February 2021] and b) formal reporting will be effective from April 2021 onwards. 	<p>Head of Operations</p> <ul style="list-style-type: none"> a) February 2021 b) April 2021

Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
14	In the interim period, management should review the spreadsheet recording system so that clear timing of completion is accurately measured.	Operational Site Leads December 2019	<p>Outstanding</p> <p>Review of the spreadsheets maintained noted that reference is not made to the initial job number recorded or the date of close out of the work. Management advised that the agreed update to the spreadsheet had been overlooked as the team's focus had been addressing the high and medium rated recommendations included in the report.</p> <p>The spreadsheet will be updated to run concurrently when the new CAFM system goes 'live' on 1 April 2021.</p>	<p>Head of Operations April 2021</p>

Control of Contractors

Previously providing



Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
High				
6	<p>A robust, and consistent, site access control system should be implemented across all sites that ensures:</p> <ul style="list-style-type: none"> Daily sign in / out of ALL contractors Uniquely identifiable badges issued and recorded on the sign in/out register Robust process for management of contractors out of hours <p>A sign in/out system should be in place at each community site, using measures appropriate to</p>	<p>Interim Head of Operations September 2020</p>	<p>Partially implemented</p> <p>Management provided a copy of the Contractor Attendance Register which is in operation at each of the UHB's acute sites. The attendance register is referenced as a control procedure to ensure that all contractors employed by the UHB are fully aware of the safety protocols adopted by the Estates department. There is the expectation that contractors address the key questions included in the attendance register before proceeding with any work activity and before a contractor's badge can be issued.</p> <p>The procedure for managing contractors out of hours is documented in the Control of Contractor policy i.e. contact with the on-call engineer upon arrival and departure from site. Whilst management acknowledge the process is managed, they accept there is currently no central recording of this information [noting that it</p>	<p>Head of Operations May 2021</p>

Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
	the site, with ALL contractors required to action daily.		<p>can be done on a retrospective basis].It is noted that 13% of the contractor call-outs in the past three months had been out of hours.</p> <p>With regard to the management of contractors at community sites, management advised that training sessions have been provided to community managers / responsible officers regarding expectations for when a contractor is on site. It is noted that Covid restrictions has impacted the completion of these training sessions.</p> <p>Noting the action management has taken to date to address the agreed recommendation, the priority rating has been reassessed as medium.</p>	
Low				
8	Management should formalise the output of contractor monitoring and report to an appropriate forum.	Interim Head of Operations September 2020	<p>Partially implemented</p> <p>Management advised that whilst contractor monitoring can be is discussed in the Operational Performance Delivery Meetings; it is not a standing agenda item. The agenda will be updated for next meeting; noting that a formal report [on an exception basis] will be prepared for discussion.</p>	Head of Operations March 2021

Residential Accommodation (April 2014)

Previously providing



Ref	Recommendation	Responsibility and Timescale @ June 2020	Status reported @ June 2020	Current status	Revised Responsibility, Timescale and Rating
Medium					
10	Management will consider the viability of accommodation both with and without SIFT monies.	Head of Medical Education & Knowledge September 2020	Partially implemented Management advised that there has been no progress reported from Finance to identify where the SIFT funding for accommodation is placed on a recurring basis on the Bronglais, Prince Philip and Glangwili sites. Further work is required from the Head of Medical Education & Knowledge to make an assessment as to what action needs to be taken to move the SIFT centrally to Medical Education.	Outstanding At the time of issuing this report, supporting information had not been received from the UHB. Therefore, in the absence of information to provide assurances that this recommendation had been addressed, it remains outstanding.	Director of Operations March 2021

Audit Assurance Ratings



Substantial assurance - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.



Reasonable assurance - The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.



Limited assurance - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.



No Assurance - The Board has **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

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