

Estates Condition Governance

Final Internal Audit Report

2024/25

Swansea Bay University Health Board



Reasonable Assurance

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Review Reference

SBU-SSU-2425-27

Fieldwork

September-November 2024

Executive Sign Off

March 2025

Audit Committee

March 2025

Executive Lead

Darren Griffiths, Director of Finance

Audit Team

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Executive Summary

Purpose

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.

Overview

Reasonable assurance has been determined in this area. We 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.

The matters requiring management attention at this review are:

- The need to ensure that the Health Board's Audit Recommendation Tracker is updated in a timely/accurate manner by Capital/Estates management;
- The introduction of a more regular process for the review and updating of the Estates Risk Register;
- Improved detail to be provided on specific Estates Condition risks at the Health Board Risk Register and Board Assurance Framework;
- The retention of an audit trail to support the consideration and approval of the annual discretionary capital plan; and
- The provision of improved detail at the 6-facet survey spreadsheet to ensure a comprehensive record is maintained of funding allocated to date.

Full details of matters arising are detailed within the Findings & Agreed Action Plan.

Scope & Assurance Summary

Objectives	Related Findings	Assurance
1 Follow up: Assurance that previously agreed actions from the 2023/24 Estates Condition audit report have been appropriately actioned.	1	Substantial
2 Governance: That effective reporting lines operated to relevant Committees and the Board, providing appropriate levels of assurance on the condition of the estate.	-	Substantial
3 Risk Management: Assurance that appropriate risk identification and management arrangements were operating, and that the Health Board Risk Register adequately reflected the estate condition risk, including appropriate mitigating actions and monitoring of the same.	2,3,4	Reasonable
4 Capital Prioritisation: Assurance that available capital funds were effectively prioritised towards the highest risk backlog maintenance requirements.	5,6	Reasonable

Management Actions

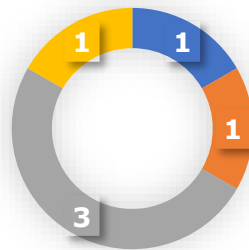


High Priority



Medium Priority

Themes



- Approvals
- Governance
- Risk Management
- Information, Data Quality & Data Accuracy

Risk Types

- Quality or Safety Issues
- Public Perception & Reputational Risk
- Legal & Regulatory Non-Compliance
- Financial Loss

Findings & Agreed Action Plan

Objective 1: Follow Up Substantial

Overview / Summary of Observations

The detailed status of recommendations agreed within the 2023/24 Estates Condition audit report (finalised October 2023) is at Appendix A, and can be summarised as follows:

	Complete	Outstanding	Closed - Superseded	Total
High	2	-	1 ¹	3
Medium	5	-	-	5
Total	7	-	1	8

¹ Recommendation superseded by new findings 3 & 4 at *Objective 3: Risk Management*.

Recognising of the eight recommendations made at the initial review, seven (88%) have been implemented, **substantial assurance** is determined in respect of the follow up actions taken by management to address the previously agreed recommendations.

One High Priority recommendation in relation to the Health Board’s Risk Register has been superseded by a more focused Medium Priority recommendation, recognising improvements made but with further scope for development in this area.

Although the position is positive, the Audit Recommendation Tracker had not been updated promptly by the Estates department, leading to incorrect information being reported to the November Audit Committee. We also noted scope for improved accuracy of management updates in relation to the specific nature of the original recommendations.

Key Findings		Risk & Impact	Agreed Management Action
1	<p>Health Board Audit Recommendation Tracker</p> <p>Recommendations 5.2 and 5.4 remained open on the Health Board’s Audit Recommendation Tracker as reported to the November 2024 Audit Committee, despite being concluded in May 2024. Estates Management acknowledged the correct position had not been notified.</p>	<p>An inaccurate position of management action is reported to Audit Committee.</p> <p>Appropriate scrutiny cannot be applied.</p>	<p>Agreed Action: Estates Management will work with the Head of Compliance to ensure that all updates to the Audit Tracker are reported and recorded in a timely manner, and are reflective of and pertinent to the original findings of the report.</p>

<p>Management should ensure the Audit Tracker is updated in a timely manner, reflective of the original audit findings and recommendation.</p>		<p>Expected Evidence of Implementation: The Audit Tracker will accurately reflect the position on progress against each action at the point it is reported to the Audit Committee.</p>
<p>Theme: Governance</p>	<p>Medium Priority</p>	<p>Officer: Assistant Director of Estates</p>
	<p>Control Operation</p>	<p>Date: 30/06/2025</p>

Overview / Summary of Observations

A new governance forum, the Capital and Estates Board, was initiated in June 2024, with a remit including (with relevance to this audit) estate condition and Estates Strategy matters. The forum is chaired by the Director of Capital & Estates and brings together senior management colleagues from Capital Planning, Estates and Finance departments – facilitating a coordinated approach to managing the estate through focused capital investment.

Estate condition and Estates Strategy matters received strategic oversight from the Performance & Finance Committee and the Board, with routine reporting on both areas evidenced during 2024. Whilst noting performance against the Estates Strategy was until recently only reported directly to the Board, the recent inclusion (October 2024) of this key report to the Performance & Finance Committee will strengthen coordinated oversight from the responsible Committee.

Recognising the early stage of the focused investment process utilising EFAB (Estates Funding Advisory Board) / TIF (Targeted Investment Fund) and Backlog Maintenance funds (see *objective 4: Capital Prioritisation*), there will be scope in the future to improve the assurances provided to the Board and Performance & Finance Committee via these reporting channels, in terms of the measured impact on the backlog position, as assessed via the ongoing 6-facet survey process.

Overview / Summary of Observations

The Health Board’s understanding at an operational level of estate condition risks was primarily informed by the 6-facet survey, which is updated on an annual basis through a 20% re-survey and desktop review process. These combined ensured the Health Board maintained a comprehensive register of high and significant risks, which supported informed decision making in respect of the capital prioritisation process.

Estate risks were also captured at the Estate’s Risk Register via Datix. Recognising the 6-facet survey results now take precedence in understanding estates risks, the Estate’s Risk Register, whilst still used as a tool to manage risks and allocate funding, was not regularly updated.

The overall estate condition risk was included at the Health Board Risk Register under reference 98: ‘Overall condition and suitability of Health Board estate’, which replaced the prior ‘Health and Safety compliance: Environment of Premises’ risk. The update provides for a more focused inclusion of the estate condition risk and should improve understanding of this key area at Committee and Board level.

Health Board risk 93 ‘Reduced Capital Funds’ is also relevant to the wider estate condition consideration.

Both entries on the Health Board Risk Register provided appropriate information for the responsible Committee, with routine reporting in place. However, the supporting detail for Risk 98 and the associated detail at the Board Assurance Framework needed improvement.

It is recognised that the Board Assurance Framework was undergoing a process of review and reset during the period of audit fieldwork, and these findings should be incorporated into the same.

Key Findings	Risk & Impact	Agreed Management Action
<p>2 Estates Risk Register</p> <p>The Estates Risk Register has been updated on an annual basis at year end, and whilst we evidenced a recent review by Estates, this was for the purpose of handover to the incoming Assistant Director of Estates. The Register had been cross-referenced to the 6-facet survey results, and there were plans for further update where scores could be reduced/risks removed as a result of investment.</p> <p>We note the Estates Risk Register had also been separately reviewed by the Assistant Director of Capital to undertake a similar exercise, and this suggests there is scope for more joined up working in this area.</p> <p>There should be a process going forward for ensuring this document receives regular review and updating and can therefore be meaningfully considered alongside the 6-facet survey results to inform capital prioritisation decisions.</p>	<p>Risks do not receive appropriate focus via capital prioritisation.</p> <p>Risks to service delivery / health and safety are not addressed.</p>	<p>Agreed Action: The Assistant Director of Estates and Assistant Director of Strategy (Capital) will jointly review the Estates Risk Register during Q2 of 2025/26. Going forward, this will then be jointly reviewed on at least a 12-monthly basis, alongside the 6 FACET survey, to inform the capital plan. In addition, the Assistant Director of Estates has agreed with the Assistant Director of Finance that the Estates Risk Register will become the primary planning tool for informing business continuity and rolling investment plans.</p> <p>Expected Evidence of Implementation: Updated copy of the Estates Risk Register, evidencing when the most recent review was undertaken. Process developed by Head of Estates Compliance for ensuring that the risk register is a ‘live’ management tool within Operational Estates.</p>
<p>Theme: Risk Management</p>	<p>Medium Priority</p>	<p>Officer: Assistant Director of Estates Assistant Director of Strategy (Capital)</p> <p>Date: 30/09/2025</p>
	<p>Control Operation</p>	

<p>3</p>	<p>Health Board Risk Register</p> <p>The detail at the Health Board Risk Register in respect of HBRR98 (<i>'Overall condition and suitability of the Health Board estate'</i>) and HBRR93 (<i>'Reduced Capital Funds'</i>) could be improved in the following areas:</p> <p>HBRR98</p> <ul style="list-style-type: none"> <i>'Assurances (how do we know if the things we are doing are having an impact)'</i>: Consideration should be given to the use of data from the 6-facet survey programme to quantify whether high/significant backlog is reducing; Reference was not made to the work being done to develop the long-term revenue model, noting the outcome of this review and future approvals to increase revenue funding for maintenance would be a key control in managing this risk; <i>'Gaps in Assurance'</i>: the detail provided did not appear relevant to the question posed. <p>HBRR93</p> <ul style="list-style-type: none"> The presentation of this risk as <i>"reduced capital funds"</i> should be revisited, recognising a better description may be that there is <i>"insufficiency of funds"</i> to address the Health Board's needs, with increased competition for funds across NHS Wales. We note the Health Board's discretionary capital allocation is in fact expected to increase in 2025/26. 	<p>Members are not appropriately informed and cannot exercise appropriate scrutiny.</p> <p>Appropriate action to reduce risks may not be taken.</p>	<p>Agreed Action: Narrative contained within relevant Health Board Risk Register entries will be reviewed and updated, taking into account the issues highlighted in this report. This will be done as part of a wider piece of work that is currently ongoing to reset the Health Board risk management processes, which includes the creation of a Strategic Risk and Assurance Register.</p> <p>Expected Evidence of Implementation:</p> <p>Reviewed and updated entries in the Health Board's Strategic and Corporate Risk Registers</p>
<p>Theme: Risk Management</p>	<p>Control Operation</p>	<p>Officer: Assistant Director of Strategy - Capital Date: 30/06/2025</p>	
<p>4</p>	<p>Board Assurance Framework</p> <p>The Board Assurance Framework (BAF) captured the estate condition risk under Objective 3: <i>'Care is Delivered in Safe and Appropriate Settings'</i>. This objective also encompassed a health and safety risk. The majority of narrative in the BAF related to the health and safety risk (including the reference to the responsible committee, which differs for the two risks), with minimal reference to the estate condition risk (despite the latter having the higher risk score).</p>	<p>Members are not appropriately informed and cannot exercise appropriate scrutiny.</p> <p>Appropriate action to reduce risks may not be taken.</p>	<p>Agreed Action: Narrative currently contained within relevant Board Assurance Framework entries will be reviewed and updated, taking into account the issues highlighted in this report. This will be done as part of a wider piece of work that is currently ongoing to reset the Health Board risk management processes, which includes the creation of a Strategic Risk and Assurance Register.</p>

Likewise, the Reduced Capital Plans risk captured under BAF Objective 6: <i>'The Health Board is a resilient, financially sustainable organisation'</i> focused on the deficit risk, and did not provide any narrative in relation to the Reduced Capital Plans risk.		Expected Evidence of Implementation: Reviewed and updated entries in the Health Board's Strategic and Corporate Risk Registers.
	Medium Priority	Officer: Assistant Director of Strategy - Capital
Theme: Risk Management	Control Operation	Date: 30/06/2025

Overview / Summary of Observations

Recognising the ongoing Welsh Government national prioritisation exercise, current funding for estate condition risks was focused on utilisation of Estates Funding Advisory Board (EFAB) and Backlog Maintenance funds (with £9.4m secured for 2024/25), and allocation of discretionary capital.

Prioritisation of funding was primarily driven by the 6-facet survey process, meaning the Health Board held a comprehensive and up to date risk-ranked list of the condition of estate assets.

The audit review confirmed that the majority of high and significant backlog risks had been earmarked for either current or future funding via the EFAB/TIF, Backlog Maintenance or Discretionary Capital funding routes (but recognising future years’ funding has not yet been confirmed by Welsh Government). Larger schemes were subject to all-Wales capital business cases pending the outcome of the WG prioritisation exercise - but clear progress was being made in addressing the highest backlog risks through currently available funding.

Whilst recognising a sound process was evidenced in the prioritisation of capital funding, there was scope for improved clarity at the 6-facet survey spreadsheet utilised by management, to ensure a central and comprehensive record is maintained to inform decision making and reporting.

Key Findings	Risk & Impact	Agreed Management Action
<p>5 Discretionary Capital Approval</p> <p>Management advised that the assigned governance forums responsible for the allocation and management of discretionary capital were not operating at the time the 2024/25 annual programme was agreed.</p> <p>We have not been sighted on an equivalent audit trail (e.g. via email between key officers) demonstrating appropriate consideration and approval of the funding allocations.</p>	<p>Absence of an audit trail demonstrating compliance with approval processes.</p>	<p>Agreed Action: Where schemes are to be funded via discretionary capital, a management trail will be retained to evidence the appropriate consideration and approval of the funding allocations. Consideration will be given to the part which the 6 Facet Survey spreadsheet could play in this process.</p> <p>Expected Evidence of Implementation: Retained management trail evidencing the appropriate consideration and approval of funding allocations for all schemes funded via discretionary capital monies.</p>
<p>Theme: Approvals</p>	<p>Medium Priority</p> <p>Control Operation</p>	<p>Officer: Assistant Director of Strategy – Capital Assistant Director of Finance</p> <p>Date: 30/09/2025</p>

<p>6</p>	<p>6-facet survey spreadsheet</p> <p>The 6-facet survey spreadsheet provided a comprehensive and up to date record of backlog risks across the estate, to inform management's decision making in the prioritisation of capital funds towards the high and significant risks.</p> <p>Whilst the spreadsheet had been updated to record allocations of all-Wales, EFAB and discretionary capital against the assets, it did not incorporate the more recently assigned Backlog Maintenance funding allocations. There were also some variances between the annotations related to discretionary capital and the allocations captured at the Estates discretionary capital spreadsheet (recognising the two processes were separately managed by Capital and Estates).</p> <p>Updating the record to ensure the above is addressed would provide a central and comprehensive record of all current and planned funding allocations, to inform further decision making and reporting.</p>	<p>Absence of a clear audit trail demonstrating allocation of funding.</p> <p>Potential lack of coordination / high priority items may be missed.</p>	<p>Agreed Action: The 6 Facet survey spreadsheet will be reviewed and updated, taking account of the issues raised in this report. The Assistant Director of Estates will be responsible for updating the spreadsheet going forward, and will ensure that:</p> <ul style="list-style-type: none"> • All allocation sources are clearly recorded • Entries accurately reconcile to the Estates discretionary capital spreadsheet <p>Expected Evidence of Implementation:</p> <p>Updated 6 Facet Survey spreadsheet.</p>
<p>Theme: Information, Data Quality & Data Accuracy</p>	<p>Medium Priority</p> <p>Control Operation</p>	<p>Officer: Assistant Director of Estates</p> <p>Date: 30/09/2025</p>	

Appendix A

Follow up of recommendations made in the 2023/24 Estate Condition audit report.

Ref	Recommendation	Priority Rating	Original agreed timescale for action	Status assessed by Audit
1.1	The UHB should consider increasing its strategic focus on the estate by including capital and estates within the portfolio of an Independent Member.	Medium	December 2023	Closed The Director of Corporate Governance has confirmed that, whilst Independent Members do not have champion/lead roles, the chair of the Performance & Finance Committee is responsible for receiving assurance on capital and estates matters, and would alert the Board to any associated matters.
4.1	Recognising the recently approved Estates Strategy, the Board or nominated Committee should receive increased assurance on the risks associated with the absence of agreed funding to support the estates strategy, and the sufficiency of planned mitigating actions.	High	November 2023 and ongoing	Complete Both the Board and Performance & Finance Committee have received comprehensive reports on progress in delivering the Estates Strategy, including funding risks.
5.1	The UHB's stated objective "to develop a long-term financial model for the revenue support needed for the Estates Strategy" is supported by Audit as a key priority for the UHB to provide assurance to the Board that the Estates Strategy can be supported. A clear timeline should be determined for undertaking this exercise, with progress monitored at a relevant forum.	High	November 2023	Complete Progress against the review (which as below concluded in May 2024) has been reported to the Performance & Finance Committee.
5.2	To support 5.1, a full review should be undertaken of the Estates workforce to analyse the current position in terms of capability and capacity.	Medium	December 2023	Complete The review was concluded and reported to the Director of Finance in May 2024. Summary findings have also been reported to the Performance & Finance Committee.

Ref	Recommendation	Priority Rating	Original agreed timescale for action	Status assessed by Audit
5.3	The UHB should liaise with other Health Boards, and with NWSSP: Specialist Estates Services, to identify opportunities for benchmarking.	Medium	December 2023	Complete Management confirm they hold regular meetings with SES to track benchmarking with other health boards.
5.4	Any resource gap both in terms of ability to maintain the current estate and ability to support delivery of the Estates Strategy should be determined and reported to an appropriate forum.	Medium	December 2023	Complete The review was concluded and reported to the Director of Finance in May 2024. Summary findings have also been reported to the Performance & Finance Committee.
6.1	The UHB should clearly define a process for monitoring and reporting the estates condition on a periodic basis (minimum annually) including the backlog maintenance position.	Medium	November 2023	Complete The UHB has established an annual 20% re-survey process to maintain up to date information on the highest risks in the estate. The latest position has been routinely reported to the Performance & Finance Committee.
7.1	The Board should be provided with assurances on the effectiveness of the identified actions to reduce the estates condition risks.	High	November 2023 onwards	Superseded by new findings 3 & 4 Whilst recognising the estate condition risk is profiled at the Health Board Risk Register under HBRR 98 - <i>Overall Condition and Suitability of the Health Board Estate</i> (replacing the prior risk <i>Health & Safety Compliance - Environment of Premises</i>), and encompassed within the Board Assurance Framework objective 3 - <i>Care is Delivered in Safe and Appropriate Settings</i> , there was scope to improve the supporting detail at both, particularly in relation to assurance. New recommendations have been raised in the main body of this report.

Appendix B

Assurance Opinion

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

Priority	Explanation
High	Significant risk to achievement of a system objective OR evidence present of material loss, error, or misstatement. Poor system design OR widespread non-compliance.
Medium	Some risk to achievement of a system objective. Minor weakness in system design OR limited non-compliance.

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

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