

PCH Redevelopment:
Validation of Management Action
Final Internal Audit Report
September 2021

Cwm Taf Morgannwg University Health Board

NWSSP Audit and Assurance

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Review reference:	SSU_CTMUHB_2122_02
Report status:	Final Report
Fieldwork commencement:	30 th July 2021
Fieldwork completion:	20 th September 2021
Draft report issued:	21 st September 2021
Management response received:	23 rd September 2021
Final report issued:	24 th September 2021
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Committee:	Audit & Risk 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.

Disclaimer notice - please note

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Executive Summary

Purpose

The audit sought to determine the status of agreed audit recommendations contained within previous PCH Redevelopment Audit Reports.

Overview

Agreed actions from the prior reviews have been largely implemented with **25** recommendations closed and only **1** recommendation remaining to be fully addressed.

The key matters remaining are listed below.

Further audit assessments will be progressed in these areas as a part of the 2021/22 agreed Integrated Audit Plan. This will enable us to further consider and appraise the ongoing effectiveness of the actions taken by management.

Report Classification



Few matters require attention and are compliance or advisory in nature.

Low impact on residual risk exposure.

Assurance Summary

	High	Medium	Low	Total
Closed	2	16	7	25
Partially Implemented	-	1	-	1
Outstanding	-	-	-	-
Total	2	17	7	26

Key Matters Remaining

		Control Design or Operation	Recommendation Priority
Governance Rec. 3	Resourcing requirements require confirmation, and any vacancies identified filled as a matter of priority (O).	Operation	Medium

1. Introduction

1.1 This audit originated from the 2021/22 integrated audit plan for the Prince Charles Hospital (PCH) Redevelopment, agreed with management and approved by the Audit Committee.

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

- Validation of Management Action – November 2020.
- Governance Audit – March 2021.
- Financial Management Audit – March 2021.
- Covid-19 Site Safety Audit – March 2021.
- Technical Compliance Audit – March 2021.

Noting the impact of Covid-19, the delivery of this assignment will include an increased element of remote working.

1.2 The potential risks considered in the review were:

- Management control frameworks continued 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.

Appendix A: Status of Previously Agreed Action

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Responsibility	Status/ Timescale/
Validation of Management Action – November 2020					
1	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 (D). 	Deputy SRO Next Project Board Meeting	Medium		Closed. The Project Board regularly receives a costed risk register.
2	Key members should be reminded of the requirement to attend the Project Board to ensure meetings are quorate (O).	Deputy SRO February 2020	Medium		Closed. Project Board attendees were reminded of their responsibilities and terms of reference were reviewed.
3	Relevant elements of the cost report should be included in relation to insurances (O).	Deputy SRO January 2020	Medium		Closed. These sections have now been completed.
4	Either: <ul style="list-style-type: none"> a) Compliance should be demonstrated against existing standing order requirements (O); or 	Director of Finance April 2020	High		Closed. Standing Orders have been updated with specific consideration of major projects.

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Status/ Responsibility	Timescale/
	b) Programme/ project specific schemes of delegation should be prepared and approved by the Board (or appropriate committee) (D).				
5	Suitable short-term arrangements should be determined to replace the Deputy Senior Responsible Officer (D).	SRO and Deputy SRO June 2020	High	Closed. Short-term arrangements were not required, as there was a formal handover period.	
6	Project Board members will be reminded of their responsibility to attend (O).	Deputy SRO August 2020	Medium	Closed. See recommendation 2 above.	
7	A methodology should be developed for the systematic and planned approach to information management (D).	Deputy SRO July 2020	Low	Closed. A set structure has been implemented on the UHB shared drive to retain project information.	
8	Appropriate handover arrangements will be made to ensure that information retained within the SRO and Deputy SRO emails are retained in a systematic manner (O).	Deputy SRO July 2020	Medium	Closed. The entire email record of the former Deputy SRO has been retained on the project shared drive.	
Governance Audit – March 2021					

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Status/ Responsibility	Timescale/
1	Reporting to ECMG should provide RAG ratings for this and the prior period against key criteria such as time, cost, quality and risk (D).	Deputy SRO March 2021	Low	Closed. Reporting was updated to include RAG ratings.	
2	Key roles and responsibilities should be defined at the Project Execution Plan as the main point of reference (D).	Deputy SRO March 2021	Low	Closed. The update and further iterations of the PEP will be subject to further audit.	
3	Appropriate arrangements will be made to ensure that vacancies identified within the resource schedule are filled as a matter of priority (O).	Deputy SRO to coordinate and escalate as necessary. March 2021	Medium	Partially Implemented. Requirements as specified at the Full Business Case for Phase 2 are currently being reviewed for adequacy. A number of posts have been filled with only two posts remaining – having not been filled following advertisement. Responsible Officer, PCH Construction Programme November 2021 <small>* Note the priority for this issue has been reduced noting only two vacancies remain outstanding.</small>	
4	Internal change control arrangements (PIF) should be introduced to	N/A	Medium	Closed.	

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Status/ Responsibility	Timescale/
	demonstrate compliance with Standing Financial Instructions (O).			The PIF arrangements have been introduced at the project.	
5	The Deputy Senior Responsible Officer will continue to monitor Project Board attendance (O)	Deputy SRO to continue to monitor March 2021	Medium	Closed. To be reviewed as part of the 2021/22 audit plan.	
6	Timing of Project Board meetings will be reviewed	Deputy SRO March 2021	Low	Closed. The timing of Project Boards for 2021/22 have been reviewed to ensure appropriate timing for reporting purposes and to maximise attendance.	
7	The Service Project Team membership and quorum should be reviewed (D).	Programme Director March 2021	Medium	Closed. Updated terms of reference have been prepared.	
8	An action log should be introduced for the progress meetings with details of the proposed action, the lead and expected timeline to resolve (D).	Programme Director March 2021	Low	Closed. An action log has been introduced.	
Financial Management Audit – March 2021					

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Status/ Responsibility	Timescale/
1	The funding position will be recorded at the risk register and monitored (O).	N/A	Medium	Closed. Key funding risks are logged at the risk register.	
2	The presentation of funding throughout the cost report should be consistent to allow simple interpretation by lay members of the Project Board (O).	Deputy SRO March 2021	Low	Closed. Cost reporting has been updated for consistency.	
3	The narrative at the cost report supporting the VAT reclaim will be reviewed to provide greater clarity for the reader (O).	Deputy SRO March 2021	Medium	Closed. The associated narrative has been updated.	
4	The cost adviser report should outline whether both the approvals and/or costs have been uplifted for anticipated changes, in the derivation of the gain share (O).	Deputy SRO March 2021	Medium	Closed. Clarity has been provided at the cost reports.	
5	Terminology used at cost adviser reports will be consistent, to ensure reports are easy to follow (D).	Deputy SRO March 2021	Low	Closed. The report has been updated.	



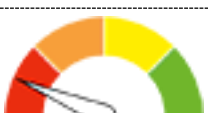

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Status/ Responsibility	Timescale/
6	Supporting charts and tables to the Cost Adviser report will be reviewed for accuracy and updated (O).	Deputy SRO March 2021	Medium	Closed. All charts/ tables have been reviewed for accuracy.	
Covid-19 Site Safety Audit – March 2021					
	No issues to address.			N/A	
Technical Compliance Audit – March 2021					
1	Appropriate approval will be obtained for the interim award for Asbestos consultancy (O).	Deputy SRO. April 2021.	Medium	Closed. Interim arrangements have been agreed.	
2	The full tender exercise for Asbestos Consultancy will be progressed as a matter of priority (O).	Deputy SRO. July 2021.	Medium	Closed. The exercise has concluded, and a preferred consultant identified.	
3	The Project Bank Account will be established with the UHB as Joint Trustee (O).	Deputy SRO June 2021	Medium	Complete. The Project Bank Account is in place and operating.	
4	The UHB should request that NWSSP have similar payment processing arrangements in place for this project	Deputy SRO April 2021	Medium	Closed.	

Ref	Recommendation	Responsibility & Timescale	Priority Rating	Updated Status/ Responsibility Timescale/
	as observed for other major projects (D).			A specific contact has been assigned within NWSSP to ensure timely processing of project payments.

Appendix B: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that that the project achieves its key delivery objectives and that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	No assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance not applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

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



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