

PCH Redevelopment: Quality Assurance Arrangements Final Internal Audit Report June 2022

Cwm Taf Morgannwg University Health Board

NWSSP Audit and Assurance



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Acknowledgement

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Executive Summary

Purpose

The audit sought to ensure that the UHB had appropriate arrangements in place in respect of the quality and accessibility of information at the PCH Redevelopment Programme.

Overview

Generally, the arrangements were observed as operating effectively to assist programme delivery, specifically:

- Robust information management arrangements were observed;
- Adequate stakeholder engagement was in place; and
- No issues were identified at minutes/ reports in relation to client responsiveness.

The following recommendations were raised:

- The need for a formal stakeholder engagement strategy; and
- The need to update reporting on client responsiveness to the Project Board to assist performance monitoring.

Report Classification

Substantial



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

Low impact on residual risk exposure.

Assurance Summary

Assurance objectives	Assurance
1 Information Management Systems	Substantial
2 Stakeholders	Reasonable
3 Client Responsiveness	Substantial

The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

Key Matters Remaining		Assurance Objective	Control Design or Operation	Recommendation Priority
1.	Given the size, value and breadth of the programme, there would be benefit in documenting the stakeholder engagement strategy.	2	Design	Medium
2.	To assist performance management, the management reporting of client responsiveness should include dates of actual responses.	3	Design	Low

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 ensure that the PCH Redevelopment programme continued to progress in accordance with contractual requirements. At the time of this review, the programme status can be summarised as

- Phase 1a & 1b: Works on both of these phases were complete.
- Phase 2: The business case for Phase 2 was approved by Welsh Government in the sum of £220,060,000 (including variation of price inflation funding of £22.926m). Works on site commenced on the 30th of November 2020.
- Phases 3 & 4: The remaining phases remain at a high-level planning stage; costs being estimated at £38.073m and £4.547m for Phases 3 and 4 respectively.

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

- 1.2 The potential risks considered in the review were that the arrangements do not support effective decision making, contributing to poor programme management and the failure to achieve programme objectives.

2. Detailed Audit Findings

Information Management Systems: A review of the systems and structures for organising, retrieving, acquiring, securing, maintaining, sharing and distributing key information.

- 2.1 The Project Execution Plan for Phase 2 outlined that programme records will be maintained by the UHB within the Major Projects unit. It clearly outlines the expected outputs, responsibility and circulation for all key documentation.
- 2.2 Subsequent to prior audits, the Health Board has now fully established a working folder for key information on its own shared drive – which is subject to UHB general backup arrangements.
- 2.3 Information is logged/ referenced in a logical order allowing easy retrieval, and no issues were identified with the information requested as part of this and other programme audits.
- 2.4 A **significant** assurance has been observed in this objective area.

Stakeholders: A review of the strategy and implementation arrangements to identify and engage key stakeholders at the programme.

- 2.5 The Project Execution Plan outlined that there would be a stakeholder engagement plan. It was confirmed that a formal strategy was not developed, however significant engagement was demonstrated, including:
- UHB Public Meetings;
 - CHC Forums / Meetings;
 - Voluntary Sector Engagement Events;
 - Disability Forums; and
 - UHB Board meetings.
- 2.6 Noting that user groups continue to be engaged at the programme (on an 'as-required' basis) and the intention to re-engage stakeholder groups to review community benefits, there would be advantage in outlining the stakeholder strategy – potentially within the Project Execution Plan, rather than a standalone document (**MA1**).
- 2.7 Nonetheless, the stakeholder engagement was extensive and robust, accordingly a **reasonable** assurance was determined.

Client Responsiveness: That appropriate systems, processes and procedures are applied to ensure that client responses are timely and accurate (e.g. in response to requests for clarification/ design sign-off etc).

- 2.8 Client responsiveness requirements are specified within the NEC contract adopted at this programme. It is important that these are adhered to, to avoid unnecessary delays and/ or claims from the Supply Chain Partner.
- 2.9 Responsiveness to requests for information is monitored via the Project Manager's report. The reporting currently details whether a response has been provided, but this could be enhanced with the inclusion of the date of response, to allow assessment of the timeliness of responses/identification of issues of concern etc (**MA 2**).
- 2.10 No issues were raised at the various meetings in relation to client delays in responding.
- 2.11 A **reasonable** assurance has been determined.

Appendix A: Management Action Plan

Matter Arising 1:	Impact
<p>The Project Execution Plan states that:</p> <p><i>"It is important that the impact of the project on all those involved is identified so that appropriate dialogue and key actions are taken and so as to improve the smooth running of the project. The Client's Representative will have responsibility for communicating with Stakeholders about the project and will be supported by the Project Manager and the designers where required. The information provided will be accurate and up to date and will be co-ordinated by the Project Manager. "</i></p> <p>Extensive stakeholder engagement was demonstrated across the programme via:</p> <ul style="list-style-type: none"> • UHB Public Meetings; • CHC Forums / Meetings; • Voluntary Sector Engagement Events; • Disability Forums; • UHB Board meetings; and • Programme specific engagement (e.g. design groups, stakeholder meetings etc.). <p>Given that stakeholder engagement will continue through to completion (with focus shifting to benefits realisation), it would be appropriate for the stakeholder engagement strategy to be formally documented – given the size, value and breadth of the programme.</p>	<p>Not all stakeholders have been appropriately identified and engaged.</p>

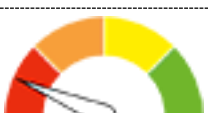

Recommendations		Priority
The stakeholder engagement strategy will be defined.		Medium
Agreed Management Action	Target Date	Responsible Officer
Agreed. This will be included within the Project Execution Plan and will define key individuals/ groups and their responsibilities.	August 2022	Responsible Officer/ Programme Director

Matter Arising 2:		Impact
<p>The NEC option C contract adopted at this programme defined the timescales for both Client and Supply Chain Partner responsiveness.</p> <p>Failure to comply with the above can potentially lead to the party attaining responsibility for resulting delays and/or financial implications.</p> <p>The Project Board regularly receives information on addressed and outstanding requests for information. Key parties meet prior to the Project Board to ensure that the information presented is accurate and that many key outstanding requests are considered. The reporting could be enhanced to include the dates of response to assist in understanding the performance of the UHB in responding.</p>		<p>The Project Board does not receive sufficient assurances on whether the UHB is meeting its obligations under the contract.</p>
Recommendations		Priority
<p>The Request for Information reporting to Project Board will include the date of response to assist the Project Board in overseeing UHB responsiveness.</p>		<p>Low</p>
Agreed Management Action	Target Date	Responsible Officer
<p>Agreed.</p>	<p>August 2022</p>	<p>Responsible Officer</p>

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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