

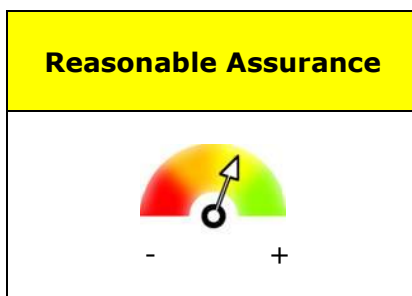
## **Capital - Follow Up**

### **Draft Internal Audit Report 2019/20**

**Hywel Dda University Health Board**

**Private and Confidential**

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



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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**

The audit was undertaken to determine the status of previously agreed recommendations arising from the following prior capital assurance audits:

- Cardigan Integrated Care Project (issued April 2019 – Reasonable Assurance)
- Withybush General Hospital – Refurbishment of Ward 9 & 10 (issued April 2019 – Reasonable Assurance)
- Primary & Community Care Pipeline projects: Aberaeron Integrated Care Centre (issued April 2019 – Substantial Assurance)
- Informatics Projects: Data Centre Project (issued April 2019 – Reasonable Assurance)
- Capital Follow-Up (issued April 2019 – Reasonable Assurance) containing recommendations from the following report:
  - Bronglais Front of House (2014/15 report – Limited Assurance)

The recommendations arising were included within the University Health Board (UHB) maintained audit tracker; which is updated quarterly and reported to the Capital, Estates & IM&T Sub-Committee (CE&IMT).

Whilst the audit tracker report reflects the number of recommendations deemed to be implemented by UHB management, it is stated that closure of recommendations will only be confirmed by Audit follow up, based on an 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 had 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.

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

RATING	INDICATOR	DEFINITION
Reasonable Assurance		The Board can take <b>reasonable assurance</b> 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 <b>moderate impact on residual risk</b> exposure until resolved.

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:

<b>Audit</b>	<b>Closed / Superseded</b>	<b>Partially implemented</b>	<b>Outstanding</b>	<b>Total</b>
Cardigan Integrated Care Project	-	-	12 **	<b>12</b>
Withybush General Hospital – Refurbishment of Ward 9 & 10	5	1	-	<b>6</b>
Aberaeron Integrated Care Centre	-	-	4 **	<b>4</b>
Data Centre Project	7 *	1	-	<b>8</b>
Bronglais Front of House	-	-	1	<b>1</b>
<b>Total</b>	<b>12</b>	<b>2</b>	<b>17</b>	<b>31</b>

\*Three of the recommendations are classified as superseded and these relate to the Withybush General Hospital (WGH) Data Centre. Management advised that the WGH option is no longer being progressed. The release of the Digital Priorities Invest Fund (DPIF) from Welsh Government and the strategic move towards Health Boards being requested to become 'cloud ready', prompted the UHB to review its data centre strategy. The UHB is to make the necessary improvements to the current data centre at WGH, including upgrade of software.

\*\*Evidence was not provided by management in relation to this review. Therefore, in the absence of such to provide assurance that recommendations had been addressed, they remain as outstanding at the time of the issue of this draft report.

Therefore, of the 31 recommendations that were agreed by management, twelve (39%) recommendations were closed/superseded, two (6%) were partially implemented and 17 (55%) remained outstanding.

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

## 6. Audit Recommendation

A summary of the recommendations remaining is outlined below by priority:

	H	M	L	Total
Cardigan Integrated Care Project	-	11	1	12
Withybush General Hospital – Refurbishment of Ward 9 & 10	-	-	1	1
Aberaeron Integrated Care Centre	-	3	1	4
Data Centre Project	-	-	1 *	1
Bronglais Front of House	-		-	1
<b>Total</b>	<b>-</b>	<b>17</b>	<b>4</b>	<b>21</b>

\*In view of the evidence provided stating that only one of the two areas of the action log remains outstanding, and for factors outside of the control of the Informatics team, the priority has been reassessed from **medium** to **low**.

Key issues for management are:

- Cardigan Integrated Care Centre – provision of evidence to support the status as reported on the Audit Tracker maintained by the Capital department.
- Withybush General Hospital Refurbishment of Wards 9 & 10 – review of the Sub Group terms of reference.
- Aberaeron Integrated Care Centre – provision of evidence to support the status as reported on the Audit Tracker maintained by the Capital department.
- Data Centre – completion of the remaining outstanding actions identified at the action log.
- Bronglais Front of House – completion of the Post Project Evaluation following conclusion of the defects period for the Theatre Evacuation Lift.

The updated recommendations are detailed in **Appendix A**, together with the management action plan and indicative **revised** implementation timetable, **recognising that the majority of UHB staff will be fully focused on responding to COVID-19 and this will dominate the agenda for the foreseeable future.**

**Cardigan Integrated Care Centre**

**Previously providing**



Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
1	Clarification should be provided to differentiate between the Project Group quorum, members and attendees <b>(D)</b> .	Project Director May 2019	<b>Outstanding</b> Supporting information was requested from HB on 22 January 2020 with a follow up issued on 28 February for receipt by 13 March. At the time of issuing this draft report, supporting information had not been made available; with notification received that COVID-19 planning had clearly become the priority.  Therefore, in the absence of information to provide assurances that this recommendation had been addressed, it remains outstanding.	Project Director July 2020
2	The SRO, or assigned Executive Lead, should regularly attend Project Group meetings <b>(O)</b> .	Project Director May 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020
3	A full activity based resource plan should be developed for current and future internal resource requirements <b>(D)</b> .	Project Director May 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020
4	Given the circumstances outlined at the observation, the	Project Director May 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020



Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
	frequency of SCP key performance monitoring should be increased <b>(O)</b> .			
5	The risk provisions for the insolvency of key parties at each phase should be reviewed for adequacy <b>(O)</b> .	Project Director July 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020
6	WG Dashboard Reporting should reflect the current financial assumptions at the project <b>(O)</b> .	Project Director July 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020
7	<i>Future Assurance</i> The Project Group will ensure that it receives sufficient information in respect of the additional dental suite (benchmarked/ market tested), to allow it to make an informed decision <b>(O)</b> .	Project Director July 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020
8, 9, 10	The UHB should: <ul style="list-style-type: none"> <li>obtain the surety bond for the foul drainage <b>(O)</b>.</li> </ul>	Project Director May 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020

Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
	<ul style="list-style-type: none"> <li>identify appropriate resolution for the storm drainage <b>(O)</b>.</li> <li>review the advice provided at the time of procuring the land to determine whether there is any recourse from the advice provided <b>(O)</b>.</li> </ul>			
Feb 2017 -5	The project governance framework will be updated to reflect changes in assignment of key roles. Appointment confirmation certificates will be included within the document <b>(O)</b> .	Project Director May 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020
Feb 2017 -7	An overarching management control plan will be prepared, to programme key Health Board tasks and outputs, including those assigned to sub-groups/workstreams <b>(D)</b> .	Project Director May 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020

## Withybush General Hospital Refurbishment of Wards 9 & 10

Previously providing



Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
1	Sub Group Terms of Reference should be approved and included within the project governance document (O).	Project Planning Lead May 2019	<b>Partially implemented</b> The Terms of Reference were revised, however, due to recent job changes the membership is now slightly out of date and due for another review.	Project Planning Lead July 2020

## Aberaeron Integrated Care Centre

## Previously providing



Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
1	Terms of reference of the Project Group should be further defined to clarify the authority to commit project decisions and expenditures. (D)	Project Director May 2019	<b>Outstanding</b> Supporting information was requested from the UHB on 22 January 2020 with a follow up issued on 28 February 2020 for receipt by 13 March 2020. At the time of issuing this draft report, information had still not been made available; with notification received that COVID-19 planning had clearly become the priority. Therefore, in the absence of information to provide assurances that this recommendation had been addressed, it remains outstanding.	Project Director July 2020
2	Terms of Reference for key workgroups should be defined within the project governance document to facilitate planning of project roles, and approval by the Project Group (D).	Project Director May 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020
3	The Project Group should receive cost reporting of	Project Director May 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020

Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
	variances to date against spend profile sums where they are available e.g. construction costs (O).			
4	At future projects, management should ensure contract documentation is appropriately completed (O).	Project Director May 2019	<b>Outstanding</b> As (1) above.	Project Director July 2020

## Data Centre Project

Previously providing



Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
8	The remaining two outstanding actions identified at the action log will be prioritised for completion (O).	Assistant Director of Informatics May 2019	<p><b>Partially implemented</b></p> <p>Work is underway to complete these tasks.</p> <p>There is an issue with completing one of the actions by the end of March due to Asbestos issues which are waiting to be resolved. All other tasks will be completed.</p> <p>Noting the above, the priority rating has been reassessed as <b>low</b>.</p>	<p>Assistant Director of Informatics</p> <p>July 2020</p>

## Bronglais Front of House: Consolidated recommendation

Previously providing



Ref	Recommendation	Responsibility & Timescale	Reported status @ April 2019	Current Status	Updated responsibility, timescale & rating
<b>Medium</b>					
201 6/17 FU	<p>The planned post project evaluation (PPE) exercise for the Bronglais Front of House development will consider the issues raised in the prior Bronglais audit reports as follows:</p> <ul style="list-style-type: none"> <li>• An evaluation of the adequacy of design solution for the development;</li> <li>• Confirmation (or otherwise) that the original business case assumptions remain valid, or implications will be assessed; and</li> <li>• performance against the targets of the business case will be assessed.</li> </ul>	Project Director (at the PPE)	<p><b>Outstanding</b></p> <p>Both elements of the 'wider' scheme need to be complete before the PPE is undertaken.</p> <p>There have been some delays encountered and work was due to complete end January / beginning of February.</p> <p>As such, completion of the PPE is now anticipated during 2019/20.</p>	<p><b>Outstanding</b></p> <p>At the time of issuing this draft report, the completion of the Front of House scheme was scheduled for June 2020. This is the end of the defects period for the final phase [Theatre Evacuation lift].</p> <p>Completion of the PPE was anticipated during the end of the financial year 2020/21</p>	Project Director 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
<b>High</b>	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*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	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.