

# Head of Internal Audit Opinion & Annual Report 2024/25

Swansea Bay University Health Board



Limited Assurance

## Contents

<b>1. Executive Summary .....</b>	<b>1</b>
<b>2. Head of Internal Audit Opinion .....</b>	<b>3</b>
<b>3. Other work relevant to the Health Board ....</b>	<b>13</b>
<b>4. Delivery of the Internal Audit Plan .....</b>	<b>16</b>
<b>5. Risk based audit assignments .....</b>	<b>17</b>
<b>6. Acknowledgement .....</b>	<b>23</b>
<b>Appendix A Conformance with Internal Audit Standards .....</b>	<b>24</b>
<b>Appendix B Audit Assurance Ratings .....</b>	<b>26</b>

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Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
Shared Services  
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# 1. Executive Summary


## 1.1 Purpose of this Report

Swansea Bay University Health Board's (the health board) Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is also responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the Head of Internal Audit.

This report sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

## 1.2 Head of Internal Audit Opinion 2024/25

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Chief Executive as Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is focused on risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement. The overall opinion for 2024/25 is:

<b>Limited assurance</b>		<p>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.</p> <p>More significant matters require management attention.</p> <p><b>Moderate impact</b> on residual risk exposure until resolved.</p>
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## 1.3 Delivery of the Audit Plan

The plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for 2024/25 year, was presented to the Committee in March 2024. Changes to the plan have been made during the year and these changes have been reported to the Audit Committee as part of our regular progress reporting.

There are, as in previous years, audits undertaken at NHS Wales Shared Services Partnership (NWSSP), Digital Health & Care Wales (DHCW), and the new NHS Wales Joint Commissioning Committee (JCC) that support the overall opinion for NHS Wales health bodies (see section 3).

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA) in March 2023, reported in April 2023, stated we 'Fully Conform', and our own annual Quality Assurance and Improvement Programme (QAIP) confirmed that our internal audit work continues to 'generally conform' to the requirements of the Public Sector Internal Audit Standards (PSIAS) for 2024/25. We can

state that our service 'conforms to the Institute of Internal Auditors' professional standards and to PSIAS.'

#### 1.4 Summary of Audit Assignments

This report summarises the outcomes from our work undertaken in the year. In some cases, audit work from previous years may also be included and where this is the case, details are given. This report also references assurances received through the internal audit of control systems operated by other NHS Wales organisations (again, see section 3).

The audit coverage in the plan agreed with management has been deliberately focused on key strategic and operational risk areas; the outcome of these audit reviews may therefore highlight control weaknesses that impact on the overall assurance opinion.

Overall, we can provide the following assurances to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the substantial and reasonable areas in the table below.

Where we have given Limited or Unsatisfactory Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

In addition, we also undertook advisory and non-opinion reviews to support our overall opinion. A summary of the audits undertaken in the year and the results are summarised in table 1 below.

**Table 1 – Summary of Audits 2024/25**

Substantial Assurance	<ul style="list-style-type: none"> <li>• Business Intelligence Strategy Implementation</li> </ul>
Reasonable Assurance	<ul style="list-style-type: none"> <li>• Risk Management and Board Assurance Framework</li> <li>• Follow Up of Internal Audit Recommendations (draft)</li> <li>• Service Group Governance Arrangements: Neath Port Talbot &amp; Singleton</li> <li>• Learning from Incidents and Concerns</li> <li>• Mortality Reviews</li> <li>• Discharge Planning</li> <li>• Primary Care Cluster Plans</li> <li>• Acute Medical Services Redesign Programme – Benefits Realisation (draft)</li> <li>• Child and Adolescent Mental Health Service Transition</li> <li>• Wales Fertility Institute</li> <li>• Data Quality</li> <li>• Job Evaluation</li> <li>• Neath Port Talbot District General Hospital Private Finance Initiative (draft)</li> <li>• Estates Assurance: Energy Management</li> <li>• Estates Assurance: Estates Condition (Governance and Assurance Arrangements)</li> <li>• Morriston Hospital: Burns / Intensive Care Unit Project (Phase 1)</li> </ul>

Limited Assurance	<ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Business Continuity Planning (draft)</li> <li>• Tertiary Services</li> <li>• Population Health Strategy</li> <li>• Quality Assurance Framework</li> <li>• Mortuary Service (Joint review with Hywel Dda UHB)</li> <li>• Clinical Coding</li> <li>• Records Management (non-health)</li> <li>• Speaking Up Safely</li> </ul>
Unsatisfactory	N/A
Advisory/Non-Opinion	<ul style="list-style-type: none"> <li>• Contract Management (draft)</li> </ul>

Please note that our overall opinion has also considered both the number and significance of any audits that have been deferred during the year (see section 5.7) and other information obtained during the year that we deem to be relevant to our work (see section 2.4).

## 2. Head of Internal Audit Opinion

### 2.1 Roles and Responsibilities

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation’s objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Quality Standards; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The Health Board’s risk management process and system of assurance should bring together all the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Audit Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Health Board. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board considers but is not intended to provide a comprehensive view.

The Board, through the Audit Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

## **2.2 Purpose of the Head of Internal Audit Opinion**

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Swansea Bay University Health Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement and may also be considered by regulators, including Healthcare Inspectorate Wales, in assessing compliance with the Health and Care Quality Standards in Wales, and by Audit Wales in the context of both their external audit and performance reviews.

The overall opinion by the Head of Internal Audit on governance, risk management and control results from the risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

## **2.3 Assurance Rating System for the Head of Internal Audit Opinion**

The overall opinion is based primarily on the outcome of the work undertaken during the 2024/25 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

A quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting process to ensure the overall opinion is consistent with the underlying audit evidence.

We take this approach into account when considering our assessment of our compliance with the requirements of PSIAS.

The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.

This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix B**.


The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes

we have shown the results using the eight areas that were previously used to frame the audit plan at its outset (see section 2.4).

## 2.4 Head of Internal Audit Opinion

### Scope of opinion

As noted already, the scope of my opinion covers both those areas examined in the risk-based audit plan which has been agreed with senior management and approved by the Audit Committee, and other information obtained during the year that we deem to be relevant to our work. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

<b>Limited assurance</b>		<p>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.</p> <p>More significant matters require management attention.</p> <p><b>Moderate impact</b> on residual risk exposure until resolved.</p>
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised from reviews.

Focus should be placed on the agreed response to any Unsatisfactory and Limited Assurance opinions issued during the year and the significance of the recommendations made (of which there were nine in 2024/25) as well as addressing implementation of recommendations from previous year reviews.

### Basis for Forming the Opinion

The audit work undertaken during 2024/25, and reported to the Audit Committee, has been aggregated at Section 5.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.5).
- The results of any audit work related to the Health & Care Quality Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the leadership standard.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).
- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key Committee meetings; meetings with Executive

Directors, senior managers and Independent Members; the results of *ad hoc* work and support provided; liaison with other assurance providers and Inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

As stated above, these detailed results have been aggregated to build a picture of assurance across the Health Board.

In reaching this opinion we have identified some reviews during the year concluded positively with effective control arrangements operating in some areas.

From the opinions issued during the year, one was allocated Substantial Assurance, sixteen were allocated Reasonable Assurance and nine were allocated Limited Assurance, with none allocated an Unsatisfactory assurance opinion. One advisory or non-opinion report was also issued.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming the overall opinion.

A summary of the findings is shown below. We have reported the findings using the eight areas of the Health Board's activities that we had previously used to structure our strategic and one-year operational plans.

### **Corporate Governance, Risk Management and Regulatory Compliance**

Reasonable assurance was awarded in respect of the three reviews undertaken in this area.

- **Risk Management and Board Assurance Framework:** The Health Board has decided to reset its risk management arrangements to improve how the Board gains assurance on its strategic risks, and to ensure sufficient oversight of key organisational risks. We provided reasonable assurance recognising that the Health Board is clearly aware of where risk management processes can be improved and has measures in place to address identified weaknesses, which we support. The key area of concern relates to the age and unchanged risk profile of many risks on the Health Board Risk Register.
- **Neath Port Talbot and Singleton Service Group Governance Arrangements:** The audit provided reasonable assurance which reflected positively on the effectiveness of the arrangements in place within the Service Group. Key issues included the need for enhanced terms of reference, clearer performance reporting, robust policy review mechanisms, to better manage declarations of interests, and improved risk management arrangements. Recommendations focused on strengthening governance, accountability, and oversight processes, including into the health board's Management Board.
- **Follow-up of Internal Audit Recommendations** (draft) - this audit reviewed the systems in place to monitor progress with the implementation of actions in response

to internal audit reports. We also validated the stated position for a sample of recommendations within the tracker See section 2.5.

- A review of the draft **Annual Governance Statement** highlighted that it was generally consistent with our knowledge of the Health Board through the audit work performed in the Internal Audit plan and a review of other organisational documents.

### Strategic Planning, Performance Management & Reporting

Limited assurance was awarded in respect of the three reviews undertaken in this area.

- The audit of the Health Board's **Business Continuity Management** (draft) found a well-designed structure is in place. However, limited assurance was awarded with key issues including the importance of clarifying roles and responsibilities, to improve the quality of plans through regular review and testing, and to strengthen monitoring arrangements to provide assurance on their effectiveness.
- Key issues identified during our review of **Tertiary Services** included the requirement to determine the longer-term direction of service provision, as well as identifying funding and staff resource required to deliver Regional and Specialised Services. There is also a need to review of the governance structure to ensure there is sufficient oversight over performance and delivery of priorities.
- **Population Health Strategy:** Our review highlighted limited engagement with the Strategy, the need to better coordinate efforts to implement, which requires a system wide approach to embed, and to develop performance indicators.

### Financial Governance and Management

We have undertaken two reviews in this area.

- The advisory review of **Contract Management** (draft) compared and contrasted the appropriateness of contract management arrangements across eight organisations, with common issues and challenges noted. Recommendations focus on clarifying roles and responsibilities and improving procedures, training provision, contract registers, and performance monitoring and oversight. Collaborative action with other NHS Wales bodies and NWSSP Procurement Services is advised to enhance consistency and mitigate risks.
- Our review of **Asset Management** received limited assurance. Key matters arising focused on strengthening asset verification processes to provide assurance on the completeness and accuracy of the fixed asset register.

### Quality & Safety

We have undertaken three reviews in this area.

- Reasonable assurance was reported in relation to **Learning from Incidents and Concerns**, reflecting positively on the arrangements in place. Key matters arising related to unclear policy guidance, inconsistent documentation in Datix, lack of

clarity on action plan requirements, and insufficient evidence of shared learning. Recommendations also focused on strengthening reporting mechanisms to enhance learning and prevent recurrence of incidents.

- Our audit of the **Quality Assurance Framework** identified a lack of evidence to demonstrate audits being undertaken at a Service Group level to underpin the corporate quality assurance arrangements. This resulted in limited assurance being awarded, but we note that the Audit Management and Tracking (AMaT) system is being introduced to strengthen the arrangements to record and monitor these audits.
- Reasonable assurance was provided in relation to the Health Board's systems and processes in place to manage **Mortality Reviews**. Key issues included the absence of an overarching policy, particular delays highlighted at the Learning from Death Panel stage, insufficient monitoring of the status of referrals that require further investigation and escalation, and inadequate reporting at the Service Group level, including feedback on outcomes and learning.

### Information Governance & Security

We have undertaken four reviews in this area.

- Our review of **Clinical Coding** provided limited assurance. The audit identified insufficient resource to meet Welsh Government targets. The issues are generally understood within the department and actions have commenced to address, including exploring the adoption of a more automated approach. However, there is no formal improvement plan, and we have noted limited reporting and escalation of the challenges faced outside of the department.
- **Business Intelligence Strategy Implementation:** Substantial assurance was awarded recognising the health board has successfully delivered the strategy, and is currently developing a refreshed strategic plan to build on this foundation. We identified no matters for reporting in our review.
- Our review of **Records Management (non-health)** highlighted the absence of a coordinated records management process, resulting in limited assurance being reported. Key issues included inadequate guidance, poor storage security, fragmented storage locations, unsealed transportation containers, and retention of records beyond designated periods.
- The **Data Quality** audit focussed on the validation of waiting lists on the Welsh Patient Administration System (WPAS). The audit identified that WPAS benefits from proactive data quality oversight, resulting in reasonable assurance being provided. However, the review identified the need for comprehensive data quality checks beyond WPAS, better integration of data quality measures across all clinical systems, and clearer governance frameworks to support effective monitoring and reporting.

## Operational Service and Functional Management

We have undertaken six reviews in this area.

- We reported reasonable assurance on **Discharge Planning**, reflecting the proactive approach the Health Board is undertaking to strengthen arrangements for planning, monitoring and reporting of patient discharges. The Health Board commissioned two externally facilitated discharge planning and patient flow reviews, which identified a number of process and system issues. The Urgent and Emergency Care Summit, held by Management Board, set out the actions required to address these, including the development of an Integrated Discharge Strategy and the phased roll out of the Integrated Discharge Hub. It will take time for these actions to be embedded and improvements to be realised, and performance and outcomes remain a significant challenge as is the case across the NHS.
- The audit report on **Primary Care Cluster Plans** also received reasonable assurance. It highlighted the need for improved attendance at Pan Cluster Planning Groups, enhanced action plans to capture delivery status of schemes and priorities, and better performance measures. A high priority finding was raised due to limited reporting at Service Group level, and the current governance arrangements do not include reporting to Board Committees.
- The reasonable assurance **Acute Medical Services Redesign Programme (AMSR) – Benefits Realisation** (draft) report highlights the requirement for a benefits realisation framework and methodology, improved documentation, and ongoing monitoring of programme benefits. Key issues, which should be considered in Urgent and Emergency Care Redesign Projects, include inconsistent benefit identification and measurement impacting the ability to assess their achievement, lack of detailed reporting at Board Committee level, and challenges in achieving planned outcomes due to system constraints.
- **Child and Adolescent Mental Health Services (CAMHS) Transition:** The audit found that the Directorate has been incorporated well within the wider Service Group and Health Board arrangements, resulting in reasonable assurance being provided. Key matters raised included the importance of improved workforce stability and for comprehensive patient feedback and service quality measures, recognising difficulties in data collection/extraction from manual systems, and to clarify governance arrangements.
- Reasonable assurance was reported following the review of the **Wales Fertility Institute**, reflecting the significant amount of work has been done in a relatively short space of time to address the serious concerns over the quality and safety of the service. Key issues include delays and inconsistencies in the audit plan and underfunding of contracted activity levels.
- The audit report on **Mortuary Services** for Swansea Bay and Hywel Dda University Health Boards highlights the requirement for clearer roles and responsibilities and to review governance structures to ensure they provide effective oversight. Funding issues have clearly impacted capacity to deliver the Regional Pathology Programme. Other key matters include lack of signed agreements, and the need to review the programme management structure for the mortuary element of the Programme, which does not have a clear scope, delivery plan or a mechanism for recording key risks. The report concludes limited assurance due to these significant challenges.

## Workforce Management

We have undertaken two reviews in this area.

- The audit report on the **Speaking Up Safely** framework at the Health Board highlights the importance of improved action plan delivery, enhanced training for managers, better capture and recording of concerns via the various internal mechanisms, and strengthening of the governance reporting and structure within the Service Groups. The independent Guardian service is recognised within the health board as an integral service, and is a key part of implementing its culture change programme and supports the 'One Bay Way' and delivery of the People Strategy. The report concludes limited assurance, successful delivery requires commitment from across the health board.
- Reasonable assurance was reported in relation to **Job Evaluation**, reflecting positively on the arrangements in place. Our review identified the need for more staff side representatives, consistent bilingual job descriptions, and better conflict of interest management. It also raised opportunities to improve reporting and key performance indicators.

The review of the **Strategic Equality Action Plan** was deferred at the request of management, recognising work is ongoing to develop the Health Board's Equality Plan.

## Capital & Estates Management

Reasonable assurance was awarded in respect of the four reviews undertaken in this area.

- The audit report on **Neath Port Talbot District General Hospital Private Finance Initiative** (draft) concluded that whilst the Health Board made strong initial progress in initiating its expiry project, and recognising that there is still more than five years to hand-back, limited resource within the project team had delayed progress in other key areas, most notably, the actioning of the recommendations made in the 2023 UK Government Infrastructure and Projects Authority (IPA) Expiry Health Check. The recent commissioning of external advisers to provide project management support and expertise to the Health Board has resulted in progress being made to address the majority of these recommendations. A project cost plan to hand-back had been developed, the budget for 2025/26 has been approved and key posts filled within the project team.
- **Estates Assurance – Energy Management:** We assessed the energy management arrangements and control within the Health Board to ensure it is effective. We found that the Energy Team had established robust systems for data capture and validation, and that appropriate governance arrangements were in place. However, the move to the new NHS Wales energy contract in 2023 had encountered some issues, including difficulties providing accurate energy forecasts to participating organisations, and additional resource has been required from within the Energy Team to resolve account queries. Key issues include the need for enhanced reporting, better utilization of technology, conducting site walk-arounds, and benchmarking with similar hospitals.
- Our review of **Estate Condition: Governance and Assurance Arrangements** evidenced robust governance arrangements operating, including the initiation of a new forum to oversee Capital and Estates matters, and the responsible Committee

(Performance & Finance) receiving routine updates on the Estate Condition and Estates Strategy. Whilst all-Wales capital funding constraints remain, the Health Board had a clear understanding of its Estates Condition risks, which facilitated a robust process of funding requests and allocation to the highest priority areas.

- **Morriston Hospital: Burns / Intensive Care Unit (ICU) Project (Phase 1):** The project encompassed two elements of work within the ICU and the creation of Theatre 7. Key concerns include lack of oversight on non-works costs, poor documentation of approvals, and delays in compensation events. Despite this, the project is expected to be delivered within budget.

The review of the **Capital Systems** was deferred at the request of management to give them time to develop a new framework and allow it to embed.

## **2.5 Approach to Follow Up of Recommendations**

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance. We also undertake some testing on the accuracy and effectiveness of the audit recommendation tracker.

In addition, Audit Committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit committee meetings and observe the quality and rigour around these processes.

However, it remains the role of Audit Committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management. Where appropriate, we have adjusted our approach to follow-up work to reflect these challenges.

We have considered the impact of both our follow-up work and where there have been delays to the implementation of recommendations, on both our ability to give an overall opinion (in compliance with the PSIAS) and the level of overall assurance that we can give.

The Health Board's recommendation tracking process continued during 2024/25. The Corporate Governance team has continued to review all outstanding recommendations with management and the outcomes have been reported to the Audit Committee. The Audit Committee scrutinises the progress of audits recommendations overall, escalating to the Board any issues or concerns.

We have also undertaken work towards the end of the year to validate the stated position for a sample of recommendations within the tracker. We were able to confirm the recorded position for the majority of the sampled recommendations and therefore provide the Audit Committee with additional assurance around the accuracy of the tracker.

## **2.6 Limitations to the Audit Opinion**

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

In accordance with auditing standards, and with the agreement of senior management and the Board, Internal Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems.

## **2.7 Period covered by the Opinion**

Internal Audit provides a continuous flow of assurance to the Board and, subject to the key financials and other mandated items being completed in-year, the cut-off point for annual reporting purposes can be set by agreement with management. To enable the Head of Internal Audit opinion to be better aligned with the production of the Annual Governance Statement a pragmatic cut-off point has been applied to Internal Audit work in progress.

By previous agreement with the Health Board, audit work reported to draft stage has been included in the overall assessment, with all other work in progress rolled-forward and reported within the overall opinion for next year.

Most audit reviews will relate to the systems and processes in operation during 2024/25 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the Health Board's Annual Report and accordingly will be completed and reported to management and the Audit Committee after this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed by drawing on the assurance work completed as part of this current year's plan.

## **2.8 Required Work**

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2024/25.

## **2.9 Statement of Conformance**

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA) in March 2023, reported in April 2023 who concluded we 'Fully Conform' with the Standards.

The NWSSP Audit and Assurance Services can assure the Audit Committee that it has conducted its audit at the Health Board in conformance with the Public Sector Internal Audit Standards for 2024/25.

Our conformance statement for 2024/25 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2024/25 which will be reported formally in the Summer of 2025; and
- The results of the External Quality Assessment.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2024/25 QAIP report. There are no significant matters arising that need to be reported in this document.

We also note that there have been no impairments to the independence of the Head of Internal Audit or to any other members of NWSSP's Audit & Assurance Service who undertook work on the Health Board's audit programme for 2024/25.

The Head of Internal Audit has unfettered access to the Chief Executive, Chair of the Audit Committee and Chair of the Health Board.

### **2.10 Completion of the Annual Governance Statement**

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to consider other assurances and risks when preparing their Statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- direct assurances from management on the operation of internal controls through the upward chain of accountability;
- internally assessed performance against the Health & Care Quality Standards;
- results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management;
- reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- reviews completed by external regulation and inspection bodies including Audit Wales, Healthcare Inspectorate Wales and Health and Safety Executive.

### **3. Other work relevant to the Health Board**

As our internal audit work covers all NHS Wales organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation's audit programme, will cover activities relating to other health bodies. These are set out below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership;
- Digital Health & Care Wales; and
- NHS Wales Joint Commissioning Committee.

## NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NWSSP, a hosted body of Velindre University NHS Trust, a number of audits were undertaken which are relevant to the Health Board. These audits of the systems operated by NWSSP, processing transactions on behalf of the Health Board, derived the following opinion ratings:

Audit	Opinion	Outline scope
Accounts Payable	Reasonable	To review the adequacy of the systems and controls in place for key risk areas in the accounts payable process, including progress in implementing the actions agreed with management to address the issues identified in the previous audit report.
Payroll	Substantial	To evaluate the design and operation of the systems and controls in place within payroll services.
Recruitment Services	Substantial	To review the adequacy of systems and controls in place for Recruitment Services.
Primary Care Services (PCS) Pharmacy Payments	Substantial	The purpose of this review is to provide assurance that PCS is maintaining a robust system to facilitate timely and accurate payments to primary care pharmacy contractors.
Capital Equipping (SB & CTM UHB's only)	Limited	To review the adequacy of systems and controls in place for procurement within the Capital Team servicing SBUHB & CTMUHB.

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. All audits in this programme are reported to the Velindre University NHS Trust Audit Committee for NWSSP. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

## Digital Health & Care Wales (DHCW)

As part of the internal audit programme at DHCW, a Special Health Authority that started operating from 1 April 2021, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

Audit	Opinion	Outline scope
Financial Sustainability	Substantial	To review the financial management arrangements in place to ensure the ongoing sustainability of services and project delivery, with a particular focus on sustainable funding requirements for projects (e.g. DPIF, WASPI).

Audit	Opinion	Outline scope
Programme Management	Reasonable	To establish the effectiveness of the portfolio management model used by DHCW and the controls that are in place to ensure it operates across the range of active projects.
Mission One – National Data Resource	Reasonable	To provide assurance over the National Data Resource (NDR) Platform programme of work, including progress towards implementing local datastores, and reference, demographics and medicines data.
Mission One – Cloud Services	Substantial	To provide assurance over the programme of work to move live services from datacentres into the cloud.

Please note that other audits of DHCW activities are undertaken as part of the overall DHCW internal audit programme. The overall Head of Internal Audit Opinion for DHCW is Reasonable Assurance.

### NHS Wales Joint Commissioning Committee (JCC)

The work at the JCC is undertaken as part of the Cwm Taf Morgannwg University Health Board internal audit plan. These audits are listed below and derived the following opinion ratings:

Audit	Opinion	Outline scope
Mental Health Quality Commissioning arrangements	Reasonable	The purpose of the review was to assess the effectiveness of the arrangements in the JCC to oversee the quality and safety aspects of the commissioning of mental health and learning disability placements.
Governance	Advisory	To assess the arrangements that have been put in place at the JCC for embedding the statutory governance framework and the establishment of operational governance arrangements to provide effective oversight in the new organisation.
Financial arrangements (draft)	Reasonable	To consider the financial arrangements in relation to financial management and budgetary control, procurement and income.
Review of Traumatic Stress Wales (draft)	Limited	The purpose of the review was to provide information to assist the Director of Commissioning for Mental Health, Learning Disabilities and Vulnerable Groups within the JCC to determine the optimum delivery mechanism for the national objective of Traumatic Stress Wales (TSW), by review of

Audit	Opinion	Outline scope
		the adequacy of the systems and controls in place within TSW and the JCC in relation to its management of TSW. The review sought to provide assurance to the Chief Commissioner via the Director of Commissioning for Mental Health, Learning Disabilities and Vulnerable Groups, that TSW is operating effectively, systems are being managed appropriately, and there is clarity on the purpose and objectives of TSW within the new arrangements for the JCC.

While these audits do not form part of the annual plan for the Health Board, they are listed here for completeness as they do impact on the organisation’s activities. The Head of Internal Audit has considered if any issues raised in the audits could impact on the content of our annual report and concluded that there are no matters of this nature.

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report. DHCW audits are summarised in the DHCW Head of Internal Audit Opinion and Annual Report, and the JCC audits are summarised in the Cwm Taf Morgannwg University Health Board Head of Internal Audit Opinion and Annual Report.

## **4. Delivery of the Internal Audit Plan**

### **4.1 Performance against the Audit Plan**

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit Committee during the year. Audits that remain to be reported, but are reflected within this Annual Report, will be reported alongside audits from the 2024/25 operational audit plan.

The audit plan approved by the Committee in March 2024 contained 27 planned reviews. Changes have been made to the plan with one audit added and two deferred. All these changes have been reported to, and approved by, the Audit Committee. In addition, we have undertaken one audit as part of our integrated audit plan in relation to Phase 1 of the Morriston Hospital Burns / Intensive Care Unit project. As a result of these agreed changes, we have delivered 27 reviews.

The assignment status summary is reported at section 5.

In addition, we may respond to requests for advice and/or assistance across a variety of business areas across the Health Board. This advisory work, undertaken in addition to the assurance plan, is permitted under the standards to assist management in improving governance, risk management and control. This activity is reported during the year within our progress reports to the Audit Committee.

### **4.2 Service Performance Indicators**

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed.

Indicator Reported to Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2024/25	G	March 2024	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2024/25	G	100% (27/27)	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	74% (20/27)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to discussion & draft report [15 working days]	R	52% (13/25)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	91% (20/22)	80%	v>20%	10%<v<20%	v<10%

Key: v = percentage variance from target performance

## 5. Risk based audit assignments

The overall opinion provided in Section 1 and our conclusions on individual reviews is limited to the scope and objectives of the reviews we have undertaken, detailed information on which has been provided within the individual audit reports.

### 5.1 Overall summary of results

In total 27 audit reviews were reported during the year. Figure 1 below presents the assurance ratings, and the number of audits derived for each.

**Figure 1 Summary of audit ratings**

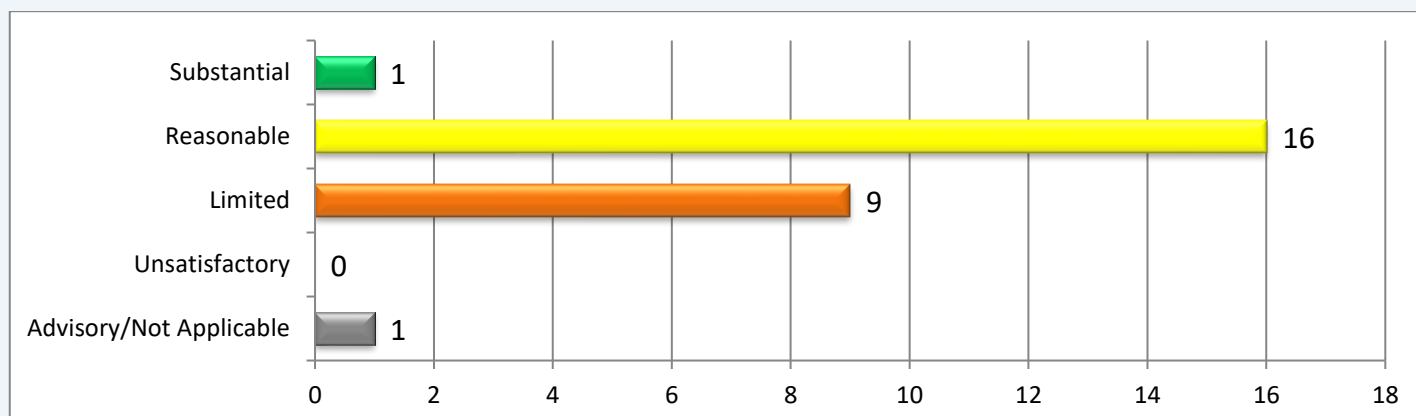


Figure 1 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW or the NHS Wales JCC.

The assurance ratings and definitions used for reporting audit assignments are included in **Appendix B**.

In addition to the above, there were two audits which did not proceed following preliminary planning and agreement with management. In some cases, it was recognised that there was action required to address issues and/or risks already known to management and an audit review at that time would not add additional value. These audits are documented in section 5.7.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

## 5.2 Substantial Assurance (Dark Green)



In the following review areas, the Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Those few matters that may require attention are compliance or advisory in nature with low impact on residual risk exposure.

Review Title	Objective
Business Intelligence Strategy Implementation	To evaluate the implementation and success of Strategy to ensure it is meeting its aims and enabling data driven decision making.

## 5.3 Reasonable Assurance (Light Green)



In the following review areas, the Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Some matters require management attention in either control design or operational compliance and these will have low to moderate impact on residual risk exposure until resolved.

Review Title	Objective
Risk Management and Board Assurance Framework	The purpose of this review was to assess the effectiveness of the procedures for identification, management and reporting of strategic and key operational risk through the Board Assurance Framework and the Corporate Risk Register.
Follow Up of Internal Audit Recommendations (draft)	To review the systems in place to monitor progress with the implementation of actions in response to internal audit reports.

Review Title	Objective
Neath Port Talbot & Singleton Service Group governance arrangements	To review the Service Group's governance arrangements, including the management of risk; and consideration of the approach to planning and performance, quality and safety, finance and workforce.
Learning from Incidents and Concerns	Review arrangements for learning and taking actions as a result of incidents, claims, complaints and other indicators. To consider findings raised in the recent Welsh Risk Pool report.
Mortality Reviews	To provide assurance that patient mortality risk is being appropriately managed and that Health Board responsibilities for patient care are effectively being discharged.
Data Quality	Review of the structures and processes for ensuring data quality and accurate reporting within the health board, with a focus on the validation of waiting lists on the Welsh Patient Administration System.
Discharge Planning	To review the arrangements in place within the health board for the timely and safe discharge of patients and whether established processes are being adhered to, including progress in implementing the actions agreed with management to address the issues identified in the previous internal audit report. This review has been limited to the arrangements and mechanisms within the health board to facilitate the discharge of patients.
Primary Care Cluster Plans	To review Primary Care Cluster plans and the arrangements in place to monitor their delivery and to assess assurance reporting to the Health Board.
Acute Medical Services Redesign Programme (AMSR) – Benefits Realisation (draft)	To assess whether benefits realised reflect those identified at the outset of the AMSR.
Child and Adolescent Mental Health Service (CAMHS) Transition	To review the effectiveness of the arrangements in place to manage the CAMHS and its performance following its transfer to the health board.
Wales Fertility Institute	To review the sustainability of the WFI to comply with regulations, and the progress being made to implement the action plans put in place in response to recent external inspections.

Review Title	Objective
Job Evaluation	To ensure the requirements of the NHS Job Evaluation Handbook are being applied in a fair, consistent and equitable manner by the health board.
Neath Port Talbot District General Hospital Private Finance Initiative (draft)	This audit considered the arrangements in place at this early stage to ensure the successful exit from the Neath Port Talbot (NPT) District General Hospital Private Finance Initiative (PFI) contract in May 2030, and was cognisant of the findings and recommendations of the IPA Expiry Health Check undertaken in September 2023.
Energy Management	Noting the rising costs of energy, effective management and control of energy costs has been risk assessed as an area of potential benefit for audit.
Estate Condition: Governance and Assurance Arrangements.	Subsequent to the Limited Assurance audit report issued in 2023/24 in relation to the Health Board's estates condition, management requested a review of the estate condition governance arrangements, seeking assurance on the management and reporting arrangements and the levels of assurance provided to Committees and the Board on the estate's condition, key risk areas and associated management. The review also included a follow-up of progress towards implementation of the recommendations agreed within the 2023/24 audit report.
Morrison Hospital: Burns / Intensive Care Unit Project (Phase 1)	This audit reviewed the delivery and management arrangements in place to progress of the project, and has been commissioned in accordance with the agreed Integrated Audit Plan provided within the approved Business Justification Case.

#### 5.4 Limited Assurance (Amber)



In the following review areas, the Board can take only **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.

Review Title	Objective
Business Continuity Planning (draft)	To provide assurance on the adequacy of business continuity management arrangements that the Health Board has in place to allow assessment, preparedness, prevention and to maintain its critical services in the event of any disruptive incident. To include the development of plans and that effective communication, training and testing of plans is undertaken.
Tertiary Services	To undertake a review of the health board's planning arrangements for Tertiary Services (complex medical and surgical treatments that require specialised staff, equipment and facilities, and a large catchment area), including the principles in place to support the Regional and Specialised Services Provider Planning Partnership (RSSPPP) programme.
Population Health Strategy	To provide assurance on the implementation of the Population Health Strategy and assess the extent it is being embedded across the Health Board.
Asset Management	A review of controls in place to manage key risks on the Asset Register.
Quality Assurance Framework	The review considered how the Quality Assurance Framework links to quality and safety risks and objectives, and assessed the extent to which it is contributing to quality improvement and Board assurance.
Clinical Coding	To review the structures, processes and plans in place for timely and accurate clinical coding, to ensure targets are met.
Records Management (non-acute health)	Review of the arrangements and processes for the management and storage of physical records, focussing on the management of non-acute and corporate records.
Mortuary Service	Joint review of the arrangements in place between Swansea Bay and Hywel Dda University Health Boards to support the effective provision of mortuary services, ensuring compliance with Human Tissue Authority regulations. The audit focussed on the arrangements in place for mortuary services only and did not review the wider pathology service as a whole.

Review Title	Objective
Speaking Up Safely	To review the implementation of the Speaking Up Safely framework and assess its impact in promoting a culture that enables staff to raise concerns.

### 5.5 Unsatisfactory (Red)



No reviews were assigned an 'unsatisfactory' opinion.

### 5.6 Advisory/Assurance Not Applied (Grey)



The following review was undertaken as part of the audit plan and reported without the standard assurance rating indicator, owing to the nature of the audit approach. The level of assurance given for this review is deemed not applicable – these are reviews and other assistance to management, provided as part of the audit plan, to which the assurance definitions are not appropriate, but which are relevant to the evidence base upon which the overall opinion is formed.

Review Title	Objective
Contract Management (draft)	To assess whether the Health Board has appropriate contract management arrangements in place.

### 5.7 Audits not undertaken

Additionally, the following audits were deferred for the reasons outlined below. We have considered these reviews and the reason for their deferment when compiling the Head of Internal Audit Opinion.

Review Title	Objective
Strategic Equality Action Plan	Review of the plans in place to take key actions forward relating to areas such as the Welsh Government Anti-Racist Wales Action Plan. <i>Deferred into 2025/26.</i>
Capital Systems	These audits review the control framework, systems and processes in place to manage discretionary, EFAB or other capital / estates funded schemes – ensuring compliance with minimum requirements. <i>Deferred into 2025/26.</i>

## **6. Acknowledgement**

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the Health Board to support delivery of the Internal Audit assignments undertaken within the 2024/25 plan.

Osian Lloyd

Pennaeth Archwilio Mewnol/Head of Internal Audit

Gwasanaethau Archwilio a Sicrwydd/Audit and Assurance Services

Partneriaeth Cydwasanaethau GIG Cymru/NHS Wales Shared Services Partnership

June 2025

# Appendix A Conformance with Internal Audit Standards

ATTRIBUTE STANDARDS	
<b>1000 Purpose, authority and responsibility</b>	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing Orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit Committee on an annual basis.
<b>1100 Independence and objectivity</b>	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit Committee chair. There have been no impairments to our independence during 2024/25.
<b>1200 Proficiency and due professional care</b>	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
<b>1300 Quality assurance and improvement programme</b>	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. An EQA was undertaken in 2023.
PERFORMANCE STANDARDS	
<b>2000 Managing the internal audit activity</b>	<p>The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit Committee.</p> <p>Policies and procedures which guide the Internal Audit activity are set out in an Audit</p>

	Quality Manual. There is structured liaison with Audit Wales, HIW and LCFS.
<b>2100 Nature of work</b>	The risk-based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
<b>2200 Engagement planning</b>	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
<b>2400 Communicating results</b>	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit Committee.</p> <p>An annual report and opinion is produced for the Audit Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
<b>2500 Monitoring progress</b>	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit Committee. In addition, audit reports are followed up by Internal Audit on a selective basis as part of the operational plan.
<b>2600 Communicating the acceptance of risks</b>	If Internal Audit considers that a level of inappropriate risk is being accepted by management, it would be discussed and will be escalated to Board level for resolution.

# Appendix B Audit Assurance Ratings

## Assurance Opinion

	<p><b>Substantial</b></p>	<p>Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.</p>
	<p><b>Reasonable</b></p>	<p>Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.</p>
	<p><b>Limited</b></p>	<p>More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.</p>
	<p><b>Unsatisfactory</b></p>	<p>Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.</p>
	<p><b>Advisory</b></p>	<p>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.</p>

## Disclaimer

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales 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 the Swansea Bay 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.

The report is based on the review work undertaken and is not necessarily a complete statement of all weaknesses that exist or potential improvements. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, no complete guarantee or warranty can be given with regard to the advice and information contained.

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management of the Swansea Bay University Health Board. Work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, or all circumstances of fraud or irregularity. Effective and timely implementation of recommendations is important for the development and maintenance of a reliable internal control system.

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