

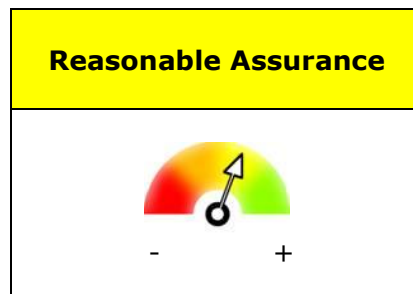
Estates Assurance - Follow Up

Draft Internal Audit Report 2019/20

Hywel Dda University Health Board

Private and Confidential

NHS Wales Shared Services Partnership Audit and Assurance Service



CONTENTS

Page

1.	Introduction and Background	4
2.	Scope and Objectives	4
3.	Associated Risks	4

Opinion and key findings

4.	Overall Assurance Opinion	4
5.	Summary of Audit Findings	5
6.	Audit Recommendation	6

Appendix A	Management Action Plan
Appendix B	Audit Assurance Ratings

Review reference: SSU_HDU_1920_01.1

Report status: Draft Report

Fieldwork commencement: 22 January 2020

Fieldwork completion: 23 March 2020

Draft Report issued: 2 April 2020

Management Response received:

Final Report issued:

Auditor/s: NWSSP: Audit & Assurance
Specialist Services Unit

Executive sign off Andrew Carruthers (Director of Operations)

Distribution Rob Elliot (Assistant Director of Estates & Capital Planning)
Tim Baines (Services Improvement Manager)
Paul Evans (Assistant Head of Operational Facilities)
Gareth Lloyd (Head of Fire Safety Management)

Committee Audit Committee



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.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – 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 Hywel Dda University Health Board 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.

1. Introduction and Background

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

- Residential Accommodation (Limited Assurance: issued April 2014)
- Backlog Maintenance (Reasonable Assurance: issued May 2016)
- Fire Precautions Follow Up (Reasonable Assurance: issued June 2018)

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.

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 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.

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
Residential Accommodation	-	3	-	3
Backlog Maintenance	3	-	-	3
Fire Precautions	2	-	-	2
Total	5	3	-	8

Therefore, of the eight recommendations that were agreed by management five (63%) recommendations were fully implemented; and three (37%) were partially implemented.

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

6. Audit Recommendation

A summary of the recommendations remaining is outlined as:


	H	M	L	Total
Residential Accommodation	-	1	2*	3
Total	-	1	2	3

*In view of the evidence provided to support the work undertaken at Witybush General Hospital to establish a system to ensure accurate and traceable records for residential costs; the priority of the remaining elements of related work has been reassessed from medium to low.

Key issues for management are:

- Provision of evidence of the residential costs systems in operation at the remaining sites; and
- Finalisation of management and usage of SIFT monies.

The updated recommendations are detailed in **Appendix A**, together with the revised 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.

Residential Accommodation (April 2014)				Previously providing	
Ref	Recommendation	Responsibility and Timescale @ April 19	Status reported @ April 19	Current status	Revised Responsibility, Timescale and Rating
Medium					
6	Ledger booking of residential costs and revenues will be reviewed to ensure accurate and traceable recording.	Services Improvement Manager April 2019	Partially implemented A successful trial has been undertaken at Withybush General Hospital to address the issue. This system is be rolled out across the other sites with appropriate training over the coming months; with a view to fully implement, and see the benefits, prior to the end of the financial year.	Partially implemented Evidence was provided by management of the system which is now operational at Withybush General Hospital. The Audit Tracker, as maintained by the Capital department, states that the recommendation has been reported as closed; however evidence was not provided of the system having been rolled out across the other sites. Therefore in the absence of this information, the recommendation remains as partially implemented but has been reassessed as low priority rating.	Services Improvement Manager July 2020

Ref	Recommendation	Responsibility and Timescale @ April 19	Status reported @ April 19	Current status	Revised Responsibility, Timescale and Rating
5	A report comparing occupancy charges and ledger income will be produced, reporting on significant variances (noting complexities of timing, and bonds etc.).	Head of Management Accounts (Corporate & Systems) and Services Improvement Manager April 2019	Partially implemented Refer to recommendation 6 above. The system is be rolled out across the other sites with appropriate training over the coming months; with a view to fully implement, and see the benefits, prior to the end of the financial year.	Partially implemented See Ref 6 above	Head of Management Accounts (Corporate & Systems) and Services Improvement Manager July 2020
10	Management will consider the viability of accommodation both with and without SIFT monies.	Head of Medical Education and Services Improvement Manager June 2019	Partially implemented Work is ongoing regarding the utilisation of SIFT, with the potential that SIFT is held centrally, in the future, by Medical Education.	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. Subsequently, no progress has been made on moving the SIFT monies centrally to Medical Education.	Head of Medical Education and Services Improvement Manager July 2020

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.