

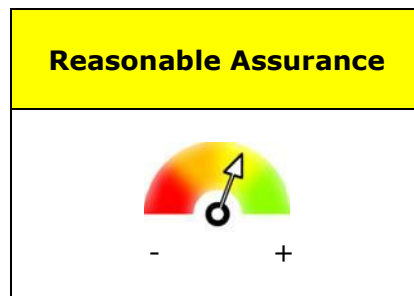
Capital Assurance- Follow Up

Final Internal Audit Report 2019/20

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

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 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 / Superseded	Partially implemented	Outstanding	Total
Cardigan Integrated Care Project	11*	1	-	12
Withybush General Hospital – Refurbishment of Ward 9 & 10	6	-	-	6
Aberaeron Integrated Care Centre	4	-	-	4
Data Centre Project	7**	1	-	8
Bronglais Front of House	-	-	1	1
Total	28	2	1	31

*Four of the recommendations are classified as superseded noting that the project is complete. The UHB will consider the detail of the recommendations as part of a Post Project Evaluation.

**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.

Therefore, of the 31 recommendations that were agreed by management 28 (90%) recommendations were closed/superseded, two (7%) were partially implemented and one (3%) 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	-	2	-	2
Data Centre Project	-	-	1*	1
Bronglais Front of House	-	1	-	1
Total	-	3	1	4

*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:
 - CE&IMT approval to be obtained in respect of the decision taken not to pursue the investigation of recourse for the land procurement advice provided; and
 - Completion of a post project evaluation to identify lessons learnt for consideration at future projects.
- 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 (D) .	Project Director May 2019	<p>Superseded</p> <p>Noting that the Cardigan project is now complete and handed over, a Post Project Evaluation (PPE) should be undertaken to identify lessons learnt (including an assessment of Internal Audit recommendations and their application at future projects). Specifically issues identified at the Cardigan project i.e.</p> <ul style="list-style-type: none"> • Inclusion of quoracy arrangements in approved Project Group terms of reference; • Development of full activity based resource plans for all stages of the project which should be subject to regular review; • The regular review and update of the Project Governance Framework throughout a project's duration; and • Preparation of management control plans at the outset of projects. 	Project Director November 2020
8, 9, 10	The UHB should:	Project Director May 2019	Partially Implemented	Project Director July 2020

Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
	<ul style="list-style-type: none"> obtain the surety bond for the foul drainage (O). identify appropriate resolution for the storm drainage (O). review the advice provided at the time of procuring the land to determine whether there is any recourse from the advice provided (O). 		<p>Appropriate supporting documentation was reviewed to confirm the UHB had:</p> <ul style="list-style-type: none"> obtained a surety bond; and identified appropriate resolution for the storm drainage. <p>With regard to determining whether there was any recourse for the advice provided at the time, management advised that there were concerns in pursuing the recommendation further; and that it is likely the costs of pursuing would outweigh the benefits. These concerns are acknowledged and it is recommended that Executive approval of the decision to address the Internal Audit recommendation is presented and approved at the next CE&IMT meeting.</p>	
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 (O) .	Project Director May 2019	Superseded As (1) above.	N/A
Feb 2017-7	An overarching management control plan will be prepared, to programme key Health Board	Project Director May 2019	Superseded As (1) above.	N/A

Ref	Recommendation	Responsibility & Timescale	Current Status	Updated responsibility, timescale & rating
	tasks and outputs, including those assigned to sub-groups/workstreams (D).			

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>Partially implemented</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 low.</p>	Assistant Director of Informatics July 2020

Bronglais Front of House: Consolidated recommendation

Previously providing



Ref	Recommendation	Responsibility & Timescale	Reported status @ April 2019	Current Status	Updated responsibility, timescale & rating
Medium					
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"> • An evaluation of the adequacy of design solution for the development; • Confirmation (or otherwise) that the original business case assumptions remain valid, or implications will be assessed; and • performance against the targets of the business case will be assessed. 	Project Director (at the PPE)	<p>Outstanding</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>Outstanding</p> <p>At the time of issuing this 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>The Project Director will lead the completion of the PPE by March 2021.</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
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.