

Capital Governance Arrangements

Internal Advisory Report

2024/25

Hywel Dda University Health Board

An assurance rating has not been provided as this review is advisory in nature and provided to management.

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Review Reference

HDU-SSU-2425-XX

Fieldwork

February – March 2025

Executive Sign Off

26th August 2025

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Executive Summary

Purpose

This advisory review was commissioned as an additional review for 2024/25. Management requested a pro-active review and appraisal of the existing capital management reporting and accountability requirements to ensure compliance with expectations and to identify any opportunities to enhance arrangements.

The focus of the review included the following key committees/ groups identified with responsibility for capital:

- **Strategic Development & Operational Delivery Committee (SDODC)** oversees strategic objectives and planning, ensuring alignment with performance outcomes and targeted intervention frameworks.
- **A Healthier Mid and West Wales (AHMWW) Group** addresses broader strategic implementation, such as clinical services, digital plans, and population health.
- **Integrated Quality Finance and Performance Delivery (IQFPD) Group** focuses on achievement of Annual Plan and overseeing performance to address Targeted Intervention.
- **Infrastructure & Estates Plan Sub-Group** is responsible for ensuring the delivery of major capital plans and schemes that support the Health Board’s strategy, including the development of business cases, land acquisition, infrastructure planning, and alignment with clinical service requirements to facilitate the implementation of "A Healthier Mid and West Wales" strategy.
- **Capital Sub-Committee (CSC)** oversees the delivery of the Health Board’s capital programmes and projects, ensuring alignment with strategic priorities, managing capital resources, and providing assurance on financial and risk management to support infrastructure and estate development.
- **Strategic Property & Environment Task Force Group (SPETFG)** is responsible for environmental, accommodation and estates related matters.

Overview

The review did not identify any gaps in reporting between the various groups and that each operated in line with their terms of reference. Several observations have been made to stimulate discussion and are there for management consideration - an action plan has been provided at **Appendix A** for completion by management.

Scope & Summary

Objectives	Related Findings
1 Control Framework: To ensure that the expected requirements in respect of capital were adequately defined within the existing control framework, including the operational and assurance governance structures including terms of reference and ensuring minimal duplication and mitigating any gaps in controls.	1,2,3
2 Compliance: To determine whether the existing arrangements were fit for purpose in respect of accountability, monitoring and reporting.	2
3 Effectiveness: To consider the effectiveness of the existing arrangements, identifying any duplication, inefficiency and/ or opportunities to enhance the existing arrangements.	2

Findings

Finding 1: Potential Overlap/ Duplication of Responsibilities:

Overview / Summary of Observations

The following elements were observed within the respective terms of reference:

Capital Sub-Committee	AHMWW Group (Infrastructure & Estates Plan Sub-Group)
<p>5.6 Scrutinise and quality assure major capital business cases prior to submission to SDODC including those developed in partnership with other organisations such as, Local Authorities, GP partners and Third Sector organisations.</p>	<p>The Infrastructure & Estates Plan Sub-Group will, in respect of producing an approvable SOC and other Business Cases to the Board:</p>
<p>5.7 Ensure a robust disposal policy for redundant estate is in place.</p> <p>5.8 Consider options for the acquisition or disposal of estate and agree recommendations for the Board, via the SDODC.</p>	<p>3.2 The Infrastructure & Estates Plan Sub-Group will also oversee the development of the interim infrastructure and estate plans and ensure alignment of short and medium term schemes with the strategy. These will include schemes such as fire, business continuity, major infrastructure and those emanating from the Clinical Services Plan (CSP).</p>
<p>5.2 Develop prioritised recommendations for discretionary capital sums and All Wales Capital Schemes and receive investment proposals, in response to an assessment of the organisation's risks, and to support the Health Board's A Healthier Mid and West Wales Strategy (including delivery plans) and vision for healthcare and its strategic objectives, including performance and financial improvement.</p>	<p>3.5 The Infrastructure & Estates Plan Sub-Group will also be responsible for the coordination of the other major capital plans and schemes that support delivery of the Health Board's Strategy 'A Healthier Mid and West Wales', including:</p> <ul style="list-style-type: none"> 3.5.1 Fire 3.5.2 Business Continuity 3.5.3 Other major capital plans and schemes e.g. those emanating from the Clinical Services Plan.
<p>5.3 Provide a co-ordinated approach to overseeing delivery of the Health Board's capital programmes and projects included in the planning cycle (in year and longer term) enabling the Health Board to understand the overall delivery commitments and risks and proposing changes as appropriate.</p>	<p>4.1 The Infrastructure & Estates Plan Sub-Group will, in respect of producing an approvable SOC and other Business Cases to the Board:</p> <ul style="list-style-type: none"> 4.1.1 Identify risks, issues and mitigations for the successful completion of an approvable Business Case 4.1.2 Ensure the Business Cases deliver within its agreed boundaries (e.g. cost, organisational impact and adoption, expected actual benefits realisation).

There were no observed gaps in proposed coverage, however there would be benefit in reviewing terms of reference to reduce potential duplication and/or overlap. Key observations were:

- a) That a significant amount of capital/ estates focus now falls within the remit of AHMWW Group, but that legacy terms of reference have not been updated to reflect this – thus creating potential duplication.
- b) There is potential to reconsider the roles of the CSC and AHMWW Group (Infrastructure & Estates Plan Sub-Group), for example:
 - CSC could focus on capital project delivery post approval of e.g. business cases, Targeted Estates Funds, approved within discretionary programmes etc.
 - AHMWW Group (Infrastructure & Estates Plan Sub-Group) could ensure strategic alignment and enabling infrastructure - pre-approval of business cases and post completion to ensure achievement of approved project objectives/benefits etc.
 - The above should be reflected in revised terms of reference and membership.
 - Key interrelationships and dependencies should be documented within a single organogram.

The above would require reconsideration of CSC role in recommending business cases to SDODC.
- c) CSC currently has responsibility for acquisition/ disposal of estate and is updated on backlog and issues of utilisation/ rationalisation. Consideration should be given to whether utilisation, rationalisation, acquisition and disposal sits appropriately within the AHMWW Group responsibilities?

Finding 2: Potential Overlap/ Duplication of Responsibilities:

Overview / Summary of Observations

Potential Overlap/ Duplication of Responsibilities:

Capital Sub-Committee	AHMWW Group (Infrastructure & Estates Plan Sub-Group)	Strategic Development and Operational Delivery Committee (SDODC)
<p>Highlight Reporting was produced for each Capital Sub-Committee, the latest reporting for January 2025 included:</p> <ul style="list-style-type: none"> • Fire Schemes: <ul style="list-style-type: none"> ○ WGH ○ GGH • Major Infrastructure – Phase 1 • North Pembrokeshire Health and Wellbeing Centre in Fishguard • RAAC – Withybush • Cross Hands Health and Wellbeing Centre • Carmarthen Hwb • Pentre Awel • Cylch Caron • Aberystwyth Integrated Care Centre <p>Additionally:</p> <ul style="list-style-type: none"> • Aseptics • Aberystwyth Sexual Assault & Referral Centre • Chemotherapy Day Unit BGH • Radiology • Corporate HQ • Regional Pathology 	<p>Separate dashboard reports were produced for Infrastructure & Estates Plan Sub-Group, the December 2024 meeting received an update on the following:</p> <ul style="list-style-type: none"> • Fire Schemes: <ul style="list-style-type: none"> ○ WGH ○ GGH ○ BGH ○ PPH • Major Infrastructure – Phase 1 • North Pembrokeshire Health and Wellbeing Centre in Fishguard • RAAC – Withybush • Cross Hands Health and Wellbeing Centre • Carmarthen Hwb • Pentre Awel • Cylch Caron • Aberystwyth Integrated Care Centre <p>Additionally:</p> <ul style="list-style-type: none"> • AHMWW • Llandoverly 	<p>SDODC received a financial update on all of the projects, but narrative updates were limited to projects of concern and/or significance. For December 2024 included:</p> <ul style="list-style-type: none"> • Aseptics • Cross Hands Health and Wellbeing Centre • Regional Pathology • Carmarthen Hwb • Pentre Awel • Cylch Caron • RAAC – Withybush <p>Additionally:</p> <ul style="list-style-type: none"> • A separate update on AHMWW for information covering: <ul style="list-style-type: none"> ○ Cross Hands Health and Wellbeing Centre ○ Carmarthen Hwb ○ Pentre Awel ○ North Pembrokeshire Health and Wellbeing Centre in Fishguard ○ Cylch Caron ○ Aberystwyth Integrated Care Centre
Corporate Risk Reporting	AHMWW Risk Register	Corporate Risk Reporting

The reporting observed was comprehensive and current, but there is scope for reduced reporting:

- a) There was evidence that reporting was repetitive rather than complimentary between each group – does this have the potential to confuse responsibilities of the various groups and risk error in transposition?
- b) There were project additions/ omissions across the various group reporting (e.g. Regional Pathology).
- c) Potential duplication in risk and performance monitoring arrangements as SDODC receives updates from CSC and monitors AHMWW’s delivery within broader organisational strategies. For example, AHMWW has its own risk register that does not currently link to any existing risks at the Corporate Risk Register but covers wide ranging issues such as workforce capacity, clinical strategies, existing estates infrastructure and future investment strategies.
- d) It may be beneficial to review Executive lead ownership of areas that would include capital and revenue funded projects.

Finding 3: Meeting Membership

Overview / Summary of Observations

Several of the groups share membership, which may be viewed as posing a potential for duplication/ repetition, however this does provide assurance that issues are raised consistently across the various forums. For example, it is noted that the Director of Planning either chairs and/or attends the CSC, AHMWW Group and SDODC.

- a) Whilst the CSC had an independent member within its membership, the AHMWW did not – this may need to be reviewed, recognising any revisions to terms of reference that may arise from this review.

Appendix A

Finding	Proposed Management Action	Responsibility	Timescale
1.	<p>Potential Overlap/ Duplication of Responsibilities: - Review Terms of Reference</p> <p>We have reviewed the Terms of Reference and are content that nothing is falling between the gaps. We recognise that there is an element of overlap and that we will streamline our reporting to minimise duplication.</p>	Lee Davies	Completed
2.	<p>Potential Overlap/ Duplication of Responsibilities: - Look at scope for reduced reporting:</p> <p>We have reviewed the Terms of Reference.</p> <p>The Capital Sub Committee is the key operational control function and is working effectively. We are therefore not proposing any change in it's remit. We are however in a holding position around the AHMWW capital Programme, whilst we still liaise with WG on the programme of work to support the strategy. At that point we will look to review the Terms of Reference between CSC and the AHMWW Infrastructure and Estates Sub Group to ensure our programme management arrangements are effective. We will also take further advice from Audit on the governance for the new programme of work.</p> <p>In the interim we will review the elements of operational reporting into the Infrastructure and Estates Sub Group to ensure reporting is appropriate and where necessary reporting is into the operational management structure.</p>	Lee Davies/ Paul Williams	Completed
3.	<p>Meeting Membership:</p> <p>Meeting membership has been reviewed for AHMWW and CSC and will be reviewed again when the terms of reference are reviewed as noted above.</p>	Lee Davies/ Paul Williams	Completed

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.

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