

Swansea Bay Health Board – Audit Plan 2025

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my 2025 Audit Plan. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My [Code of Audit Practice](#) provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three

lines of assurance model (page 22) sets out how we will ensure those standards of quality are met. Our latest annual quality report, [Audit Quality Report 2024](#), provides more information about our audit quality arrangements.




My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

My local performance audit work programme, as outlined in this Plan, sits alongside other [national audit work](#) that may include coverage of your organisation. Local performance audit work may also inform wider national reporting.





Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

Our aims and ambitions



Our purpose

-  Assure people that public money is being managed well
-  Explain how that money is being spent
-  Inspire the public sector to improve

Our vision

-  Fully exploiting our unique perspective, expertise and depth of insight
-  Strengthening our position as an authoritative, trusted and independent voice
-  Increasing our visibility, influence, and relevance
-  Being a model organisation for the public sector in Wales and beyond

Our areas of focus

-  A strategic, dynamic, and high-quality audit programme
-  A targeted and impactful approach to communications and influencing
-  A culture and operating model that enables us to thrive

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and [Our Strategy 2022-27](#).

Financial audit work

Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their ‘truth and fairness’, their proper preparation in accordance with accounting and legal requirements, and the regularity of income and expenditure and the proper preparation of key elements of your Accountability and Performance Report. I lay them before the Senedd together with any report that I make on them.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

I am also required to certify a return to the Welsh Government which provides information about the Health Board to support preparation of the Whole of Government Accounts.

There have been no limitations imposed on me in planning the scope of this audit.

Financial statements materiality

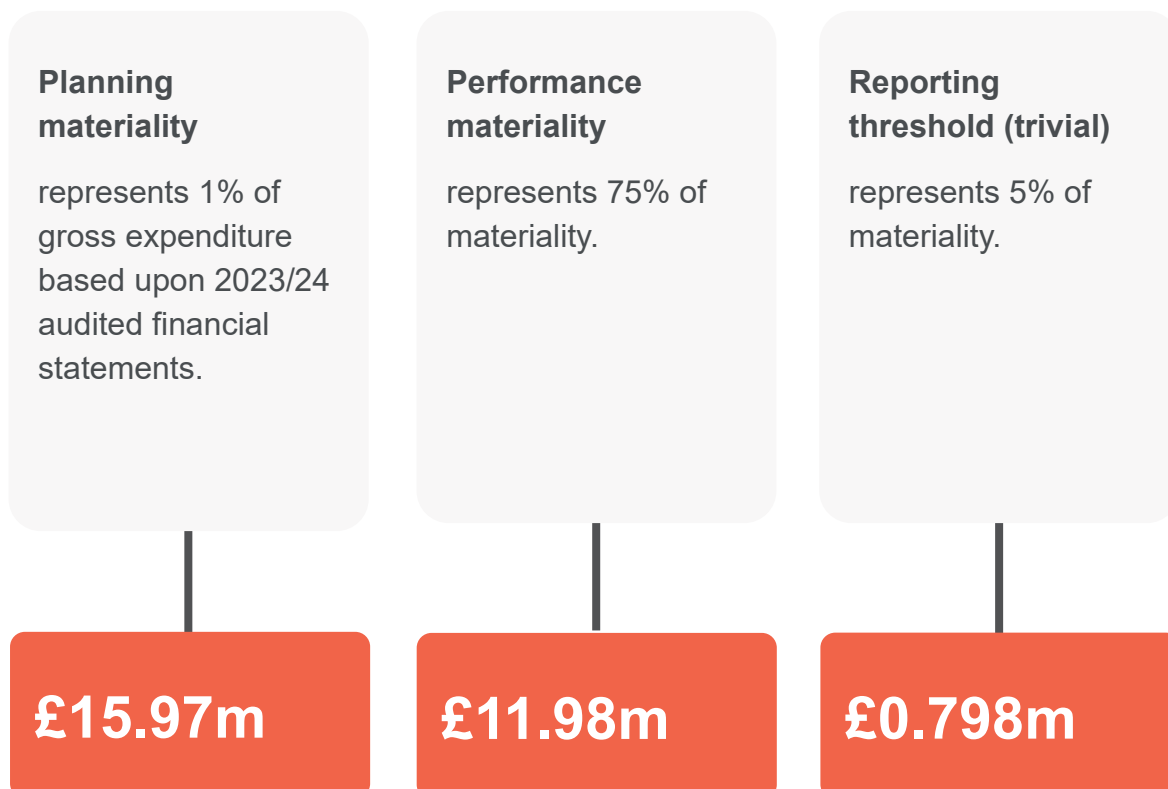
I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material and correct misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning and performance materiality to:

- Determine the level of misstatement that could cause the user of the accounts to be misled;
- Assist in the scoping of our audit approach and resultant audit tests;
- Determine sample sizes;
- Assess the effect of known and likely misstatements in the financial statements; and

- Report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material is set out below.



There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

Remuneration report £5,000	Related party disclosures £10,000 (Individuals) £15.97 million (Other Bodies)
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My audit team will assess materiality levels throughout the audit.

Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

Risk of management override

The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].

Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business.

Risk of fraud in expenditure recognition

There is a risk of material misstatement due to fraud in expenditure recognition and as such is treated as a significant risk [PN 10].

Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- substantively test expenditure, and review it for completeness, to ensure that all expenditure is recorded; and
- test expenditure cut off to provide assurance that items are recorded in the correct year.

Failure of financial duties

Local Health Boards (LHBs) are required to meet two statutory financial duties – known as the first and second financial duties.

There is a significant risk that you will fail to meet your first financial duty to break even over a three year period. The position at month 10 shows a year-to-date deficit of £47.66 million and a forecast year-end deficit of £43.7 million. This, combined with the outturns for 2022-23 and 2023-24, predicts a three-year deficit of £58.68 million.

Where you fail this financial duty, we will place a substantive report on the financial statements highlighting the failure and qualify your regularity opinion.

Your current financial pressures increase the risk that management judgements and estimates could be biased in an effort to achieve the financial duty.

The second financial duty requires LHBs to prepare and have approved by Welsh Ministers a rolling three-year integrated medium-term plan. Should you fail this financial duty, we will place a substantive report on the financial statements highlighting this.

Our planned response

We will continue to monitor the Health Board's financial position for 2024-25 and the cumulative three-year position to 31 March 2025 and consider achievement against the two financial duties.

We will focus our testing on areas of the financial statements which could contain reporting bias.

Other areas of focus

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

Remuneration report disclosures

There have been several new appointments to senior officer and board member posts during 2024-25 which need to be captured in the remuneration report.

There is a risk that these are not appropriately disclosed in the remuneration report as remuneration paid to senior officers and board members continues to be of high interest and is material by nature.

Therefore, there is a risk that even low value errors in the disclosure could result a material misstatement.

Our planned response

My audit team will:

- understand the movements in the senior management team during 2024-25;
- ensure that remuneration disclosed is consistent with supporting evidence;
- ensure that amounts paid are consistent with those approved by the Board and are in accordance with Welsh Government pay rates; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

Valuation of property assets

The value of property assets reflected in the balance sheet and notes to the accounts are material estimates.

Property assets are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.

Assets are required to be formally revalued every five years as a minimum, with indexation applied in interim years, but values may also change year on year, particularly where there are ongoing refurbishment projects resulting in subsequent expenditure being capitalised.

There is a risk that the carrying value of assets recognised in the accounts could be materially different to the current value of assets as at 31 March 2025.

Our planned response

My audit team will:

- review the indices used by management for reasonableness;
- evaluate the competence, capabilities and objectivity of the professional valuer;
- test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements;
- confirm that indexation has been appropriately applied and has been correctly reflected in the financial statements; and
- test the reconciliation between the financial ledger and the asset register.

Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

Exhibit 1: Financial statements audit timetable

<p>Planning</p> <p>January to March 2025</p>	<ul style="list-style-type: none"> Planning meeting High level risk assessment procedures Fraud risk assessment Accounting estimates planning IT environment risk assessment Indicative audit fee Draft Audit Plan
<p>Interim</p> <p>January to March 2025</p>	<ul style="list-style-type: none"> Information flows Detailed risk assessment procedures IT controls review Develop testing strategy Early sample testing
<p>Fieldwork</p> <p>May to June 2025</p>	<ul style="list-style-type: none"> Update risk assessment Audit of financial statements to include narrative report and annual governance statement Complete audit testing Evaluate audit findings Audit closure meeting
<p>Reporting</p> <p>June to July 2025</p>	<ul style="list-style-type: none"> Audit of Accounts Report Recommendations for improvement Present findings to those charged with governance Auditor General certification Submission of accounts to Welsh Government Laying of accounts with Senedd Cymru Annual audit summary Post project learning








Performance audit work

Proper arrangements

As set out in the Code of Audit Practice, I must satisfy myself that the Health Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources ('value for money'), and conclude accordingly.

I do this by undertaking an appropriate programme of performance audit work each year. I base my work programme on an assessment of risks of the Health Board and the wider NHS in Wales not having the proper arrangements in place, with the work typically focusing on the areas of greatest risk.

In designing the programme, my auditors must have considered corporate and service level arrangements, including:

-  Strategic planning
-  Financial planning
-  Performance and risk management
-  Workforce planning
-  Asset management
-  Collaborative working
-  Overall governance.

My auditors will also have taken account of relevant work that is being undertaken or planned by other audit, regulatory and inspection bodies at the Health Board.

I conduct my performance audit work using the ISSAI 3000 standard developed by the International Organisation of Supreme Audit Institutions (INTOSAI). INTOSAI is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special

consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

Well-being of future generations

Section 15 of the Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to carry out examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle when setting well-being objectives and taking steps to meet those objectives.

The **Sustainable development principle** is defined as acting in a manner...

...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.'

To do this, they must take account of the '**five ways of working**'.



Long-term



Prevention



Intergration



Collaboration



Involvement

I must carry out these examinations at each public body covered by the Act at least once during a specified period.

These could be stand-alone examinations as part of my performance audit programme. However, where relevant and appropriate to do so, my auditors will integrate the work required into other planned performance audit work for the Health Board. My auditors will continue to engage closely with the Office of the Future Generations Commissioner for Wales to help coordinate our respective activities.

Planned performance audit work

I set out below details of my performance audit work.

Structured Assessment – core

Scope of the work

Structured assessment will continue to form a key part of the work my audit teams do at each NHS body to examine the existence of proper arrangements for the efficient, effective, and economical use of resources.

My core 2025 structured assessment work will review the following areas:

- Board and committee cohesion and effectiveness.
- Corporate systems of assurance.
- Corporate planning arrangements; and
- Corporate financial planning and management arrangements.

My structured assessment work will also include a review of the arrangements that are in place to track progress against previous audit recommendations. This allows the audit team to obtain assurance that the necessary progress is being made in addressing areas for improvement identified in previous audit work. It also enables us to more explicitly measure the impact our work is having.

Indicative timescales

Fieldwork to commence between June and August 2025 and reporting by the end of December 2025.

Structured Assessment – review of the arrangements to manage estates

Scope of the work

In addition to the core structured assessment work described above, my audit teams will also review certain arrangements at NHS bodies in more depth. This year, my audit teams will examine the effectiveness of corporate arrangements to manage the Health Board's estate with a

particular focus on how NHS bodies are prioritising resources to meet strategic priorities whilst also ensuring the current estate remains fit for purpose.

Indicative timescales

Fieldwork to commence between April and May 2025 and reporting by the end of September 2025.

All-Wales thematic review of cancer services

Scope of the work

I plan to undertake work following on from my recent review of the national leadership arrangements for cancer services. Whilst the exact focus of this work is still to be determined, it is likely to consider:

- The progress NHS bodies are making towards achieving Welsh Government targets and quality standards for cancer services;
- The efficacy of local plans and associated actions to recover cancer waiting lists; and
- Use of the additional Welsh Government financial allocations to improve cancer services.

Indicative timescales

Fieldwork to commence between September and October 2025 and reporting by the end of March 2026.

Local project work – Quality Governance Follow Up

Scope of the work

Where appropriate, my audit team will also undertake performance audit work that reflects issues specific to the Health Board. The local performance audit work will focus on follow-up the recommendations made in our 2022 quality governance report. It will also consider in more detail progress made by the Health Board to review and implement corporate arrangements to comply with the duties of quality and candour and requirements under the Act, and the oversight and scrutiny of those arrangements.

Indicative timescales

Fieldwork to commence March and reporting by August 2025.

Timing of Performance Audit Work

My team will work with officers in the Health Board to arrange exact timescales for the individual projects and will be communicated regularly through our Audit Committee update. My auditors aim to substantially complete the performance audit work set out in this plan by the end of March 2026.

Audit fee

In January 2025 we published our [2025-26 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 1.7%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

In 2022-23 you will recall that we implemented a fundamentally different audit approach for our financial audit work, required by new international auditing standards. This required a richer, more costly skill mix that was reflected in higher fees. We have now reviewed the implementation of this new audit approach and identified efficiencies which has enabled us to provide a refund of £6,178 against the 2024 audit of the financial statements fee, and to maintain a reduced fee for the audit in 2025.

The Health Board will also receive a refund of £25,291 against the 2024 performance audit fee due to moving work on quality governance into this year's audit plan. These adjustments to the 2024 fee are shown in the figures presented in **Exhibit 2**.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without my auditors first discussing them with the Director of Finance and Director of Corporate Governance/Board Secretary.

Your estimated total audit fee: £438,805

I base my audit fee on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- The audit requirements of my individual performance audit projects are met by the audited body, or suitable alternative arrangements are put in place that satisfy the needs of my audit team.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Exhibit 2: Breakdown of my estimated audit fee for 2025 (and 2024 for comparison)

Estimated fee for 2025 (£)¹

Estimated fee for 2024 (£)^{2,3}

Estimated fee for 2025 (£) ¹		Estimated fee for 2024 (£) ^{2,3}	
Audit of financial statements	Performance audit work	Audit of financial statements	Performance audit work
£250,610	£188,195	£250,000	£159,691
Total fee: £438,805		Total fee: £409,691	

¹ The fees shown in this document are exclusive of VAT.

² The 2024 audit fee remains an estimate until all performance audit work is completed.

³ Includes a refund of £6,178 due to efficiencies on the audit of accounts work, and a refund of £25,291 due to moving quality governance work into the 2025 plan.

Audit team

My audit team will continue to work and engage remotely using technology, but some on-site audit work will resume where it is appropriate to do so.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: My local audit team

Engagement Director	Dave Thomas dave.thomas@audit.wales	
	Financial Audit	Performance Audit
Engagement Lead	Derwyn Owen derwyn.owen@audit.wales	Dave Thomas dave.thomas@audit.wales
Audit Manager	Jason Blewitt jason.blewitt@audit.wales	Anne Beegan anne.beegan@audit.wales
Audit lead	Leanne Malough leanne.malough@audit.wales	Sara Utley sara.utley@audit.wales

I can confirm that my team members are all independent of the Health Board and your officers. There is one potential conflict of interest that we need to bring to your attention. This relates to Dave Thomas having family members who work in the Health Board. Dave’s cousin works as a physiotherapist in the Health Board. The necessary arrangements have been put in place to manage this potential conflict of interest.

Staff secondment

One member of staff employed by the Wales Audit Office has been seconded to the Health Board. The staff member is a trainee accountant seconded as part of an initiative funded by the Welsh Consolidated Fund designed to allow trainee accountants to broaden their skills and to gain experience of working across different parts of the Welsh public sector. The staff member was seconded to the Health Board for the period January to June 2024.

To safeguard against any potential threats to auditor independence and objectivity, the following restrictions apply in line with the FRC's Revised Ethical Standard 2024:

- the secondee will not undertake any management responsibilities; and
- the secondment will be for a maximum of 12 months.

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Supporting you

Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our [website](#) to find:



Our [publications](#) which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.