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Bwrdd Iechyd Prifysgol
Cwm Taf Morgannwg
University Health Board

Prince Charles Redevelopment Validation of Management Action

FINAL INTERNAL AUDIT REPORT 2020/21

Cwm Taf Morgannwg University Health Board

NHS Wales Shared Services Partnership

Audit and Assurance Services



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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 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 originated from the 2020/21 PCH Redevelopment integrated audit plan agreed with management.

The audit sought to determine the current status of agreed audit recommendations contained within previous PCH Redevelopment Audit Reports, namely:

- PCH Redevelopment: Financial Management (issued January 2020);
- PCH Redevelopment: Technical Compliance (issued March 2020);
- PCH Redevelopment: Governance Review (issued June 2020);
- PCH Redevelopment: Information Management (issued June 2020);
- PCH Redevelopment: Stakeholder(s) (issued June 2020); and
- PCH Redevelopment: Quality Review (issued June 2020).

2. Scope and Objectives

An objective of the audit was to deliver assurance to the Audit Committee that timely and appropriate management action had been applied to address risks identified and reported at the PCH Redevelopment Audit Reports from 2019/20.

3. Associated Risks

The potential risks considered in the review were:


- Management control frameworks continue to exhibit weaknesses;
- Management did not have processes in place to review and action agreed audit recommendations; and
- Management did 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.

Noting the progress made at the summary table below, the system of internal control in place to manage the risks associated with implementing agreed recommendations has been assessed as providing **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.

5. Summary of Audit Findings

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

Audit	Closed	Partially implemented	Outstanding	Total
High	2	-	-	2
Medium	3	-	2	5
Low	1	-	-	1
Total	6	-	2	8

Recognising the status of the above, management has agreed that the following will be further considered at the 2020/21 PCH audits i.e.:

- A recommendation was raised relating to the required attendance of key clinical staff at Project Board meetings. Whilst control arrangements have been amended to allow this issue to be closed, the

agreed recommendation will need further consideration given the pressures associated with the Covid-19 response at this time;


- Whilst initially implemented, more recent Project Boards have not received costed risk registers, to enable assessment against available contingencies; and
- The insurances section of the cost report should be adequately completed.


6. Audit Conclusion


Agreed actions from the prior review have been largely implemented with 6 recommendations closed (including both high priority issues) and only 2 medium priority recommendations remaining to be fully addressed.


Further audit assessments will be progressed in these areas as a part of the 2020/21 agreed Integrated Audit Plan. This will enable us to further consider and appraise the **ongoing effectiveness** of the actions taken by management.

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.

Previously Agreed Recommendations

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Status
Financial Management – January 2020 – Reasonable Assurance				
3	The Project Board should be provided with an update of the Phase 1b risk register: <ul style="list-style-type: none"> to include the assessed financial impact 	Deputy SRO Next Project Board Meeting	Medium	Outstanding. Whilst initially the February 2020 risk register provided to Project Board was costed, at the more recent risk registers the costed columns are hidden and need to be unlocked.
6	Key members should be reminded of the requirement to attend the Project Board to ensure meetings are quorate.	Deputy SRO February 2020	Medium	Actioned. Terms of reference were updated, quorate requirements reviewed and clarity provided on the attendance of delegated officers.
8	Relevant elements of the cost report should be included in relation to insurances.	Deputy SRO January 2020	Medium	Outstanding. The cost report has not been updated as presented to Project Board.
Technical Compliance – March 2020 – Reasonable Assurance				
3	Either: <ul style="list-style-type: none"> a) Compliance should be demonstrated against existing standing order requirements; or 	Director of Finance April 2020	High	Actioned. Project specific schemes of delegation have been prepared and approved.

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Status
	b) Programme/ project specific schemes of delegation should be prepared and approved by the Board (or appropriate committee).			
Governance Review – June 2020 – Reasonable Assurance				
3	Suitable short-term arrangements should be determined to replace the Deputy Senior Responsible Officer (D).	SRO and Deputy SRO June 2020	High	Actioned. The Deputy Senior Responsible Officer has deferred retirement to allow the identification of a suitable replacement. The post has been out to advert and a shortlist of candidates has been identified.
4	Project Board members will be reminded for their responsibility to attend (O).	Deputy SRO August 2020	Medium	Closed. Members have been reminded of their responsibilities at both Project Board and via updated terms of reference. Whilst this issue is closed, it has been agreed with management that effectiveness of the arrangements will be subject to further review at the 2020/21 audits – particularly reflecting upon the competing pressures of the ongoing Covid response vs the risk of non-attendance.
Information Management – June 2020 – Reasonable Assurance				

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Status
1	A methodology should be developed for the systematic and planned approach to information management.	Deputy SRO July 2020	Low	Actioned. A file structure has been agreed and has been implemented ahead of the progression of Phase 2.
2	Appropriate handover arrangements will be made to ensure that information retained within the SRO and Deputy SRO emails are retained in a systematic manner.	Deputy SRO July 2020	Medium	Actioned. A file structure has been agreed, to include previous correspondence and has been implemented ahead of the progression of Phase 2.