

Risk Management & Board Assurance Framework

Internal Audit Report

2024/25

Swansea Bay University Health Board



Reasonable Assurance

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Audit Committee	May 2025
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Executive Summary

Purpose

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.

Overview

The Board Assurance Framework (BAF) is designed to provide a structure and process that enables Swansea Bay University Health Board (the 'health board') to focus on the risks that might compromise it achieving its strategic goals, which are set out as part of its Integrated Medium-Term Plan. In recent years work has been carried out to develop and improve the format and content of the BAF.

An independent Board Effectiveness Review undertaken by Deloitte in September 2023, reported that the health board had the components of a strong risk management infrastructure in place, including the Risk Management Policy, BAF and Corporate Risk Register. The report also identified opportunities to enhance these tools, including that there is scope for improvement to the flow of risks from the Service Groups up to the Management Board. Audit Wales reported in its Structured Assessment for 2024 that the Health Board has made good progress in addressing prior recommendations relating to the BAF, and *"is in the process of implementing a new BAF, with stronger links to the organisation's strategic objectives"*. It also found that *"arrangements for developing and maintaining the corporate risk register remain reasonable, however, the management of operational risks requires improvement"*.

A Board Development session was held on risk and assurance in July 2024, and following this 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. This includes the development of a Strategic Risk & Assurance Register to be reported to the Board and Audit Committee, which will be underpinned by a Corporate Risk Register, containing the key operational risks to the organisation. This distinct separation of strategic and operational risks addresses internal audit findings in prior years where we considered that the Health Board Risk Register contained a mix of strategic and operational risks. Sitting below the Corporate Risk Register will be operational risk registers at a Service Group level, and these will be reviewed by a relaunched Risk Management Group which will consider whether any risks require escalation to the Corporate Risk Register.

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. We have therefore not raised findings where the required action is already clearly set out in documented plans. The one key area of concern from our work where we have raised a formal finding is the age and unchanged risk profile of a large number of current risks on the Health Board Risk Register.

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

Scope & Assurance Summary

Objectives	The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.	Related Findings	Assurance
1	Management and Assurance arrangements are defined within an up-to-date Strategy and Framework and associated procedures, aligned to the Health Board's objectives and strategic direction.	-	Reasonable
2	Processes are in place to support the monitoring and review of key risks and assurance mechanisms, including the BAF and CRR, across the Health Board, including at Committee and Board level.	-	Reasonable
3	The BAF aligns to the Health Board's strategic objectives, and both the BAF and CRR have considered risk appetite.	-	Reasonable

4	Strategic and corporate risks are regularly reviewed, and processes are in place to support, and evidence changes in risk scores.	1	Reasonable
5	Where gaps in control and assurance are identified, action plans that are regularly monitored are in place setting out the work required to close those gaps.	1	Reasonable
6	The audit will identify the progress of implementing the internal audit recommendations raised in the 2023/24 audit of Risk Management (SBU-2324-01).	-	Reasonable

Management Actions



High Priority



Medium Priority

Themes



■ Risk Management

Risk Types

Legal & Regulatory Non-Compliance

Choose an item.

Choose an item.

Choose an item.

Findings & Agreed Action Plan

Objective 1: Risk Management and Assurance arrangements are defined within an up-to-date Strategy and Framework and associated procedures, aligned to the Health Board's objectives and strategic direction.

Reasonable

Overview / Summary of Observations

The Risk Management Policy is not due for review until March 2026 but is currently being updated to reflect the reset of risk management arrangements across the Health Board. A Risk Management Strategy has also been produced and was presented to the Board in November 2024, but this is essentially a plan to get the Health Board to where it wants to be in terms of its risk management arrangements by March 2026. The Health Board currently does not have any documented Risk Management procedures but will produce these once the new approach is embedded, which is intended to be no later than the end of the 2025 calendar year. The Risk Appetite Statement is currently overdue for review but is planned to be updated in a Board Development session in June 2025 and annually thereafter.

Although we have not raised a finding against this objective, we have allocated a rating of reasonable assurance due to the need to update the Risk Policy (which is currently underway) and the Risk Appetite Statement, and particularly to produce detailed procedures for staff.

Objective 2: Processes are in place to support the monitoring and review of key risks and assurance mechanisms, including the BAF and CRR, across the Health Board, including at Committee and Board level.

Reasonable

Overview / Summary of Observations

There is clear evidence of the key corporate risks being presented to, and discussed at, the Board. In addition, all corporate risks are allocated to one of the Board sub-committees and there is again evidence to demonstrate that each committee is regularly reviewing the risks allocated to it. The BAF has not been presented since the Audit Committee meeting held in July 2024 and is currently subject to development of a revised format and approach. Going forward the new Strategic Risk Register and the Corporate Risk Register will be presented to the Board and the Audit Committee at each of its meetings, and the Audit Committee will continue to ensure oversight and scrutiny of the Health Board's risk management arrangements. Relevant extracts will be reported to sub-committees at least three times a year. The current Risk Management Group has supported the Board and its Committees with the Health Board Risk Register, and the relaunched Group will continue to undertake this role with the Strategic and Corporate Risk Registers and also review the Service Groups Operational Risk Registers, reporting to the Management Board on any risks requiring escalation to the Corporate Risk Register.

Although we have again not raised a finding for this objective, we have assessed it as reasonable due to the need for the Strategic Risk Register to be fully populated and presented to the Board on a regular basis.

Objective 3: The BAF aligns to the Health Board's strategic objectives, and both the BAF and CRR have considered risk appetite.

Reasonable

Overview / Summary of Observations

The BAF is being reviewed and revised and is due to relaunch as the Strategic Risk Register, which will be taken to the Board Development session in June 2025 and then come into operation immediately afterwards. The Health Board has made good progress in developing the BAF and taking on board recommendations from prior year Internal Audit reviews, the work with Deloitte, and Audit Wales Structured Assessments. The Strategic Risk Register will consider risk appetite and the Health Board's Risk Appetite Statements will be reviewed at a Board Development session in June 2025 which will be externally facilitated. The new Strategic Risk Register template provides a clear and explicit link to the strategic objectives set out in the annual plan, which will need to be revisited as the Health Board develops and implements its long-term strategy. The current Health Board Risk Register again has an explicit link to the strategic objectives but does not consider risk appetite although it does use target risk which is an alternative means of expressing the amount of risk that the Health Board is prepared to tolerate. We understand that consideration will be given to incorporating risk appetite into the new Corporate Risk Register, which is to replace the existing Health Board Risk Register.

As before, due to the lack of a current BAF or Strategic Risk Register, we have attributed a reasonable rating to this objective but have not raised a specific finding as action to address this issue is planned and underway.

Overview / Summary of Observations

The risks contained in the current Health Board Risk Register are subject to regular review by the Board, Audit Committee and the other Board Committees. A standard report is produced for each meeting and the highlight reports from each Committee that are reported to the Board includes detail on their review of the risks allocated to them for scrutiny and oversight. Appropriate detail is provided to justify any change in risk scores, but in the last 12 months only 22% of the risks in the Health Board Risk Register have seen a change in their risk score. Many of the risks have been on the Health Board Risk Register for a long time with an average length of tenure of over five years. Eight of the risks have been on the register for in excess of 100 months with the oldest risk dating from April 2012. Neither this, nor a further risk added in June 2012, have a current risk score lower than the score that was entered initially when they were added to the register. A risk added in January 2013 now has a higher current risk score than was recorded initially. In total, 55% of the risks on the Health Board Risk Register are at the same risk score now as when they were added initially.

Key Findings	Risk & Impact	Agreed Management Action
<p>1 Age Profile of Health Board Risks</p> <p>While we acknowledge that risks may well be affected by external factors outside the Health Board’s control, there are a significant number of risks that have been on the Risk Register for a very long time, and where the risk score has not improved despite there being a number of completed or on-going mitigating actions in place.</p>	<p>Actions taken are not effective in reducing the amount of risk that the organisation is facing.</p>	<p>As the report notes, as part of the refreshed risk management arrangements, the Health Board is developing a Strategic Risk Register (SRR), which will be underpinned by a Corporate Risk Register (CRR) of significant operational risks for oversight by Board members. These will replace the current Health Board Risk Register (HBRR). As part of the development and adoption of these new registers, long-standing risks and mitigating actions will be considered by the Risk Management Group. The Registers will be updated where rapid changes can be made. For those that cannot be addressed rapidly, entries will continue to be reviewed and challenged periodically as part of the RMG work plan (and evidence of that will be captured within meeting notes).</p>
	<p>Medium Priority</p>	<p>Expected Evidence of Implementation:</p> <p>Updated Strategic and Corporate Risk Registers</p>
<p>Theme: Risk Management</p>	<p>Control Operation</p>	<p>Officer: Assistant Head of Risk & Assurance</p> <p>Target Implementation Date: 30th September 2025</p>

Objective 5: Where gaps in control and assurance are identified, action plans that are regularly monitored are in place setting out the work required to close those gaps.

Reasonable

Overview / Summary of Observations

There are currently 30 risks on the Health Board Risk Register. Eleven of these had been updated ahead of the most recent Board sub-committee meeting and all of them had been subject to an update within the last few months. There was also evidence of actions being updated for these risks. However, whilst our review of the actions associated with the risks in the Corporate Risk Register confirmed that the majority of actions (62 out of a total of 75) were either complete or not yet due, the age of many of the risks on the register, and the lack of improvement in the risk score, questions the effectiveness of the action taken. Whilst external factors beyond the Health Board's control may be part of the reason for this, there is a need to review what actions the Health Board can take to achieve an improvement in its overall risk profile.

This issue is covered by the key finding under Objective 4 and we have therefore not raised a separate finding.

Objective 6: The audit will identify the progress of implementing the internal audit recommendations raised in the 2023/24 audit of Risk Management.

Reasonable

Overview / Summary of Observations

Detail with progress on the recommendations made following last year's review of Risk Management is provided at Appendix A. This demonstrates that the prior year agreed actions have either been completed or have been superseded by the planned reset of risk management arrangements across the Health Board.

Appendix A Progress with Prior Year Recommendations

Ref	Recommendation	Management Response	Audit Update (April 2025)
1.1	A review of the mechanisms available to improve the capturing of thematic risks should be undertaken. (Medium Risk)	Review of reporting options on thematic risks to be completed and presented to the Risk Scrutiny Panel for consideration and agreement on future reporting of thematic risks. Assistant Head of Risk Management – November 2024	As part of the current programme of work to populate a Strategic Risk Register, thematic risk information on operational risks recorded within services was provided. The newly established Risk Management Group will also consider whether there are specific themes with operational risks as part of its role. Action Ongoing.
1.2	The health board should consider amending form templates to capture the strategic and operational objectives and priorities impacted by each risk. (Medium Risk)	Risk templates to be amended to enable capturing of the strategic and operational objectives. Assistant Head of Risk Management – October 2024	The Health Board has decided not to continue with Datix and instead is seeking an alternative risk management software option. It has therefore not updated forms on Datix, but the form used for the exception reports now contains a link to strategic objectives and operational priorities. Action Complete
2.1	We recommend that the health board considers arrangements to promote and monitor the consistency and completeness of operational risk registers (evidencing assessment and approval of risks; controls and mitigating actions; updating review date and closed fields; confirming that risks have been scored appropriately; and access rights to risks are correct). (Medium Risk)	Review of arrangements to promote and monitor the consistency and completeness of operational risk registers in other Health Boards to be completed and options presented to the Risk Management Group to consider and approval. Assistant Head of Risk Management – November 2024	The current reset of risk management arrangements across the Health Board will see Operational Risk Registers from Service Groups reviewed by the newly reformed Risk Management Group. Action Ongoing.
3.1	A summary risk report, similar to the format presented to the Health Board and Committees, should be developed for the reporting of operational risks. The report should include themes, age of risk, risk changes (new/closed risks, risk score amendments), issues identified (no progress, unapproved risks, risk scoring issues, highlighting where fields have not been completed or updated). (Medium Risk)	Review of operational reporting of risks to be carried out in the Health Boards and options presented to the Risk Management Group to consider and approve. Assistant Head of Risk Management – November 2024	As above, Service Group operational risk registers will now be reported to the newly reformed Risk Management Group which will consider reporting formats and content. Action Ongoing
3.2	Service Groups should regularly present the risk report to corporate Risk Management Group and Service Group Management Board, ideally separate to quality and safety issues, with sufficient time available for discussion and scrutiny of the report content. (Medium Risk)	Review of how Service Groups should report to Groups and Committees in the Health Board to be completed and presented to the Risk Management Group for consideration and approval. Assistant Head of Risk Management – November 2024	Service Groups will present their operational Risk Registers to the newly reformed Risk Management Group, which will consider whether any risks require escalation to the Corporate Risk Register. Action Complete
3.3	The health board should ensure that it reviews the Risk Scrutiny Panel's terms of reference annually. Consideration should be given to strengthening the document to include their responsibility for reviewing de-escalated risks. (Medium Risk)	Risk Scrutiny Panel work programme to include an annual review of their Terms of Reference. Assistant Head of Risk Management – November 2024	The Risk Scrutiny Panel is being stood down and replaced by the Risk Management Group. Terms of Reference have been documented for this reformed group, and will be subject to

Ref	Recommendation	Management Response	Audit Update (April 2025)
3.4	The corporate template, that Service Groups utilise to escalate their risks for consideration on the Health Board Risk Register, should be updated to prompt for de-escalation of risks. (Medium Risk)	Corporate template for Service Group escalation of risks to be amended to include a section to notify of risks de-escalated. Assistant Head of Risk Management – September 2024	review after 12 months, and periodically thereafter. Action Ongoing The template has been updated. Action Complete
3.5	Service Groups should be encouraged to use the corporate template and provide more clarity on the reasons for escalation/de-escalation. (Medium Risk)	Executive Director of Nursing and Director of Corporate Governance to jointly write to the Service Group Triumvirate to explain the process of risk escalation/de-escalation and the role of the Risk Scrutiny Panel. Executive Director of Nursing and Director of Corporate Governance – September 2024	Service Groups have been reminded of the requirements for escalation and de-escalation of risks. Compliance with this will be monitored through the Risk Management Group, but risks will not be delayed from potential escalation if forms are not exactly completed as required but the risk is considered significant. Action Complete

Appendix B Assurance Opinion & Prioritisation of Findings

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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