

Special Audit & Assurance Committee

Wed 25 June 2025, 09:30 - 10:30

Microsoft Teams

Agenda

09:30 - 09:35 **1. Welcome & Introductions**

5 min

Rhian Thomas

09:35 - 09:35 **2. Apologies for Absence**

0 min

Rhian Thomas

09:35 - 09:35 **3. Declarations of Interest**

0 min

Rhian Thomas

09:35 - 09:35 **4. Any Other Urgent Business**

0 min

Rhian Thomas

09:35 - 10:30 **5. Items for Approval/ Ratification/ Endorsement onwards to Board**

55 min

5.1. The Head of Internal Audit Opinion & Annual Report for 2024-25 (10 MINUTES)

Ian Virgil

- 📄 5.1 HIA Opinion & Annual Report 24-25 Cover.pdf (3 pages)
- 📄 5.1a HIA Opinion & Annual Report 24-25.pdf (31 pages)

5.2. Introduction to Annual Report and Accounts 2024-25 (30 MINUTES):

Robert Mahoney / Helen Lawrence / Audit Wales

- *Audit Wales ISA 260 Report*
- *The Letter of Representation included within the ISA 260 report*
- *The response to the Audit enquiries to those charged with governance and management*

- 📄 5.2 Report on 2024-25 Accounts.pdf (7 pages)
- 📄 5.2.1 Audit of Accounts Report C&VHB 2024-25.pdf (34 pages)
- 📄 5.2.2 Letter of Representation.pdf (3 pages)
- 📄 5.2.3 Audit Enquiries Letter- CVUHB 2024-2025.pdf (33 pages)

5.3. The CVUHB Annual Report 2024-2025 including the Annual Accountability Report, Performance report and the Financial Statements (15 MINUTES)

Francesca Thomas

The Annual Report 2024-25 can be located in the supporting documents folder on AdminControl & the Cardiff and Vale UHB website.

- 📄 5.3 CVUHB Draft Annual Report 2024-25 Covering Report.pdf (3 pages)

10:30 - 10:30 **6. Items for Noting**


0 min

Saunders, N
20/06/2025 14:24:09

6.1. Committee Annual Report 2024-25

Matt Phillips

 6.1 Cover Report - Audit Committee Annual Report 2024-25.pdf (2 pages)

 6.1a Audit Committee Annual Report 2024-25.pdf (8 pages)

10:30 - 10:30

0 min

7. Any Other Business

7.1. Review & Final Closure

7.2. Date & Time of next Audit & Assurance Committee meeting:

02 September 2025 9am via MS Teams

Saunders, Nathan
20/06/2025 14:24:09

Report Title:	Head of Internal Audit Opinion & Annual Report 2024/25		Agenda Item no.	5.1
Meeting:	Audit & Assurance	Public	x	Meeting Date: 25/06/25
		Private		
Status:	Assurance	x	Approval	Information
Lead Executive:	Director of Corporate Governance			
Report Author:	Head of Internal Audit			

Background and current situation:

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 delivery of the annual audit plan that has been focused on key strategic and operational risk areas and known improvement opportunities. The 2024/25 plan was formally approved by the Audit Committee at its May 24 meeting.

The Annual Report sets out the HIA 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.

The report also details the outcome of audits undertaken at NWSSP, DHCW and JCC that support the overall opinion for the Health Board.

Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

The HIA Opinion for 24/25 is that ‘The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively’.

From the individual audits completed at the time of producing the Annual Report, the following final / draft ratings have been provided:

- 3 Substantial Assurance
- 16 Reasonable Assurance
- 5 Limited Assurance.
- 5 advisory or non-opinion

The Report also includes details of the 9 audits that have been removed or deferred from the plan during 2024/25, as reported to previous meetings of the Committee. These audits and the reason for their removal / deferment have been considered when compiling the HIA Opinion.

The HIA Opinion will need to be reflected within the Health Board’s Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed responses to the Limited Assurance opinions issued during the year and the significance of the recommendations made, including the fact that 3 of these are follow-ups of previously Limited assurance reports.

Appendices (Please list any appendices that will accompany this report)

- 1) 5.1a HIA Opinion & Annual Report 24-25





Recommendation:

The Committee are requested to:

- a) Consider and note the Head of Internal Audit Opinion and Annual Report for 2024/25.

Link to Strategic Objectives of Shaping our Future Wellbeing:

<https://shapingourfuturewellbeing.com/>

 <p>Putting People First</p> <p>1.</p> <p>Click the objective above to view more detail.</p>	 <p>Providing Outstanding Quality</p> <p>2.</p> <p>Click the objective above to view more detail.</p>
 <p>Delivering in the Right Places</p> <p>3.</p> <p>Click the objective above to view more detail.</p>	 <p>Acting for the Future</p> <p>4.</p> <p>Click the objective above to view more detail.</p>

Five Ways of Working (Sustainable Development Principles) considered

Prevention		Long term	x	Integration	x	Collaboration	x	Involvement
------------	--	-----------	---	-------------	---	---------------	---	-------------

Quality Impact Assessment Completed?

Yes – (please provide completed QIA document)	No – (Please provide reasoning, e.g. not required)	No	Not required
---	--	----	--------------

Impact Assessment:

Risk: Yes/No (delete as appropriate)

The Annual Report provides the Committee with a level of assurance around the management of a series of risks covered within the specific audit assignments delivered as part of the Internal Audit Plan. The report also provides information regarding the areas requiring improvement and assigned assurance ratings.

Safety: Yes/No

The Annual Report includes details of the outcome of audits that provide assurance around controls and processes relating to patient safety.

Financial: Yes/No

The Annual Report includes details of the outcome of audits that provide assurance around financial controls and processes.

Workforce: Yes/No

The Annual Report includes details of the outcome of audits that provide assurance around controls and processes relating to Workforce.

Legal: Yes/No	
The Annual Report includes details of the outcome of audits that provide assurance around legal controls and processes.	
Reputational: Yes/No	
The Annual Report includes details of the outcome of audits that provide assurance around reputational risks.	
Socio Economic: Yes/No	
Equality and Health: Yes/No	
The Annual Report includes details of the outcome of audits that provide assurance around controls and processes relating to equality and health.	
Decarbonisation: Yes/No	
Welsh Language: Yes/No	
Approval/Scrutiny Route <i>(please note anywhere else this paper has been before)</i> :	
Committee/Group/ Exec	Date:

Saunders, Nathan
20/06/2025 14:24:09

Head of Internal Audit Opinion & Annual Report 2024/25

Cardiff and Vale University health Board



Reasonable Assurance

Contents

1. Executive Summary	1
2. Head of Internal Audit Opinion	3
3. Other work relevant to the Trust	16
4. Delivery of the Internal Audit Plan	19
5. Risk based audit assignments	20
6. Acknowledgement	26
Appendix A	27
Appendix B.....	29

Report status:	Final
Draft report issued:	May 2025
Final report issued:	June 2025
Author:	Ian Virgill
Audit Committee:	June 2025

Saunders Natten
20/06/2025 14:24:09



GIG
CYMRU
NHS
WALES

Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services



1. Executive Summary

1.1 Purpose of this Report

Cardiff and Vale University Health Board (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 (PSIAS).

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:

Reasonable assurance		<p>The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively.</p> <p>Some matters require management attention in control design or compliance.</p> <p>Low to moderate impact on residual risk exposure until resolved.</p>
-----------------------------	---	---

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 and Assurance 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 PSIAS.

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

There are, as in previous years, audits undertaken at NWSSP, 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 for 2024/25. We can state that our service 'conforms to the IIA's 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"> • Capital Systems • Core Financial Systems (General Ledger and Accounts Receivable) • Follow-up: Temporary Staffing Costs
Reasonable Assurance	<ul style="list-style-type: none"> • Performance Reporting (From 23/24 Plan) • Maternity Care – Ockenden Review (From 23/24 Plan) • Health & Safety • Safeguarding • Specialist Services CB Governance • Consent Process • Smoking Cessation • Mortuary Refurbishment at UHW • Risk Management / Board Assurance Framework • Business Continuity Planning • Records Management • UHW Lift Modernisation • Surgery Clinical Board Governance (Draft) • Therapies and Health Sciences Agency, Additional Hours and Overtime (Draft) • Office 365 Benefits Realisation (Draft) • Waiting List Management (Draft)

Saunders, Nathan
20/06/2025 14:24:09

Limited Assurance	<ul style="list-style-type: none"> • INNU • Follow-up: Implementation of Health Roster • Follow-up: Surgery CB Consultant Job Plans • Local Data Repository • Follow up: Alcohol Standards
Advisory/Non-Opinion	<ul style="list-style-type: none"> • Legal Services • Decision Making • Endoscopy Unit Investment • Data Quality • Contract Management (Draft)

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.

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 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 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 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 Cardiff and Vale 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).

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 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.

Reasonable assurance		<p>The Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively.</p> <p>Some matters require management attention in control design or compliance.</p> <p>Low to moderate impact on residual risk exposure until resolved.</p>
-----------------------------	---	---

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 five Limited audits in 2024/25) as well as addressing implementation of recommendations from previous year reviews. It should be further noted that three of the five Limited assurance audits relate to follow-ups of audits that were originally reported as Limited during 2023/24. The continued Limited assurance demonstrates that progress had not been made in implementing the previously agreed actions and the issues raised in the original audits have not therefore been addressed.

Basis for Forming the Opinion

The audit work undertaken during 2024/25, and reported to the 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 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.

- 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 the majority of reviews carried out during the year concluded positively with effective control arrangements operating in some areas.

From the opinions issued during the year, three were allocated Substantial Assurance, sixteen were allocated Reasonable Assurance, five were allocated Limited Assurance with none allocated an Unsatisfactory assurance opinion. Five advisory reports were also issued.

At the time of producing the Annual Report, one audit was still ongoing but had not been sufficiently progressed to reliably determine the assurance rating. The outcome for this audit will therefore feed into the Opinion for 2025/26.

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 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 Trust's activities that we had previously used to structure our strategic and one-year operational plans.

<p>Corporate Governance, Risk Management and Regulatory Compliance</p>

We have undertaken three reviews in this area:

- **Risk Management / Board Assurance Framework:** Whilst the Health Board's Risk Management and Board Assurance Framework Strategy were well written and reflected current practice, they were both past their planned date for review. The format and presentation of the BAF had been significantly revised over previous months and revolved around six risk themes which were applicable to the Health Board's four strategic objectives. Whilst the Corporate Risk Register ensured the Board had an overview of the key risks, its format and length made it difficult to manage risks

effectively, and it lacked reference to risk appetite. We noted that while strategic risks are allocated to specific Board sub-committees, only the People and Culture Committee regularly reviewed these risks. The implementation of the new risk management software (AMaT) is crucial for improving risk management processes across Clinical Boards. We concluded **reasonable** assurance on this area

- **Legal Services:** We identified several weaknesses in the processes for requesting, approving, and overseeing legal service expenditure. These included the lack of a Standard Operating Procedure, inconsistent use of the legal spend budget, outdated pricing information on the Legal Advice page, and insufficient financial and operational data sharing across the Health Board. We suggested opportunities for improvement, including developing formal procedures, updating contractual information, and enhancing data reporting and oversight to ensure better quality and value for money in legal services. This was an **advisory** review.
- **Decision Making:** We noted that the Health Board's 'Scheme of Delegation and Earned Autonomy Framework' was complex and lacked clarity. There was also a need for more detail around decision making within the Terms of Reference (ToR) for the Senior Leadership Board and Clinical Boards. There was also a low level of awareness of the Scheme among staff. We suggested opportunities for improvement, including simplifying the Scheme, enhancing the ToR to specify decision-making responsibilities, and increasing staff awareness to ensure decisions align with the Scheme. This was an **advisory** review.

A review of the 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

We have undertaken two reviews in this area.

- **Performance Reporting:** Effective performance reporting is integral to the Health Board's overall management and assurance arrangements. The Integrated Performance Report (IPR) was reviewed and updated in 2023 and was being effectively managed and overseen, with robust governance arrangements, regular updates to the Board and Finance and Performance Committee, and the implementation of recommendations from the Audit Wales Structured Assessment. However, we identified areas for improvement, such as ensuring the accuracy of performance data, updating the IPR guidance document, maintaining consistency in reporting periods, and enhancing the monitoring of underperforming measures highlighting actions to be undertaken. We concluded **reasonable** assurance on this area.
- **Business Continuity Planning:** Our audit identified that the Health Board has effective arrangements for business continuity across its services. We highlighted several positive areas, including the establishment of a robust command structure and communication processes for continuity events, comprehensive training programs for relevant staff, and the incorporation of lessons learned from recent events such as the Covid-19 pandemic. The matters requiring management attention included a number of outstanding Business Continuity Plans within the Clinical Boards, the provision of further guidance for reviewing Business Continuity Plans and the production of an Emergency Preparedness, Resilience and Response Risk Register. We concluded **reasonable** assurance on this area.

The planned audit of Hosting of the Substance Misuse Area Planning Team and Board was removed from the plan following changes to the Planning Executive portfolio and departure of the lead manager.

Financial Governance and Management

We have undertaken one review in this area.

- **Core Financial Systems (General Ledger and Accounts Receivable):** The Health Board's General Ledger (GL) and Accounts Receivable (AR) systems were well-managed and effective. We noted appropriate management of GL access and changes, timely and accurate processing of GL transactions, correct raising of invoices and recording of receipts and comprehensive financial control procedures in place. The reconciliation of payroll deductions and the management of longstanding debts do however require further attention. We concluded **substantial** assurance on this area.

The audits of the payment systems provided by NWSSP, which we undertake each year to provide assurance to the Health Board all concluded with positive assurance. The audit of Payroll received substantial assurance with Accounts Payable receiving Reasonable Assurance. The audit of PCS Pharmacy received substantial assurance.

The planned audit of Charitable Funds was removed from the plan due to an ongoing external review and subsequent implementation of structural changes within the department.

Quality & Safety

We have undertaken seven reviews in this area.

- **Maternity Care Ockenden Review:** We identified that reasonable progress was being made by the Health Board in implementing the recommendations from the Ockenden review. This included the appointment of new Delivery Suite Coordinators, the implementation of new training programs, and the recruitment of neonatal nurses to support the transitional care unit. However, we noted areas for further improvement, including providing regular updates on the progress of implementing the remaining recommendations, defining target dates, and assigning responsible officers for each action. We concluded **Reasonable** assurance on this area.
- **Health & Safety:** The Health Board's Health and Safety arrangements were progressing well, with improvements made since the external review in 2021. A Health and Safety Culture Plan had been established with regular updates to the Health and Safety Sub-Committee, and a number of actions from the external review had been completed. There was however a need for recalculating target dates for overdue actions and improving the detail in progress reports to the People and Culture Committee. We concluded **Reasonable** assurance on this area.
- **Safeguarding:** Our review noted that a Safeguarding Steering Group (SSG) had been put in place to support governance and Clinical Board Safeguarding Groups had also been created to enhance oversight. Whilst a comprehensive improvement plan had been developed following the JICPA review, further work was required to ensure the actions are effectively implemented as planned and progress is regularly reported to the SSG. We also noted some further areas for improvement, such as updating

safeguarding documents, enhancing training records, and improving attendance at SSG meetings. We concluded **Reasonable** assurance on this area.

- **Consent Process:** The Health Board's updated Consent to Examination or Treatment Policy aligned with the Welsh Health Circular and had been effectively communicated to staff. A Consent Group had been established to oversee quality assurance, training, and compliance, and consent training had been mandated for all registered professionals. However, we identified areas for improvement, such as updating out-of-date consent information, introducing a risk-based process for monitoring consent compliance, enhancing consent communication channels, increasing compliance with the consent training and improving the Consent Group's governance arrangements. We concluded **Reasonable** assurance on this area.
- **Smoking Cessation:** We identified that the Health Board's Hospital Smoking Cessation Service was making progress with its Smoking Cessation Delivery plan to ensure that potentially preventable smoking related harm is reduced/removed. However, a review of the Service needed to be undertaken to establish if it is appropriately resourced to fully deliver its mandate and there was an absence of effective promotion of the Service within the Health Board. We concluded **Reasonable** assurance on this area.
- **Interventions Not Normally Undertaken (INNU):** We reviewed the effectiveness of arrangements and processes supporting the consistent application of the Health Board's INNU policy. Positive outcomes included the identification of gaps in the INNU policy and the initiation of updates to align with Welsh Government guidance. However, we noted significant issues, including the lack of a complete set of Hospital Health Pathways in place to aid consistent application of the INNU policy, the INNU policy only covered some of the interventions which Welsh Government considers should be covered, a lack of concise evidence in patient files to support INNU decisions, and inadequate review, monitoring and reporting mechanisms. We concluded **Limited** assurance on this area.
- **Follow up: Alcohol Standards:** Management have made some progress in addressing the recommendations and the management actions detailed in the previous report. Two high priority actions have been closed as a review of the Substance Misuse Liaison Team (SMLT) resources has been undertaken, and the referral process has now been formalised. However, the remaining five actions, four of which were high, have not been completed. We can see some progress, such as the SOP being produced for the screening pilot which had been undertaken within the Emergency Unit with the introduction of a limited screening tool there. However, there remained a lack of training undertaken within the Health Board on alcohol screening for patients, and although the screening pilot had been undertaken, there was longer-term plan for ongoing screening in the Emergency Unit and there was no evidence of screening being undertaken elsewhere within the Health Board. Given the number of actions that are still to be completed, we concluded **Limited** assurance on this area.

The planned audit of Concerns/ Complaints/ Putting Things Right was removed from the plan as an audit was recently completed by the Welsh Risk Pool.

Saunders, Nathan
20/06/2025 14:24:09

Information Governance & Security

We have undertaken four reviews in this area:

- **Records Management:** We noted that the Health Board's record management processes were generally effective. A comprehensive Records Management Procedure had been developed, electronic patient records (EPR) systems such as PARIS were in use to reduce reliance on paper records, and structured mechanisms for the transporting of records had been introduced. We did however identify a number of significant issues, including a lack of full guidance within departments that manage their own records, a lack of protection from water damage or fire in some storage areas, records being transported in unsealed containers, records not being disposed of leading to retention past agreed timescales and no formal plan to move away from physical records to an electronic health record. We concluded **reasonable** assurance on this area.
- **Local Data Repository (LDR):** We identified a significant number of issues around the development and implementation of the LDR. The plan had only recently been introduced and did not set out the full scope of the LDR programme and there was no defined budget monitoring process in place. There had been limited, visible reporting on the LDR programme and no ability for governance groups to monitor progress against an agreed plan. Due to the link to the NDR there was no scope document, PID or business case developed for the Health Board LDR, with the programme treated as business as usual. The OpenStack environment was hosted on servers within the services accommodation centre which provided no geographical resilience and reduced the benefits associated with hosting a private cloud. There was also no documented evidence of approval of the LDRs open-source approach. We concluded **Limited** assurance on this area.
- **Data Quality:** The Health Board has made some developments around data quality, including the establishment of Information Asset Owners across directorates, the development of an in-house digital solution to streamline Information Asset Register updates, and the recognition of the importance of high-quality data for decision-making and operational efficiency. However, we identified several opportunities for improvement in data quality management including, the need for a formal data quality framework and governance structure, the need to update policies and procedures, the introduction of a data quality team or clearly defined individual responsibilities for overseeing and managing data quality, the provision of targeted training programs, and enhanced collaboration across departments to ensure consistent data quality management and proactive issue resolution. This was an **advisory** review.
- **Office 365 Benefits Realisation (Draft):** Office 365 (M365) licences have been rolled out across the Health Board and a framework is in place to raise awareness of the products. However, we identified several issues, including undefined roles and responsibilities within the M365 team, and inadequate guidance and governance over M365 applications, including Copilot. Additionally, there is no benefits plan or tracker, nor defined metrics for measuring the roll-out's success. We concluded draft **reasonable** assurance on this area.

Nathan
20/06/2025 14:24:09

Operational Service and Functional Management

We have undertaken six reviews in this area:

- **Specialist Services Clinical Board Governance:** Our review identified that the governance and financial arrangements within the Specialist Services Clinical Board were generally effective. The Clinical Board receives robust financial support from Finance Business Partners and regular performance management reviews were in place. There was also effective collaboration with the Health Board's committees. We did however note areas that require improvement, such as ensuring up to date Terms of Reference are in place for all decision-making groups and governance forums, and improving the documentation of matters discussed and key actions agreed at groups and governance forums. We concluded **reasonable** assurance on this area.
- **Follow-up: Surgery CB Consultant Job Plans:** Our follow-up review identified that there had only been limited progress with the implementation of the previously agreed management actions. We were able to evidence that all job plans were now on the Allocate system. However, none of the four high priority actions had been fully implemented. Most consultants still didn't have a fully signed off job plan dated within the last 12 months, and job plans still didn't include personal outcomes linked to service outcomes. In addition, no progress has been made towards the implementation of one medium priority action around approval of additional sessions, and one relating to the monitoring of delivery of sessions had only been partially implemented. We concluded **limited** assurance on this area.
- **Endoscopy Unit Investment:** The investment in the project to expand endoscopy services has delivered additional capacity, but only as insourcing contracts have been used, even though one of the original projects' aims was to eliminate insourcing. We identified several deficiencies with the project, including a lack of Board approval of the project's revenue expenditure proposal, the original revenue plan wasn't followed, and alternative plans weren't communicated to the Board, required treatment volumes are unlikely to be achieved and effective monitoring of progress against the original project proposals has not been undertaken. We identified opportunities for improving governance, communication, and project management to enhance the effectiveness of this and future projects. This was an **advisory** review.
- **Surgery CB Governance (Draft):** Our review identified that the governance and financial arrangements within the Surgery Clinical Board were generally effective. We highlighted several key issues, including that the Clinical Board did not meet the required minimum of 10 meetings per year, and action plans from meetings were not consistently documented or monitored. Additionally, not all directorate meetings had terms of reference or adequate documentation. Financial management was generally robust, but the value of savings plans developed was significantly lower than the targets set, with a substantial shortfall carried forward throughout the financial year. We concluded draft **reasonable** assurance on this area.
- **Contract Management (Draft):** Through inclusion within NHS Wales Organisations 2024/25 Internal Audit plans, this review compared and contrasted the appropriateness of contract management arrangements across eight organisations, with common issues and challenges noted; including establishing consistent contract management procedures, assessing and addressing training needs for contract managers, and ensuring robust documentation and monitoring of contract performance. We highlighted the need for collaboration with NHS Wales Shared Services Partnership to develop a

coordinated action plan to address these common issues across NHS Wales organisations. This was an **advisory** review.

- **Waiting List Management (Draft):** Whilst the Health Board still had very high waiting list numbers, the processes in place for recording, managing and monitoring the waiting lists were generally effective. Progress has been made in reducing long waiting times, with improvements noted in 104-week and 8-week diagnostic waits. However, we noted a lack of formal training assessments for staff, inconsistent patient prioritisation frameworks, and limited reporting on validation errors. There was also a need for expanding the Waiting Well Support Service to more specialties to better support long-wait patients. We concluded draft **Reasonable** assurance on this area.

The planned audit of the Planned Care Programme was removed from the plan due to Changes in processes and personnel in this area. Audit Wales also undertook a review of Planned Care in 24/25.

Workforce Management

We have undertaken three reviews in this area:

- **Follow-up: Temporary Staffing Costs:** Management have made excellent progress in implementing the actions detailed in the initial audit report. Of the seven recommendations made, six had been closed, including the two high priority recommendations. The one other recommendation had been superseded by a recommendation made within the Follow Up: Implementation of the Health Roster review. The E-rostering team had successfully migrated Capital, Estates and Facilities teams to Health Roster. The Rostering Principles and Good Practice guidelines had been re-issued to all ward sister/Charge Nurses to promote roster effectiveness, and the Workforce Sustainability Programme Scheme of Delegation had been revised. A Nursing Workforce Hub had been set up and it retained central control of all agency/bank shift requests by the Clinical Boards. We concluded **substantial** assurance on this area.
- **Follow-up: Implementation of Health Roster:** Management have made some progress in addressing the recommendations, and the management actions detailed in the initial report. Of the nine actions, five had been closed, including one of the high priorities as a Safecare dashboard had been put in place which records the Safecare compliance for day and night. One action was partially complete but the remaining three, comprising two highs and a medium priority, had not moved. Whilst we could see some progress, the underlying issues had not been addressed as there were still a considerable number of rosters not being produced on a timely basis. In addition, rosters were not being consistently verified and finalised. The auto-rostering functionality uptake had improved but was still below the Health Board's target. We concluded **limited** assurance on this area.
- **Therapies and Health Sciences Agency, Additional Hours and overtime (Draft):** Whilst Departments were actively managing their vacancies and making plans to fill them, significant gaps remained which necessitated the use of additional staffing. Whilst processes were generally in place for requesting, authorising and paying for additional staff, we noted several key issues such as discrepancies between budgeted and actual staffing levels, challenges in tracking vacancies, incomplete agency request forms, and insufficient documentation for shift approvals. We also noted instances of agency shifts paid above the approved rate card and the need for better verification of hours worked. We concluded draft **reasonable** assurance on this area.

The planned audit of the Occupational Health Service was removed from the plan due to Operational pressures on the team around a move from UHW to Woodland House and staff shortages.

Capital & Estates Management

We have undertaken three reviews in this area:

- **Capital Systems:** Our review focused on the development of the Health Board's new construction framework. The framework demonstrated an effective scoring methodology and also described processes for awarding of emergency works, rotational works, and mini competition. Strong due diligence processes were used to select contractors, and there were significant improvements over the previous framework that increased the protection provided to the Health Board. The framework allowed smaller works to be undertake without the need for a separate NEC contract. We did identify some issues, including the lack of a framework policy document, the need for ongoing review of the effectiveness of the framework and the fact that some framework contracts weren't sealed after commencement of the framework. We concluded **substantial** assurance on this area.
- **Mortuary Refurbishment at UHW:** Significant unforeseen issues had been encountered at this project, which had not been factored into the original project plans. As a result, the original design required significant re-working, delaying completion and extending the construction period. Costs had similarly increased and at the time of reporting, the Health Board was liaising with Welsh Government to discuss the potential funding of the total £924k forecast overspend. Management advised that support from discretionary capital had been agreed, should WG funding not be approved, to enable continuation of the works. Whilst noting the significant time and cost pressures at the project, the application of robust management controls in key areas such as risk management, contractual changes and cost control were evidenced. We did however identify the need to undertake a lessons learned exercise to ensure future projects benefit from the experience and learning from this project. We concluded **reasonable** assurance on this area.
- **UHW Lift Modernisation:** At the time of our review (at an early stage of works), the project was forecast to be delivered within the agreed time, cost and quality parameters. However, we identified a number of issues which require addressing at this early stage, which if not resolved, may limit the ability to provide positive assurance at future audit reviews of the project. The Health Board's Capital Projects Manual was out of date and considered not fit for purpose. An updated Manual had been prepared and was undergoing review and approval. The other matters requiring management attention included a review of governance arrangements, Welsh Government approval of the change in the spend profile, improvements in cost monitoring and reporting, confirmation of the risk management mechanisms for the Health Board risk register, retention of the tender assessment at future procurements and appropriate completion of contract documents. We concluded **reasonable** assurance on this area.

The planned Decarbonisation follow-up was deferred to the 2025/26 plan due to a recent change in Executive lead and time required for actions to be developed and implemented.

The planned Estates Condition Follow-up was removed from the plan due to the funding constraints in addressing the underlying issues.

The planned audit of Energy Management was removed from the plan due to an initial Health Board request to defer to Quarter 4 and then a lack of Internal Audit resources.

The planned audit of the UHW Tertiary Tower scheme was deferred to the 2025/26 plan due to delays in progression of the scheme.

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.

We undertook four follow-up audits during 2024/25 with the following outcomes:

- Follow-up: Temporary Staffing Costs – Substantial Assurance.
- Follow-up: Implementation of Health Roster – Limited Assurance.
- Follow-up: Surgery Consultant Job Plans – Limited Assurance
- Follow-up: Alcohol Standards – Limited Assurance

We were only able to provide an increased level of assurance for one of the follow-ups. The other three remained at Limited assurance as progress had not been made in implementing the previously agreed actions and the issues raised in the original audits had not therefore been addressed

Through 2024/25, the Corporate Governance team has continued to review all outstanding recommendations with management and the outcomes have been reported to each meeting of the Committee.

We undertook work towards the end of the year to validate the stated position for a sample of recommendations. We were able to confirm the recorded position for the majority of the sampled recommendations and therefore provide the 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 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 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 NHS Wales Shared Services Partnership (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 financial 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.
PCS Pharmacy	Substantial	To provide assurance that Primary Care Services is maintaining a robust system to facilitate timely and accurate payments to pharmacy contractors.
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.

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 NHS Wales Shared Services Partnership. 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 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 with determining the optimum delivery mechanism for the national objective of Traumatic Stress Wales (TSW), by review of the adequacy of the systems and

Audit	Opinion	Outline scope
		controls in place within TSW and the JCC in relation to its management of TSW.

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 Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Committee during the year. Audits that remain to be reported, but are reflected within this Annual Report, will be reported alongside audits from the 2025/26 operational audit plan.

The audit plan approved by the Committee in May 2024 contained 31 planned reviews. Changes have been made to the plan with 6 audits added and 9 audits removed or deferred. All these changes have been reported to, and approved by, the Committee.

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 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	97% 29/30	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft	G	100% 29/29	80%	v>20%	10%<v<20%	v<10%

Indicator Reported to Audit Committee	Status	Actual	Target	Red	Amber	Green
reporting [10 working days]						
Report turnaround: time taken for management response to discussion & draft report [20 working days]	R	50% 12/24	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	100% 24/24	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 29 audit reviews were reported during the year. Figure 1 below presents the assurance ratings, and the number of audits derived for each. This includes two audits from the 2023/24 plan that were not sufficiently progressed to be included within the Head of Internal Audit Opinion for 2023/24.

Figure 1 Summary of audit ratings

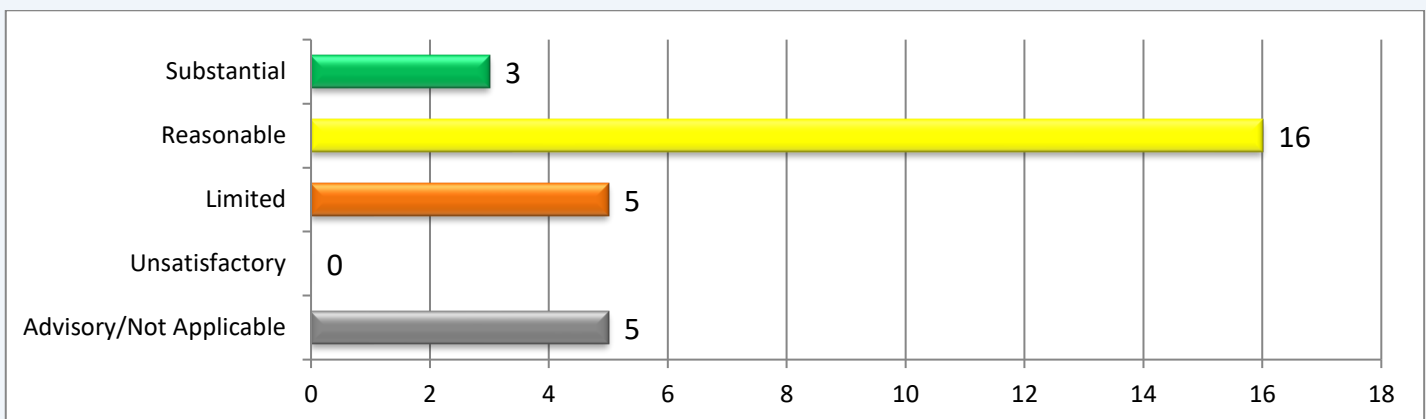


Figure 1 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW or the NHS Wales Joint Commissioning Committee.

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

In addition to the above, there were several 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
Capital Systems	A review of the arrangements in place for the selection and award of advisers and contractors at health board projects; to include the use of local, regional, and national framework arrangements, adequacy of contractual arrangements applied etc.
Core Financial Systems (General Ledger and Accounts Receivable)	To review the adequacy of the systems and controls in place to manage key risk areas across the main financial systems with a focus on General Ledger and Accounts Receivable.
Follow-up: Temporary Staffing Costs	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 2023/24 Temporary Staffing Costs Limited Assurance audit.

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
Performance Reporting	Following on from the previous advisory review, undertake an assurance review of the operation / effectiveness of the Integrated Performance Report.

Review Title	Objective
Maternity Care – Ockenden Review	To assess the progress made by the Health Board in implementing the actions from the Ockenden review and ensuring compliance with recommendations.
Health & Safety	To review the current progress in delivery against the action plan that was developed following an external review of the Health & Safety arrangements in 2021.
Safeguarding	To review and evaluate the adequacy of the systems and controls in place within the Health Board in relation to safeguarding. Including a review of progress against actions from the Joint Inspection of Child Protection Arrangements (JICPA) review.
Specialist Services CB Governance	To review the structure and Governance arrangements within the Clinical Board including escalation processes and how the Clinical Board feeds into the Health Board's Committees and Board.
Consent Process	Review of the consent to examination and treatment process operating within the Health Board to establish the level of compliance with the All-Wales Consent Policy.
Smoking Cessation	To review the processes and actions being taken by the Health Board to achieve public health targets in relation to smoking cessation.
Mortuary Refurbishment at UHW	To evaluate the progression and delivery of the project against the key business case objectives and to assess the adequacy of the systems and controls in place to support the successful delivery of the project.
Risk Management / Board Assurance Framework	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.
Business Continuity Planning	To establish if the Health Board has appropriate arrangements in place to ensure effective business continuity across all areas and services. In addition, to provide assurance around the development of plans and that effective communication, training and testing of plans is undertaken.
Records Management	Review of the arrangements and processes in place within the Health Board for the management and storage of health records, both acute and non-acute.

Saunders, Nathan
20/06/2025 14:28:09

Review Title	Objective
	Including a review of plans for the scanning and digitisation of patient records.
UHW Lift Modernisation	To evaluate the progression and delivery of the project against the key business case objectives and to assess the adequacy of the systems and controls in place to support the successful delivery of the project.
Surgery CB Governance (Draft)	To review the structure and Governance arrangements within the Clinical Board including escalation processes and how the Clinical Board feeds into the Health Board's Committees and Board.
Therapies and Health Sciences Agency, Additional Hours and Overtime (Draft)	To review the processes and controls in place for the usage of additional hours and overtime within the Therapies and Health Sciences services.
Office 365 Benefits Realisation (Draft)	Review of the current roll-out and utilisation of Office 365 functions within the Health Board to determine if maximum benefit is being received from the investment. The review will specifically focus on Co-Pilot.
Waiting List Management (Draft)	To review the process operating within the Health Board to ensure effective management of patient waiting lists in relation to the 104 week referral to treatment and 8 week diagnostic targets.

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
Interventions Not Normally Undertaken (INNU)	To determine if there are effective arrangements and processes in place to support consistent application of INNU across the Health Board.
Follow-up: Implementation of Health Roster	To provide the Health Board with assurance regarding the implementation of the agreed management

Review Title	Objective
	actions from the 2023/24 Health Roster Limited Assurance audit.
Follow-up: Surgery CB Consultant Job Plans	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 2023/24 Surgery CB Consultant Job Plans Limited Assurance audit.
Local Data Repository	To provide assurance over the arrangements in place for the development of the Local Data Repository (LDR).
Follow-up: Alcohol Standards	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 2023/24 Alcohol Standards Limited Assurance audit.

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
Legal Services	To assess the current processes operating within the Health Board around the use of legal services. Including current levels of expenditure, funding arrangements and how decisions to engage legal services are taken and approved.
Decision Making	Review of the effectiveness and operation of the Health Boards decision making.
Endoscopy Unit Investment	To map the Endoscopy Unit revenue investment through to budgets and activity to establish the impact on baseline activity and funding, and the current position in terms of demand and capacity.

Review Title	Objective
Data Quality	to review the arrangements and processes in place for ensuring data quality issues are detected, resolved and prevented within the Health Board.
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	Reason for removal / deferral
Concerns/ Complaints/ Putting Things Right	Removed from the plan as an audit was recently completed by the Welsh Risk Pool.
Charitable Funds	removed from the plan due to an ongoing external review and subsequent implementation of structural changes within the department.
Planned Care Programme	Removed from the plan due to Changes in processes and personnel in this area. Audit Wales also undertook a review of Planned Care in 24/25
Hosting of the Substance Misuse Area Planning Team and Board	Removed from the plan following changes to the Planning Executive portfolio and departure of the lead manager.
Follow-up: Decarbonisation	Deferred to the 2025/26 plan due to a recent change in Executive lead and time required for actions to be developed and implemented.
Occupational Health Service	Removed from the plan due to Operational pressures on the team around a move from UHW to Woodland House and staff shortages.
Follow-up: Estates Condition	Removed from the plan due to the funding constraints in addressing the underlying issues
Estates Assurance - Energy Management	Removed from the plan due to an initial Health Board request to defer to Quarter 4 and then a lack of Internal Audit resources.
UHW Tertiary Tower	Deferred to the 2025/26 plan due to delays in progression of the scheme.

Saunders, Nathan
20/06/2025 14:24:09

5.8 Work in progress

At the time of producing the Annual Report, the following audit was still in progress and the assurance rating had not been determined. The outcome of this audit will therefore feed into the HIA Opinion for 2025/26.

Review Title	Objective
Medicine CB - Acute Medicine Model	To review the arrangements in place for development and delivery of the Acute Medicine Model / Same Day Emergency Care to establish if they are effectively delivering the changes required.

6. Acknowledgement

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

Ian Virgill

Pennaeth yr Archwiliad Mewnol/Head of Internal Audit

Gwasanaethau Archwilio a Sicrwydd/Audit and Assurance Services

Partneriaeth Cydwasanaethau GIG Cymru/NHS Wales Shared Services Partnership

June 2025

Saunders, Nathan
20/06/2025 14:24:09

Appendix A

ATTRIBUTE STANDARDS	
1000 Purpose, authority and responsibility	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.
1100 Independence and objectivity	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.
1200 Proficiency and due professional care	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.
1300 Quality assurance and improvement programme	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	
2000 Managing the internal audit activity	<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>

Saunders, Nathan
20/06/2025 14:24:09

	Quality Manual. There is structured liaison with Audit Wales, HIW and LCFS.
2100 Nature of work	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.
2200 Engagement planning	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.
2300 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
2400 Communicating results	<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>
2500 Monitoring progress	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.
2600 Communicating the acceptance of risks	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.

Saunders, Nathan
20/06/2025 14:24:09

Appendix B

Assurance Opinion

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

Saunders, Nathan
20/06/2025 14:24:09

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.

Public Sector Internal Audit Standards

Audit work undertaken by NHS Wales Audit and Assurance Services conforms with the International Standards for the Professional Practice of Internal Auditing and associated Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Chartered Institute of Public Finance & Accountancy in April 2023.



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



Saunders, Nathan
20/06/2025 14:24:09

Report Title	Annual Report and Accounts 2024/25		Agenda Item no.	5.2	
Meeting:	Special Audit & Assurance Committee Workshop	Public	x	Meeting Date:	25 th June 2025
		Private			
Status:	Assurance	x	Approval	Information	
Lead Executive:	Executive Director of Finance				
Report Author:	Assistant Director of Finance				

Background and current situation:

This report refers to the Annual Report which is included within this meeting's agenda and papers. Specifically, this report refers to:

- Annual Report - Performance Report
- Annual Report - Accountability Report
- Annual report - Annual Accounts

In accordance with agreed deadlines, the 2024/25 Draft Annual Accounts, Draft Performance Report and Draft Accountability Report were completed and forwarded to the Welsh Government and Audit Wales.

The Draft Performance Report, Draft Accountability Report, Draft Annual Accounts and associated documents were reviewed in detail by the Audit and Assurance Committee at the meeting held on 20th May 2025.

This report sets out the key changes made to the draft statements to arrive at the final version of the Annual Accounts and outlines the financial performance of the UHB.

With regards to its role in providing advice to the Board, the Audit and Assurance Committee, in accordance with its Terms of Reference, has responsibility to specifically comment upon the accounting policies, the accounts, the annual report of the organisation and the Letter of Representation.

The Audit and Assurance Committee also has a key role in reviewing the ISA 260 report from Audit Wales.

The Annual Report contains the Annual Accounts and the remuneration report which are the key financial statements.

Executive Director Opinion and Key Issues to bring to the attention of the Committee:

In reviewing the financial statements and associated documentation, the Audit and Assurance Committee needs to consider the work carried out throughout the year by internal audit and counter fraud. Particular reference therefore should be made to the opinion provided by the Head of Internal Audit as part of their Annual Report.

Assurance on the accuracy of the Annual Report and Accounts can be taken by

- The programme of work and review that the Audit and Assurance Committee has undertaken throughout 2024/25 and the process it follows to verify and sign off the Annual Report and Accounts

- The work completed by Audit Wales and presented to the Audit and Assurance Committee in their ISA 260 Report
- The response given to the audit enquiries to those charged with governance and management and the letter of representation that will be sent to Audit Wales

This year, attention is drawn to the ISA260 report regarding the regularity opinion qualification. Audit Wales intends to qualify the regularity opinion because the Health Board breached its revenue resource limit.

- For the three-year period 2022-23 to 2024-25 the Health Board expended £70.820 million above the three-year revenue limit issued by Welsh Government
- The Health Board failed to gain approval from Ministers for its 3 year Integrated Medium Term Plan due to the projected financial deficits contained within it

Audit Wales have provided an unqualified audit opinion under their 'True and Fair' assessment of the 2024-25 financial statements.

Changes to the Draft Annual Report and Accounts

Audit Wales have reviewed the Draft Performance Report and Draft Accountability Report and have provided feedback on a number of minor narrative changes which have been incorporated within the Annual Report.

The Remuneration Report has similarly been amended.

The Accountability Report also includes the Head of Internal Audit's opinion of reasonable assurance.

There have been a small number of changes made to the Draft Accounts.

These are generally of a presentational nature and do not impact on the reported financial performance of the UHB.

The key amendments between draft and Final versions are set out in Appendix 2 of the Audit Wales ISA260 report. An extract of the summary table is included below:

Saunders, Nathan
20/06/2025 14:24:09

Value of correction	Accounts area	Explanation
£14,720,000	Note 9.1 Employee Benefits and Staff Numbers	<p>£14,720,000 of costs relating to SLE employees were misclassified resulting in the following amendment:</p> <ul style="list-style-type: none"> SLE Salaries and Wages: Decreased by £14,721,000 SLE Social Security Costs: Increased by £6,381,000 SLE Employer Contributions to NHS Pension Scheme: Increased by £8,339,000 <p>The above amendments were also made to the 'Total' column of the table.</p>
£9,970,000	Note 24.1 Right of Use Lease Obligations	<p>The values for non-current borrowings: buildings and current borrowings: other had been transposed in error. The resulting amendment is as follows:</p> <ul style="list-style-type: none"> Non-current borrowings buildings: increase by £9,970,000 Current borrowings other: decrease by £9,970,000
£6,610,000	Note 13 Impairments	<p>A formula error in the working paper meant that the 'Changes in market price' line of the note was disclosed as £6,610,000 rather than £0. The 'Changes in market price' and 'Total' lines of the note have been reduced by £6,610,000.</p> <p>This error was isolated to the disclosure note.</p>
£3,321,291	Note 23.3 Losses and Special Payments	<p>23 cases where payments were made during the year were incorrectly included in the analysis of cases where no payments were made in the financial year. The total amendment reduces the value of payments by £3,321,291. A breakdown of the amendment by category is given below.</p> <p>Cumulative amount up to £300,000:</p> <ul style="list-style-type: none"> Number of cases reduced from 53 to 31 Amount reduced from £4,820,799 to £1,799,508 <p>Cumulative amount greater than £300,000:</p> <ul style="list-style-type: none"> Number of cases reduced from 7 to 6 Cumulative amount greater than £300,000 reduced from 8,815,778 to £8,515,788.
£1,948 (material by nature)	Note 9.6.1 Remuneration relationship	<p>The lowest point of the range of remuneration for all staff was incorrectly disclosed as £22,022. This has been amended to show the correct value of £23,970.</p>
£1,905,000	Note 11.1 Property, Plant and Equipment 2023-24	<p>A hidden row in the table at the bottom of the note meant that £1,905,000 of 'On-SOFP MIMs funded PPP contracts' were not visible to the reader meaning the note was arithmetically incorrect to the reader.</p>
Various	Note 30 Related Party Transactions	<p>A number of amendments were made to the disclosure as follows:</p> <ul style="list-style-type: none"> £8,848,000 of expenditure and £2,083,000 of income transactions with Vale of Glamorgan Council added to the note to ensure completeness. A number of entities were removed from the disclosure as either no transactions had arisen during the year or the nature of the interest did not give rise to a related party relationship. Narrative amendments to provide clarity to the reader of the accounts.
Various (material by nature)	Remuneration Report	<p>A number of amendments were made to the disclosures as follows:</p> <ul style="list-style-type: none"> correction of benefits in kind disclosed for two individuals in the remuneration disclosure totalling £3,000 addition of disclosures for a missing individual in the remuneration disclosure including a salary of £5,000 - £10,000 and FTE salary of £75,000 - £80,000. Correction of the pension lump sum figure for one individual in the pension disclosure resulting in a £20,000 increase to the lump sum at pension age and £2,500 increase in the real increase of the lump sum. correction of pension benefits CETV figures for seven individuals in the pension disclosure. Narrative corrections including the addition of missing officers from the 'Changes to Board Membership in 2024-25' narrative.

To highlight none of the amendments detailed in the above table affect the overall financial performance report by the health board to the Audit Committee on the 20th May in the draft accounts.

Uncorrected misstatements

There were no material or non-trivial uncorrected misstatements within the 24/25 accounts.

Overview of Financial Performance 2024/25

The National Health Service Finance Act 2014 places two financial duties on the UHB:

A duty under section 175 (1) to ensure that its expenditure does not exceed the aggregate of the funding allocated to it over a period of 3 years.

- A duty under section 175 (2A) to prepare and obtain approval from the Welsh Ministers for a plan which achieves the first duty above, while also improving the health of the people for whom the UHB is responsible and improving the healthcare provided to them.

A summary of financial performance is set out below.

UHB Performance against its Revenue Resource Limit

The UHB did not have an approved Integrated Medium-Term Plan (IMTP) for 2024/25 due to the forecast annual deficit of £27.7m.

In the absence of an approved Integrated Medium-Term Plan, the LHB submitted a one-year Operational Plan in respect of the 2024/25 financial year.

This plan initially projected a planned deficit of £15.9m. However, this was revised upwards to a deficit of £27.7m following a deterioration in the savings delivery programme and increasing operational deficits. This revised deficit forecast was reached after additional funding of £6.8m from Welsh Government had been provided.

The 2024/25 accounts present an overspend of £27.627m against the final Revenue Resource Limit set by Welsh Government.

The aggregated deficit for the three-year period 2022-23 to 2024-25 against the Revenue Resource Limit is £70.820m.

This means that the UHB has failed to meet its financial duty under both section 175 (1) and 175 (2).

Performance against its Capital Resource Limit

The UHB effectively managed its capital programme during the 2024/25 financial year and the accounts show a small surplus of £0.248m against its Capital Resource Limit of £59.156m.

The UHB had a surplus of £0.088m in 2022/23 and £0.072m in 2023/24 against its respective Capital Resource Limits. This means that over the three-year period to 31 March 2025 the aggregated surplus against Capital Resource Limit has been £0.408m.

The UHB has met its financial duty to break-even against its Capital Resource Limit over the three years 2022-23 to 2024-25.

Audit Enquiries to management and those charged with governance / Letter of Representation

The Health Board is required to provide our auditors, Audit Wales with confirmation of

- The governance controls practised by the Health Board in the areas of financial reporting, fraud, laws and regulations, related parties and regularity.

This record is provided to Audit Wales by way of a reply to the 'Audit Enquiries to management and those charged with governance'.

The reply provided to Audit Wales is attached as Attachment 1.

- Acknowledgement of the responsibility of the Health Board to prepare financial statements and make available all relevant information to Audit Wales in the review and inspection of the Annual Accounts.

This assurance, by way of the Letter of Representation, will be provided to Audit Wales following Board approval of the Annual report & Accounts on 25th June 2025. The draft Letter of Representation is attached as Attachment 2.

Appendices (Please list any appendices that will accompany this report)

- 1) Audit of Accounts Report – Cardiff and Vale University Health Board
- 2) Final Letter of Representation
- 3) Audit enquiries to management and those charged with governance





Recommendation:

The Audit and Assurance Committee is asked to

- **NOTE** the reported financial performance contained within the Annual Report and Accounts and that the UHB has not met its statutory financial duties in respect of revenue expenditure. met its statutory financial duties in respect of capital expenditure.
- **NOTE** the changes made to the Draft Annual Report and Accounts.
- **REVIEW** the ISA 260 Report, the Head of Internal Audit Annual Report, the Letter of Representation, the response to the Audit enquiries to those charged with governance and management and the Annual Report and Accounts.
- **RECOMMEND** to the Board that it agrees and endorses the ISA 260 Report, the Head of Internal Audit Annual Report, the Letter of Representation and the response to the audit enquiries to those charged with governance and management.
- **RECOMMEND** to the Board approval of the Annual Report and Accounts for 2024/25.

Link to Strategic Objectives of Shaping our Future Wellbeing:

<https://shapingourfuturewellbeing.com/>

 <p>Putting People First</p> <p>1.</p> <p>Click the objective above to view more detail.</p>	X	 <p>Providing Outstanding Quality</p> <p>2.</p> <p>Click the objective above to view more detail.</p>	X
 <p>Delivering in the Right Places</p> <p>3.</p> <p>Click the objective above to view more detail.</p>	X	 <p>Acting for the Future</p> <p>4.</p> <p>Click the objective above to view more detail.</p>	X

Five Ways of Working (Sustainable Development Principles) considered

Pr ev e n t i o n		L o n g t e r m		Integration		Collaboration				Involve ment	x
--	--	--------------------------------------	--	-------------	--	---------------	--	--	--	-----------------	---

Quality Impact Assessment Completed?

Yes – (please provide		No –Not Required		
--------------------------	--	------------------	--	--

completed QIA document)				
Impact Assessment:				
Risk: Yes - The external audit process carried out by Audit Wales may identify misstatements in the accounts. The UHB's system control processes are designed to minimise the risk of this occurring				
Safety: No				
Financial: Yes				
The accounts for the primary record of the UHB's 2024/25 financial performance - the Financial implications outlined in the main body of the report				
Workforce: No				
Legal: No				
Reputational: Yes - The submission of accounts in accordance with the timetable set out by Welsh Government is a fundamental responsibility of a public body.				
Socio Economic: No				
Equality and Health: No				
Decarbonisation: No				
Welsh Language: No				
Approval/Scrutiny Route (please note anywhere else this paper has been before):				
Committee/Group/Exec	Date:			

Saunders, Nathan
20/06/2025 14:24:09

APPENDIX 1

Cardiff & Vale University Health Board

Income and Expenditure Statement for Year Ended 31st March 2025

	Ref	2024-25 £'000	2024-25 £'000	2023-24 £'000	2023-24 £'000
Income					
Resource limit	2.1		(1,495,082)		(1,358,136)
WHSSC	4	(383,112)		(355,137)	
LHBs	4	(101,614)		(100,634)	
Education, training & research	4	(65,696)		(62,102)	
Local Authorities	4	(11,287)		(10,398)	
other	4	(71,191)		(69,246)	
			(632,900)		(597,517)
Resource to cover PFI	2.1		(222)		(222)
Non cash limited expenditure	2.1		(13,833)		(13,794)
			<u>(2,142,037)</u>		<u>(1,969,669)</u>
Expenditure					
Primary health care	3.1		295,545		273,767
Payments to other providers	3.2		411,868		379,417
Hospital and community costs					
Salaries and wages	3.3	1,024,358		934,926	
Supplies and services	3.3	315,406		283,880	
Establishment, Premises and Transport	3.3	72,248		61,616	
Depreciation & amortisation	3.3	48,112		48,428	
Impairments and reversals	3.3	(3,754)		(745)	
Other	3.3	4,351		3,340	
			1,460,721		1,331,445
Other (gains) / losses	6		99		11
Finance costs	7		1,431		1,433
			<u>2,169,664</u>		<u>1,986,073</u>
Surplus /(Deficit)			<u>(27,627)</u>		<u>(16,404)</u>

Saunders, Nathan
20/06/2025 14:24:09

Audit of Accounts Report – Cardiff and Vale University Health Board

Audit year: 2024-25

Date issued: June 2025

Document reference: 4967A2025



Saunders, Nathan
20/06/2025 14:24:09

Contents

Contents	2
Introduction	4
Your audit at a glance	5
Materiality	6
Audit Findings	7
Audit team and ethical compliance	9
Appendix 1 – Audit risks and outcomes	10
Appendix 2 – Summary of corrections made	17
Appendix 3 – Proposed audit report	21
Appendix 4 – Letter of representation	28
Audit quality	32
Supporting you	33

Saunders, Nathan
20/06/2025 14:24:09

This document has been prepared as part of work performed in accordance with statutory functions.

The Auditor General, Wales Audit Office and staff of the Wales Audit Office accept no liability in respect of any reliance or other use of this document by any member, director, officer or other employee in their individual capacity, or any use by any third party.

For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email info@audit.wales.

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.

Saunders, Nathan
20/06/2025 14:24:09

Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my Audit of Accounts Report. The Report summarises the main findings from my audit of your 2024-25 annual report and accounts. My team have already discussed these findings with the Executive Director of Finance.

My team have substantially completed the audit work as set out in my Audit Plan dated April 2025.

The outstanding audit work relates to the audit of the remuneration report.

Since my Audit Plan, I have updated materiality to reflect the 2024-25 accounts. I have also identified 1 new audit risk which

needs to be brought to your attention. This, along with my response to previously identified audit risks are set out in **Appendix 1**.

I am required to provide an opinion on whether the accounts have been properly prepared, give a true and fair view, in all material aspects, and whether income and expenditure have been applied to the purposes intended. My proposed audit opinion and basis for it is outlined on page 21.

It is the responsibility of those charged with governance, i.e. the Board to address any matters raised in my report and provide me with a Letter of Representation.

I would like to extend my gratitude to the officers and staff of Cardiff and Vale University Health Board for their cooperation throughout the audit process which has been invaluable in completing this audit effectively.

Adrian Crompton
20/06/2025 14:24:09

Your audit at a glance



We intend to issue an **unqualified true and fair opinion** but a **qualified regularity opinion** on the accounts. The Health Board has breached its resource limit by spending £70.820 million over the amount it was authorised to spend in the three-year period 2022-23 to 2024-25.

See [Appendix 4](#)



There are no **other significant matters** to report. However, we are proposing to issue a **substantive report** in relation to the Health Board's failure to meet its financial duties.

See [Audit findings](#)



There are no **uncorrected misstatements** in the accounts which we wish to draw to your attention.

See [Audit findings](#)



The recommendations arising from our work will be set out in an Accounts Addendum which will be communicated with officers and members in due course.

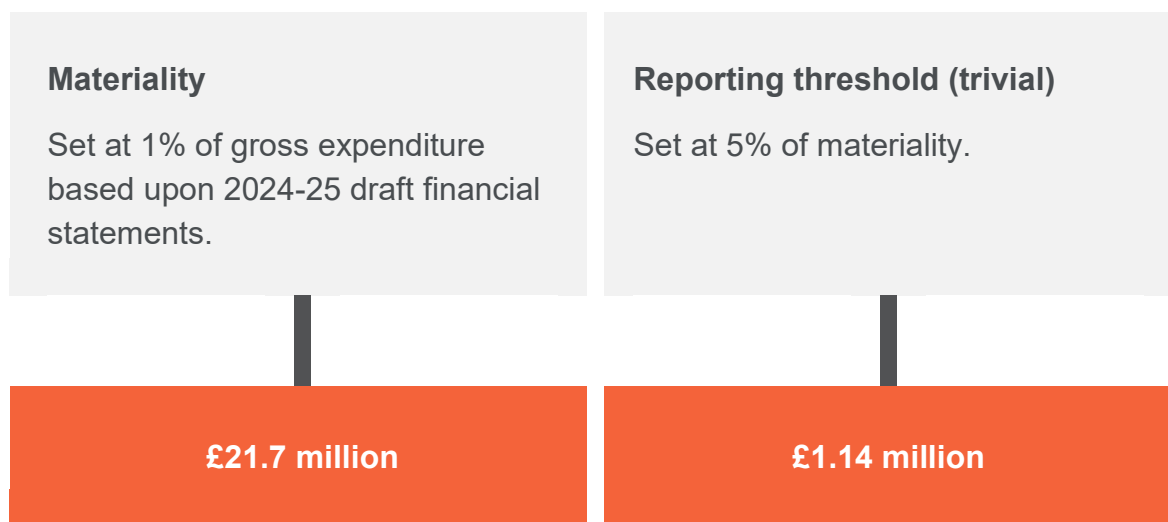


We are aiming to certify your accounts on **27 June 2025**, which is ahead of the agreed deadline of **30 June 2025**.

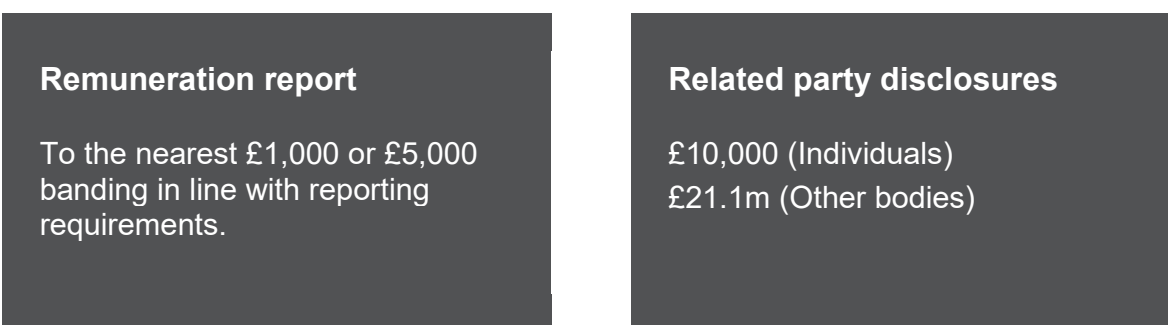
Spuders:Nathan
20/06/2025 14:24:09

Materiality

I use professional judgement to set a materiality threshold to identify and correct misstatements that could affect users' decisions, considering both financial errors and disclosure requirements according to the applicable accounting framework and laws. My team updates materiality throughout the audit and I include in this report matters that exceed my reporting threshold, as set out below:



There are some areas of the accounts that may be of more importance to the user of the accounts. We confirm lower materiality levels for these:



Saunders Nathan
20/06/2025 14:24:09

Audit Findings

Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

There are no uncorrected misstatements remaining in the accounts to bring to your attention.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention.

These are set out in **Appendix 2**

There is one further matter to bring to your attention.

Compliance with Interim Appointment Guidance

Welsh NHS bodies are required to comply with Welsh Government guidance when appointing senior officers. In August 2024, NHS Wales issued additional requirements via a Welsh Health Circular (WHC), mandating that all interim senior appointments must receive formal approval from the Welsh Government.

There are three interim Executive Director appointments disclosed within the Health Board's Accountability Report. All three appointments were made prior to the publication of the August 2024 WHC and were approved by the Health Board's Remuneration Committee. Going forward, the Health Board should note the requirements of the WHC to ensure future appointments comply with Welsh Government guidance.

Other significant issues

International Standard on Auditing 260 requires us to communicate with those charged with governance. We must tell you significant findings from the audit and other matters if they are significant to your oversight of Cardiff & Vale University Health Board's financial reporting process.

There were no such issues identified during the audit.

Proposed audit opinion

Audit opinion

We intend to issue an unqualified true and fair audit opinion but a qualified regularity opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 3**. The audit report explains that the regularity opinion for 2024-25 is qualified. In line with prior years, the regularity opinion is qualified because the Health Board did not meet its revenue resource allocation over the three-year period ending 2024-25.

The Auditor General also intends to issue a substantive report which explains why our audit opinion in respect of the regularity of expenditure is qualified. This report will also refer to the fact that the Health Board did not meet its financial duty to have an approved three-year integrated medium-term plan for the period 2024-25 to 2026-27. The regularity opinion is not qualified for this position.

Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is required by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 4** the contents of which are in line with our standard request for representations

Saunders, Nathan
20/06/2025 14:24:09

Audit team and ethical compliance

The main members of my team who carried out the audit work, together with their contact details, are summarised in **Exhibit 1**.

Exhibit 1: my local audit team

Engagement Lead	Gareth Lucey gareth.lucey@audit.wales
Audit Manager	Rachel Freitag rachel.freitag@audit.wales
Audit Lead	Rhodri Davies rhodri.davies@audit.wales

Compliance with ethical standards

We confirm that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
 - we have remained independent of yourselves;
 - our objectivity has not been comprised; and
- In our audit plan we informed you of a potential conflict of interest in relation to the audit of accounts, as a member of our team has relatives working for the Health Board. However, this relates to clinical staff and not to officers involved in the production of the accounts. Additional safeguards were implemented which ensured our objectivity and independence were not compromised.

Saunderstown
20/06/2025 17:24:09

Appendix 1 – Audit risks and outcomes

Since the issue of my Audit Plan in April, my team identified two additional risks of material misstatement that should be brought to your attention as listed below.

Exhibit 1: audit risks identified following issue of my Audit Plan

Audit risk	Work done	Outcome
<p>Accounts receivable completeness and accuracy</p> <p>There is a risk that the Accounts Receivable Control accounts could be inaccurately recorded and incomplete as at 31 March 2025. This risk arose as insufficient evidence was retained to confirm the completeness and accuracy of data transferred as part of the transfer of Oracle data to the cloud.</p>	<p>The audit team have undertaken additional sample testing of:</p> <ul style="list-style-type: none">- the accounts receivable control account balance to confirm accuracy.- April and May 2025 income to confirm transactions have been recorded in the correct accounting period.	<p>My audit work did not identify any issues with the completeness and accuracy of the accounts receivable control account.</p>

Saunders, Nathan
20/06/2025 14:24:09

Risk of fraud in Capital expenditure recognition

There is a risk that capital expenditure could be recognised in the incorrect accounting period, or that revenue expenditure is incorrectly recognised as capital expenditure.

This risk supersedes the previously identified capital expenditure risk previously raised in our Audit plan.

My audit team:

- performed detailed testing on a sample of additions and capital accruals to ensure they are correctly classified and included in the correct period;
- Assessed the design and implementation of controls in relation to capital expenditure recognition.

My audit work did not identify any instances of capital expenditure being incorrectly recognised.

Exhibit 2 lists the audit risks included within my Audit Plan and sets out how they were addressed as part of the audit.

Exhibit 2: audit risks reported previously, work done and outcome

Audit risk	Work done	Outcome
<p>Risk of management override</p> <p>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].</p>	<p>The audit team:</p> <ul style="list-style-type: none"> • tested the appropriateness of journal entries and other adjustments made in preparing the financial statements; • reviewed accounting estimates for bias; and • evaluated the rationale for any significant transactions outside the normal course of business. 	<p>My audit work did not identify any instances of management override of controls.</p>

240
 20/06/2025 14:24:09
 Nuthan

Failure of first financial duty

There is a significant risk that you will fail to meet your first financial duty to break even over a three-year period.

The audit team:

- monitored the Health Board’s financial position for 2024-25 and the three year position to 31 March 2025
- Considered the cumulative impact of any relevant uncorrected misstatements over the three years to 31 March 2025
- Undertook cut-off testing around year-end, and classification testing across revenue and capital expenditure.

The Health Board failed to meet its revenue resource allocation over the three-year period ending 2024-25.

My regularity opinion has been qualified in relation to this matter and a substantive report will be issued by the Auditor General.

Saunders, Nathan
20/06/2025 14:24:09

Remuneration report disclosures

I audit some of the disclosures in the remuneration report to a far lower level of materiality, as set out on page 7. The disclosures are therefore more prone to material misstatement. There is also the regularity risk that the Health Board remunerates a senior officer(s) above the Welsh Government's approved pay bands, but without the Welsh Government's formal approval for any salaries that exceed its bandings.

The audit team have ensured that:

- remuneration disclosed is consistent with supporting evidence
- amounts paid are consistent with those approved by the Board and are in accordance with Welsh Government pay rates
- disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

My audit work identified a number of required amendments to the remuneration and staff disclosures which included the:

- correction of figures disclosed for a number of individuals
- addition of disclosures for a missing individual in the remuneration disclosure
- correction of the range of remuneration in note 9.6.1 to accurately reflect the lowest point of the range.
- Narrative corrections

Further detail is included in **appendix 2**.

Saunders, Nathan
20/06/2025 14:24:09

Related Party Disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Health Board and the other body.

Where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. These transactions are of high interest and are considered to be material by their nature.

In previous audits I have identified omitted or incorrect disclosures and therefore judge the 2024-2025 disclosures to be at risk of misstatement.

My audit team has:

- reviewed management's process for identifying related party relationships and associated transactions and balances;
- undertaken procedures to confirm the completeness of related party relationships; and
- ensured disclosures are complete, accurate, consistent with evidence and are in accordance with requirements.

My audit work identified that:

- income and expenditure figures had been omitted from the disclosures for one related party; and
- disclosures had been made in relation to bodies who did not meet the definition of a related party or where no transactions had occurred during the financial year.

Some narrative changes have also been made to the disclosure to improve clarity for the reader of the accounts.

Further detail is included in **appendix 2**.

Saunders, Nathan
20/06/2025 14:24:09

Valuation of Property assets

The value of property assets reflected in the balance sheet and notes to the accounts are material estimates and are subject to a high degree of subjectivity.

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.

My audit team:

- reviewed the indices used by management for reasonableness;
- evaluated the competence, capabilities and objectivity of the professional valuer (who provide indices to management and undertake valuations as necessary);
- tested 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;
- confirmed that indexation has been appropriately applied and has been correctly reflected in the financial statements; and
- tested the reconciliation between the financial ledger and the asset register.

My audit work did not identify any issues with the valuation of property assets.

Saunders, Nathan
20/06/2025 14:24:09

Oracle Data Transfer

In October 2024 the NHS Oracle financial ledger system was transferred to the Oracle Cloud Infrastructure (OCI). Whilst this move to a cloud hosted service did not mean any changes to the Oracle IT application system, it did involve data transfer when moving from data centres within NHS Wales to server infrastructure located in the OCI cloud data centre. When data is transferred there is a risk to the integrity of the financial data.

My audit team performed tests on the completeness, accuracy and validity of the data transfer by checking the integrity of reconciliations completed by the Health Board.

Of the seventeen reconciliations reviewed, insufficient evidence had been retained in relation to two reconciliations relating to accounts receivable. This resulted in a new risk being raised as detailed in **Exhibit 1**.

Saunders, Nathan
20/06/2025 14:24:09

Appendix 2 – Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

None of the amendments detailed below affect the net expenditure for the year disclosed in the Statement of Comprehensive Net Expenditure.

Value of correction	Accounts area	Explanation
£14,720,000	Note 9.1 Employee Benefits and Staff Numbers	<p>£14,720,000 of costs relating to SLE employees were misclassified resulting in the following amendment:</p> <ul style="list-style-type: none"> • SLE Salaries and Wages: Decreased by £14,721,000 • SLE Social Security Costs: Increased by £6,381,000 • SLE Employer Contributions to NHS Pension Scheme: Increased by £8,339,000 <p>The above amendments were also made to the 'Total' column of the table.</p>
£9,970,000	Note 24.1 Right of Use Lease Obligations	<p>The values for non-current borrowings: buildings and current borrowings: other had been transposed in error. The resulting amendment is as follows:</p> <ul style="list-style-type: none"> • Non-current borrowings buildings: increase by £9,970,000 <p>Current borrowings other: decrease by £9,970,000</p>

Saunders, Nathan
20/06/2025 14:24:09

£6,610,000	Note 13 Impairments	<p>A formula error in the working paper meant that the 'Changes in market price' line of the note was disclosed as £6,610,000 rather than £0. The 'Changes in market price' and 'Total' lines of the note have been reduced by £6,610,000.</p> <p>This error was isolated to the disclosure note.</p>
£3,321,291	Note 23.3 Losses and Special Payments	<p>23 cases where payments were made during the year were incorrectly included in the analysis of cases where no payments were made in the financial year. The total amendment reduces the value of payments by £3,321,291. A breakdown of the amendment by category is given below.</p> <p>Cumulative amount up to £300,000:</p> <ul style="list-style-type: none"> • Number of cases reduced from 53 to 31 • Amount reduced from £4,820,799 to £1,799,508 <p>Cumulative amount greater than £300,000:</p> <ul style="list-style-type: none"> • Number of cases reduced from 7 to 6 • Cumulative amount greater than £300,000 reduced from 8,815,778 to £8,515,788.
£1,948 (material by nature)	Note 9.6.1 Remuneration relationship	<p>The lowest point of the range of remuneration for all staff was incorrectly disclosed as £22,022. This has been amended to show the correct value of £23,970.</p>

Saunders, Nathan
 20/06/2025 14:24:09

£1,905,000	Note 11.1 Property, Plant and Equipment 2023-24	A hidden row in the table at the bottom of the note meant that £1,905,000 of 'On-SOFP MIMs funded PPP contracts' were not visible to the reader meaning the note was arithmetically incorrect to the reader.
Various	Note 30 Related Party Transactions	<p>A number of amendments were made to the disclosure as follows:</p> <ul style="list-style-type: none"> • £8,848,000 of expenditure and £2,083,000 of income transactions with Vale of Glamorgan Council added to the note to ensure completeness. • A number of entities were removed from the disclosure as either no transactions had arisen during the year or the nature of the interest did not give rise to a related party relationship. • Narrative amendments to provide clarity to the reader of the accounts.
Various (material by nature)	Remuneration Report	<p>A number of amendments were made to the disclosures as follows:</p> <ul style="list-style-type: none"> • correction of benefits in kind disclosed for two individuals in the remuneration disclosure totalling £3,000 • addition of disclosures for a missing individual in the remuneration disclosure including a salary of £5,000 - £10,000 and FTE salary of £75,000 - £80,000. • Correction of the pension lump sum figure for one individual in the pension disclosure resulting in a £20,000 increase to the lump sum at pension age and £2,500

Saunders, Nathan
20/06/2025 14:24:09

increase in the real increase of the lump sum.

- correction of pension benefits CETV figures for seven individuals in the pension disclosure.
 - Narrative corrections including the addition of missing officers from the 'Changes to Board Membership in 2024-25' narrative.
-

Saunders, Nathan
20/06/2025 14:24:09

Appendix 6 – Auditor’s report on local health board / special health authority

Appendix 3 – Proposed audit report

The Certificate and report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of Cardiff and Vale University Health Board for the year ended 31 March 2025 under Section 61 of the Public Audit (Wales) Act 2004.

These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers’ Equity and related notes, including a summary of material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury’s Financial Reporting Manual.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the state of affairs of Cardiff and Vale University Health Board as at 31 March 2025 and of its net operating costs for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury’s Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on regularity

In my opinion, except for the matter described in the Basis for Qualified Regularity Opinion section of my report, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for Qualified Opinion on regularity

I have qualified my opinion on the regularity of the Cardiff and Vale University Health Board’s financial statements because the Health Board has breached its resource limit by spending £70.820 million over the amount that it was authorised to spend in the three-year period 2022-2023 to 2024-2025. This spend constitutes irregular expenditure.

Further detail is set out in my Report on page X.

Basis for opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my certificate.

My staff and I are independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Cardiff and Vale University Health Board is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers' directions; and;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Health Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports and Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Accountability Report are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on page X, the Directors and the Chief Executive are responsible for:

- maintaining adequate accounting records
- the preparation of financial statements and annual report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the annual report and financial statements as a whole are fair, balanced and understandable;
- ensuring the regularity of financial transactions;
- internal controls as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Health Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and Chief Executive anticipate that the services provided by the Health Board will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service (Wales) Act 2006.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Cardiff & Vale University Health Board's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals.
- Obtaining an understanding of Cardiff and Vale University Health Board's framework of authority as well as other legal and regulatory frameworks that the Cardiff and Vale University Health Board operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cardiff and Vale University Health Board;
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Assurance Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Saunee Sulathen
20/06/2025 14:24:09

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Cardiff & Vale University Health Board's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

Please see my Report on pages x to y.

Adrian Crompton
Auditor General for Wales
27 June 2025

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Saunders Nathan
20/06/2025 14:24:09

Report of the Auditor General to the Senedd

Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying and reporting on Cardiff & Vale University Health Board's (the LHB's) financial statements. I am reporting on these financial statements for the year ended 31 March 2025 to draw attention to two key matters for my audit. These are the failure against the first financial duty and consequential qualification of my 'regularity' opinion and the failure of the second financial duty. I have not qualified my 'true and fair' opinion in respect of any of these matters.

Financial duties

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

For 2024-25, the LHB failed to meet both the first and the second financial duty.

Failure of the first financial duty

The **first financial duty** gives additional flexibility to LHBs by allowing them to balance their income with their expenditure over a three-year rolling period. The three-year period being measured under this duty this year is 2022-2023 to 2024-2025.

As shown in Note 2.1 to the Financial Statements, the LHB did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £4,122 million by £70.820 million.

Where an LHB does not balance its books over a rolling three-year period, any expenditure over the resource allocation (i.e. spending limit) for those three years exceeds the LHB's authority to spend and is therefore 'irregular'. In such circumstances, I am required to qualify my 'regularity opinion' irrespective of the value of the excess spend.

Failure of the second financial duty

The **second financial duty** requires LHBs to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium-term plan. This duty is an essential foundation to the delivery of sustainable quality health services. An LHB will be deemed to have met this duty for 2024-2025 if it submitted a 2024-2025 to 2026-2027 plan approved by its Board to the Welsh Ministers, who were required to review and consider approval of the plan.

As shown in Note 2.3 to the Financial Statements, the LHB did not meet its second financial duty to have an approved three-year integrated medium-term plan in place for the period 2024-2025 to 2026-2027.

Adrian Crompton
Auditor General for Wales
27 June 2025

Saunders, Nathan
20/06/2025 14:24:09

Appendix 4 – Letter of representation

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Cardiff
CF10 4BZ

25 June 2025

Representations regarding the 2024-25 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Cardiff and Vale University Health Board for the year ended 31 March 2025 for the purpose of expressing an opinion on their truth and fairness their proper preparation and the regularity of income and expenditure.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

As Chief Executive and Accountable Officer I have fulfilled my responsibility for:

- preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
 - observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;

Saunders, Nathan
20/06/2025 14:24:09

- state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
- prepare them on a going concern basis on the presumption that the services of Cardiff and Vale University Health Board will continue in operation;
- ensuring the regularity of any expenditure and other transactions incurred;
- the design, implementation and maintenance of internal control to prevent and detect error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Cardiff and Vale University Health Board and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- the identity of all related parties and all the related party relationships and transactions of which we are aware;
- our knowledge of all possible and actual instances of irregular transactions.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Board

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 25 June 2025.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Chief Executive

Chair

Date: 25 June 2025

Date: 25 June 2025

Saunders, Nathan
20/06/2025 14:24:09

Saunders, Nathan
20/06/2025 14:24:09

Audit quality

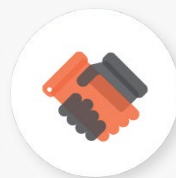
Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

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

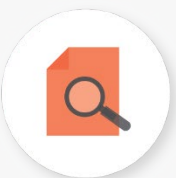
- Selection of right team
- Use of specialists
- Supervisions and review



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

Saunders Nathan
20/06/2025 14:24:09

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.

Saunders, Nathan
20/06/2025 14:24:09



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.

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





GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Executive Headquarters / Pencadlys Gweithredol

Woodland House
Maes-y-Coed Road
Cardiff
CF14 4HH

Ty Coedtir
Ffordd Maes-y-Coed
Caerdydd
CF14 4HH

Eich cyf/Your ref:
Ein cyf/Our ref: CJSR-jb-0625-106
Welsh Health Telephone Network:
Direct Line/Llinell uniongychol: 029 2183 6010

Charles Janczewski
Chair

Suzanne Rankin
Chief Executive

25 June 2025

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Cardiff
CF10 4BZ

Representations regarding the 2024-25 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Cardiff and Vale University Health Board for the year ended 31 March 2025 for the purpose of expressing an opinion on their truth and fairness their proper preparation and the regularity of income and expenditure.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities As Chief Executive and Accountable Officer I have fulfilled my responsibility for:

- preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
 - observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
 - prepare them on a going concern basis on the presumption that the services of Cardiff and Vale University Health Board will continue in operation;
- ensuring the regularity of any expenditure and other transactions incurred;
- the design, implementation and maintenance of internal control to prevent and detect error.

Saunders Nathan
20/06/2025 14:24:09

Bwrdd Iechyd Prifysgol Caerdydd a'r Fro yw enw gweithredol Bwyrd Iechyd Lleol Prifysgol Caerdydd a'r Fro
Cardiff and Vale University Health Board is the operational name of Cardiff and Vale University Local Health Board

Croesawir y Bwrdd ohebiaeth yn Gymraeg neu Saesneg. Sicrhawn byddwn yn cyfathrebu â chi yn eich dewis iaith. Ni fydd gohebu yn Gymraeg yn creu unrhyw oedi
The Board welcomes correspondence in Welsh or English. We will ensure that we will communicate in your chosen language. Correspondence in Welsh will not lead to a delay



Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Cardiff and Vale University Health Board and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- the identity of all related parties and all the related party relationships and transactions of which we are aware; • our knowledge of all possible and actual instances of irregular transactions.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Bwrdd Iechyd Prifysgol Caerdydd a'r Fro yw enw gweithredol Bwyrd Iechyd Lleol Prifysgol Caerdydd a'r Fro
Cardiff and Vale University Health Board is the operational name of Cardiff and Vale University Local Health Board

Croesawir y Bwrdd ohebiaeth yn Gymraeg neu Saesneg. Sicrhawn byddwn yn cyfathrebu â chi yn eich dewis iaith. Ni fydd gohebu yn Gymraeg yn creu unrhyw oedi
The Board welcomes correspondence in Welsh or English. We will ensure that we will communicate in your chosen language. Correspondence in Welsh will not lead to a delay



The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Board

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 25 June 2025.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

**Paul Bostock on behalf of
Suzanne Rankin
Chief Executive**

25 June 2025

**Charles Janczewski
Chair**

25 June 2025

Saunders, Nathan
20/06/2025 14:24:09

Bwrdd Iechyd Prifysgol Caerdydd a'r Fro yw enw gweithredol Bwyrd Iechyd Lleol Prifysgol Caerdydd a'r Fro
Cardiff and Vale University Health Board is the operational name of Cardiff and Vale University Local Health Board

Croesawir y Bwrdd ohebiaeth yn Gymraeg neu Saesneg. Sicrhawn byddwn yn cyfathrebu â chi yn eich dewis iaith. Ni fydd gohebu yn Gymraeg yn creu unrhyw oedi
The Board welcomes correspondence in Welsh or English. We will ensure that we will communicate in your chosen language. Correspondence in Welsh will not lead to a delay



Catherine Phillips
Director of Finance
Cardiff and Vale
University Health Board
Woodland House
Maes-y-Coed Road
CF144HH

1 Capital Quarter Tyndall Street / Stryd
Tyndall Cardiff / Caerdydd
CF10 4BZ
Tel / Ffôn: 029 2032 0500
Ffôn testun: 029 2032 0660
info@audit.wales post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

3 April 2025

Dear Catherine,

Audit enquiries to management and those charged with governance

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that annual financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and 'those charged with governance' (the Board).

This letter and the enclosed tables formally seek the documented consideration and understanding on a number of governance areas, which impact on our audit of the 2024-25 annual report and accounts. There are separate sections for management and for those charged with governance, and a closing section with some background information.

The responses will inform our understanding of the Health Board and its business processes; and support our work in providing an audit opinion on your 2024-25 annual report and accounts.

The completed tables should be formally considered and communicated to us, on behalf of both management and those charged with governance, by 23 May 2025.

I have copied the letter by to the relevant officers.

Yours sincerely,



Rachel Freitag
Audit Manager

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management

General enquiries (including financial reporting) of management		
Question	Response 24-25	Response 23-24
1. Are there significant matters and/or events that have occurred since April 2024 that could influence our audit approach or the Health Boards' financial statements?	There are no major changes to the core business of the Health Board which is to provide healthcare to its resident population and for contracted patients from other areas.	There are no major changes to the core business of the Health Board which is to provide healthcare to its resident population and for contracted patients from other areas. IFRS 16 Accounting for Leases was incorporated into accounting arrangements in the previous financial year 2022-23.
2. What are your general views on the Health Board's risk assessment process relating to financial reporting?	<p>The Health Board has put in place a robust annual planning cycle for financial reporting. This is informed by the prior year ISA 260 and Audit Wales Addendum reports and a comprehensive financial reporting review after each reporting cycle.</p> <p>The timetable for financial reporting and the audit review period is overseen by the Financial Accounting team which communicates the tasks and target dates to the wider finance team and the Health Board. The Financial Accounting team provides representation into the NHS Wales Technical</p>	<p>The Health Board has put in place a robust annual planning cycle for financial reporting. This is informed by the prior year ISA 260 and Audit Wales Addendum reports and a comprehensive financial reporting review after each reporting cycle.</p> <p>The timetable for financial reporting and the audit review period is overseen by the Financial Accounting team which communicates the tasks and target dates to the wider finance team and the Health Board.</p> <p>The Financial Accounting team provides representation into the NHS Wales Technical Accounting Group and the Capital Technical</p>

Saunders Nathan
20/06/2025 14:24:09

General enquiries (including financial reporting) of management		
Question	Response 24-25	Response 23-24
	Accounting Group and the Capital Technical Accounting Group. These groups discuss and disseminate knowledge, plans and amendments to risk assess and implement all relevant changes in accounting and reporting standards. The groups also provide a useful conduit between Welsh Government and Audit Wales to plan submission and audit review timetables	Accounting Group. These groups discuss and disseminate knowledge, plans and amendments to risk assess and implement all relevant changes in accounting and reporting standards. The groups also provide a useful conduit between Welsh Government and Audit Wales to plan submission and audit review timetables
3. Are you aware of significant transactions that are outside the normal trading activities of the Health Board's business?	We are not aware of any.	We are not aware of any.
4. Are you aware of any transactions, events or changes in circumstances that would cause impairments of the Health Board's non-current assets (i.e. its fixed assets, such as land and buildings)?	The UHB has applied indexation as a result of Technical Update Note 3 issued by Welsh Government on 20 September 2024.	The UHB has applied indexation as a result of Technical Update Note 2 issued by Welsh Government on 27 October 2023.

Saunders-Nathan
20/06/2025 14:24:09

General enquiries (including financial reporting) of management		
Question	Response 24-25	Response 23-24
<p>5. Are you aware of any transactions, events and conditions (or changes in these) that may or have given rise to recognition or disclosure of new significant accounting estimates in respect of 2024-25 that require significant judgement? If so, how have the accounting estimates been made, what is the nature of the data used and what degree of estimate uncertainty is inherent in the estimate?</p>	<p>The UHB is required to apply significant judgement each year in respect of final liabilities for Primary Care contractors and provision in relation to potential HMRC challenges to the UHB's VAT treatment of invoiced amounts. There is no change to this requirement in 2024-25.</p>	<p>The UHB is required to apply significant judgement each year in respect of final liabilities for Primary Care contractors and provision in relation to potential HMRC challenges to the UHB's VAT treatment of invoiced amounts. There is no change to this requirement in 2023-24.</p> <p>The UHB will have to make some estimated provision for cover costs arising from Industrial Action undertaken in late March 2024. The UHB has some basis for calculation arising from the costs of Industrial Action undertaken and paid earlier in the financial year. The provision will not be material.</p>
<p>6. Have there been any issues that may impact the preparation of the 2024-25 financial statements?</p>	<p>No known issues</p>	<p>No known issues</p>
<p>7. Do you have knowledge of events or conditions beyond the period of the</p>	<p>The UHB has submitted a deficit financial plan to Welsh government for 2025-26 and continues in discussion with Welsh</p>	<p>The UHB has submitted a deficit financial plan to Welsh government for 2024-25 and continues in discussion with Welsh Government to improve the</p>

General enquiries (including financial reporting) of management		
Question	Response 24-25	Response 23-24
going concern assessment that may cast significant doubt on the Health Board's ability to continue as a going concern?	Government to improve the financial outlook of the plan. There is no indication that Welsh Government support in 2025-26 would cause 'going concern' considerations.	financial outlook of the plan. There is no indication that Welsh Government support in 2024-25 would cause 'going concern' considerations.
8. Are there any issues around the use of service organisations or common functions, including uncorrected misstatements from service organisations? This would include the NHS Wales Shared Services Partnership.	There are none that the UHB is aware of.	There are none that the UHB is aware of.
9. Have there been any new contingencies arising in respect of 2024-25 that require disclosure? Please provide information about these new contingencies and the status of any disclosed contingencies from the prior year.	Contingent liabilities brought forward concerned clinical negligence liability claims, associated legal costs and retrospective Continuing Healthcare Claims. The financial risk concerning the progression of the identified contingent liabilities would be substantially offset by claims to the Welsh Risk Pool. The current status of each claim has been updated as at the Balance Sheet date.	Contingent liabilities brought forward concerned clinical negligence liability claims, associated legal costs and retrospective Continuing Healthcare Claims. The financial risk concerning the progression of the identified contingent liabilities would be substantially offset by claims to the Welsh Risk Pool. The current status of each claim has been updated as at the Balance Sheet date.

General enquiries (including financial reporting) of management		
Question	Response 24-25	Response 23-24
<p>10. Are there any issues around the use of service organisations or common functions, including uncorrected misstatements from service organisations? This would include the NHS Wales Shared Services Partnership.</p>	<p>There are none that the UHB is aware of.</p>	<p>There are none that the UHB is aware of.</p>
<p>11. Are you aware of any guarantee contracts, including those that could be within the scope of IFRS 17 from 1 April 2025</p>	<p>N/A</p>	<p>N/A</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management - in relation to fraud		
Question	Response 24-25	Response 23-24
<p>12. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>The assessed risk that the financial statement are materially misstated due to fraud is extremely low. Management are not aware of any fraud or potential fraud that would materially impact on the financial statements.</p> <p>This assessment is made on the basis of robust and comprehensive counter fraud and internal audit services. All potential fraud cases are rigorously investigated and pursued by the Health Board's counter fraud service. Internal Audit also undertake a detailed annual review of the main financial systems from which the financial statements are prepared.</p>	<p>The assessed risk that the financial statement are materially misstated due to fraud is extremely low. Management are not aware of any fraud or potential fraud that would materially impact on the financial statements.</p> <p>This assessment is made on the basis of robust and comprehensive counter fraud and internal audit services. All potential fraud cases are rigorously investigated and pursued by the Health Board's counter fraud service. Internal Audit also undertake a detailed annual review of the main financial systems from which the financial statements are prepared.</p>
<p>13. Do you have knowledge of any actual, suspected or alleged fraud affecting the Health Board?</p>	<p>Counter Fraud team activities are fully reported to the Audit and Assurance Committee at its regular business meeting in its private session via a counter fraud progress report. Also, as part of their private meetings, the Board receives minutes from the private meeting of the Audit and Assurance Committee, which include reference and any</p>	<p>Counter Fraud team activities are fully reported to the Audit and Assurance Committee at its regular business meeting in its private session via a counter fraud progress report. Also, as part of their private meetings, the Board receives minutes from the private meeting of the Audit and Assurance Committee, which include reference and any significant points highlighted in the Counter Fraud Progress Reports.</p>

Saunders, Nathan
20/06/2025 14:24:09

Enquiries of management - in relation to fraud		
Question	Response 24-25	Response 23-24
	significant points highlighted in the Counter Fraud Progress Reports.	
14. What is management's process for identifying and responding to the risks of fraud in the Health Board, including any specific risks of fraud that management has identified or that have been brought to its attention?	<p>The risks around fraud are mitigated by a robust and well-resourced counter fraud programme.</p> <p>The Cabinet Office NHS requirement gov13 requires that the counter fraud risk assessment is carried out by the Counter Fraud Team. All informed Fraud Risk is subject to assessment and review by the counter fraud team. This can be informed internally via management, post-investigation, thematic exercise or central NHS trends. Thorough assessment is conducted and recommendations made which are reported to :-</p> <ul style="list-style-type: none"> -Directorate -Director of Governance with responsibility for risk -Executive Director of Finance -Audit Committee. 	<p>The risks around fraud are mitigated by a robust and well-resourced counter fraud programme.</p> <p>The Cabinet Office NHS requirement gov13 requires that the counter fraud risk assessment is carried out by the Counter Fraud Team. All informed Fraud Risk is subject to assessment and review by the counter fraud team. This can be informed internally via management, post-investigation, thematic exercise or central NHS trends. Thorough assessment is conducted and recommendations made which are reported to :-</p> <ul style="list-style-type: none"> -Directorate -Director of Governance with responsibility for risk -Executive Director of Finance -Audit Committee. <p>The aim of the assessment is to fraud proof areas, address any identified weakness and with the goal of reducing the opportunity of fraud to an absolute minimum. All fraud risks remain live on a living document within the Counter Fraud department and are</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management - in relation to fraud

Question	Response 24-25	Response 23-24
	<p>The aim of the assessment is to fraud proof areas, address any identified weakness and with the goal of reducing the opportunity of fraud to an absolute minimum. All fraud risks remain live on a living document within the Counter Fraud department and are subject to regular review. All fraud risk is recorded and reported to the NHS CFA via the CLUE case management system. All fraud risk work carried out is compliant with the organisations over riding Risk Management Policy and the requirements of Compliance set by the NHS CFA.</p> <p>In addition, the Post Payment Verification Panel evaluates and monitor 'errors' with claims that have been submitted to Primary Care Services by the individual GP Practices and Opticians.</p> <p>All senior staff in the Finance Department must be professionally qualified accountants whose professional institutes have strong codes of conduct and professional ethics.</p>	<p>subject to regular review. All fraud risk is recorded and reported to the NHS CFA via the CLUE case management system. All fraud risk work carried out is compliant with the organisations over riding Risk Management Policy and the requirements of Compliance set by the NHS CFA.</p> <p>In addition, the Post Payment Verification Panel evaluates and monitor 'errors' with claims that have been submitted to Primary Care Services by the individual GP Practices and Opticians.</p> <p>All senior staff in the Finance Department must be professionally qualified accountants whose professional institutes have strong codes of conduct and professional ethics.</p> <p>All reported/alleged reports of suspected fraud are routed through to the Health Board's Counter Fraud Team for consideration of investigation and/or referral to national NHS Wales Counter Fraud team where the significance and complexity of the suspected fraud lends itself to an All Wales approach.</p> <p>The Health Board senior management team will receive advice from its counter fraud team on recommended</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management - in relation to fraud		
Question	Response 24-25	Response 23-24
	<p>All reported/alleged reports of suspected fraud are routed through to the Health Board's Counter Fraud Team for consideration of investigation and/or referral to national NHS Wales Counter Fraud team where the significance and complexity of the suspected fraud lends itself to an All Wales approach.</p> <p>The Health Board senior management team will receive advice from its counter fraud team on recommended next steps with regard to investigation and prosecution where appropriate.</p>	<p>next steps with regard to investigation and prosecution where appropriate.</p>
<p>15. What classes of transactions, account balances and disclosures, within the financial statements, have you identified as most at risk of fraud?</p>	<p>Those areas most at risk of Fraud can be identified in two ways. By severity of consequence; or by likelihood.</p> <p>Those areas most at risk of fraud by severity of consequence are; Mandate Fraud, Invoice Fraud and Procurement Fraud. Whilst these areas are high risk because of severity of consequence, they are rare. The processes in place to</p>	<p>Those areas most at risk of Fraud can be identified in two ways. By severity of consequence; or by likelihood.</p> <p>Those areas most at risk of fraud by consequence are Mandate Fraud Invoice Fraud and Procurement Fraud. Whilst these areas are high risk because of consequence that are rare. The processes in place to combat these are robust and are regularly reviewed and governance.</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management - in relation to fraud		
Question	Response 24-25	Response 23-24
	<p>combat these are robust and are regularly reviewed.</p> <p>Those areas most at risk from fraud by likelihood are; payroll fraud and staff overpayments; dual working; working whilst sick; trade creditor duplication.</p>	<p>Those areas most at risk from fraud by likelihood are; payroll fraud and staff overpayments; dual working; working whilst sick; trade creditor duplication.</p>
<p>16. Are you aware of any whistleblowing or complaints by potential whistleblowers? If so, what has been the Health Board's response?</p>	<p>The Health Board operates within the Wales-wide Speaking up Safely Framework which allows colleagues to raise concerns of any nature through an anonymous system.</p> <p>There are strong links between the operators of the system and various subject matter experts such as those in the counter-fraud team so operators know to triage such matters through to them swiftly.</p>	<p>The Health Board operates a Freedom to Speak Up initiative as a means to create an environment that enables and empowers staff to raise concerns they encounter of may observe in their areas of work with the knowledge that action will be taken as a result.</p> <p>This is supported by a local anonymous reporting route managed and advertised directly by the Counter Fraud Team, and a National reporting line administered by the Counter Fraud Authority. During the course of this year the Counter Fraud Team have received a number of anonymous referrals in relation to fraudulent activity. All instances have been fully investigated and outcomes have been reported accordingly on the national CLUE case management system and via Audit Committee.</p> <p>The People Services Team have been involved in 3 cases where complaints have been made by potential</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management - in relation to fraud		
Question	Response 24-25	Response 23-24
		Whistleblowers. These complaints have been dealt with and responded to under the relevant People Policies.
17. What is management's communication to those charged with governance (the Board) regarding their processes for identifying and responding to risks of fraud?	The Health Board's Counter Fraud Team report regularly (as a standing agenda item) to every Public and Private session of the Health Board's Audit and Assurance Committee. Reports from the Audit and Assurance Committee are submitted to the Board. Fraud concerns deemed to be significant in terms of value and sensitivity would be specifically reported to the Board.	The Health Board's Counter Fraud Team report regularly (as a standing agenda item) to every Public and Private session of the Health Board's Audit and Assurance Committee. Reports from the Audit and Assurance Committee are submitted to the Board. Fraud concerns deemed to be significant in terms of value and sensitivity would be specifically reported to the Board.
18. What is management's communication to employees regarding their views on business practices and ethical behaviour?	There is a full Counter Fraud awareness programme in place. This involves regular and bespoke fraud awareness sessions to staffing cohorts; ; all new starters receive fraud awareness training from the team at Corporate Induction events; regular newsletters published on the intranet; monthly webinars involving mandate fraud for finance staff and general fraud awareness for other groups; an e-learning experience provided on the ESR platform that all staff	There is a full Counter Fraud awareness programme in place. This involves regular and bespoke fraud awareness sessions to staffing cohorts; ; all new starters receive fraud awareness training from the team at Corporate Induction events; regular newsletters published on the intranet; monthly webinars involving mandate fraud for finance staff and general fraud awareness for other groups; an e-learning experience provided on the ESR platform that all staff have access to; a fully modernised and up to date dedicated Counter Fraud Intranet Site, which provides information in relation to reporting routes, contact, relevant policies,

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management - in relation to fraud		
Question	Response 24-25	Response 23-24
	<p>have access to; a fully modernised and up to date dedicated Counter Fraud Intranet Site, which provides information in relation to reporting routes, contact, relevant policies, useful support materials e.g. payroll fraud guides,; an in dates suite of policy documents that are accessible via the intranet e.g. Counter Fraud Bribery and Corruption Policy; activities involving poster and leafleting events and pop up stalls so that staff can meet the team.</p> <p>This is supported by the dedicated counter fraud email address, widely available interactive forms for referral (anonymous or named) and QR codes that direct to the above as well as a new Counter Fraud App which was rolled out during 2023-24.</p> <p>All staff are prompted by the ESR employment record system to make a Declaration of Interest on at least an annual basis.</p>	<p>useful support materials e.g. payroll fraud guides,; an in dates suite of policy documents that are accessible via the intranet e.g. Counter Fraud Bribery and Corruption Policy; activities involving poster and leafleting events and pop up stalls so that staff can meet the team.</p> <p>This is supported by a newly developed infrastructure of a dedicated counter fraud email address, widely available interactive forms for referral (anonymous or named) and QR codes that direct to the above and a new Counter Fraud App rolled out during 2023-24.</p> <p>All staff are prompted by the ESR employment record system to make a Declaration of Interest on at least an annual basis</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management - in relation to fraud		
Question	Response 24-25	Response 23-24
<p>19. For the Health Board's service organisations, have you reported any fraud or potential fraud to any affected parties?</p>	<p>The Counter Fraud Team are required to liaise with internal and external partners on a regular basis. If any fraud is identified by the organisation it is reported to the Counter Fraud Team. Should matters arise that concerns other agencies or partners then a close working protocol is adopted in order that all fraud identified is appropriately dealt with. E.g., Overseas Patients and Immigration Services; Taxi Contracts; Universities; nursing agencies.</p> <p>Close liaison is maintained with other health partners such as NWSSP who provide services to the HB where fraud can sometimes overlap.</p> <p>Fraud is regularly reported to other organisations/parties where it has occurred but the HB is not necessarily the financial victim of it.</p>	<p>The Counter Fraud Team are required to liaise with internal and external partners on a regular basis. If any fraud is identified by the organisation it is reported to the Counter Fraud Team. Should matters arise that concerns other agencies or partners then a close working protocol is adopted in order that all fraud identified is appropriately dealt with. E.g., Overseas Patients and Immigration Services; Taxi Contracts; Universities; nursing agencies.</p> <p>Close liaison is maintained with other health partners such as NWSSP who provide services to the HB where fraud can sometimes overlap.</p> <p>Fraud is regularly reported to other organisations/parties where it has occurred but the HB is not necessarily the financial victim of it.</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management – in relation to laws and regulations

Question	Response 24-25	Response 23-24
<p>20. What are the policies and procedures in place to identify any new applicable legal and regulatory requirements to ensure compliance?</p>	<p>The Corporate Governance Team provides assurance to the Audit and Assurance Committee on compliance with and the implementation of recommendations which have been made by external regulatory and legislative bodies with which the Health Board is obliged to comply with. Compliance with these legislative and regulatory requirements is monitored by means of a Legislative and Regulatory Compliance Tracking report which is shared with the Audit and Assurance Committee.</p> <p>The work of the Corporate Governance team in relation to the management of Regulatory Compliance has been reviewed as providing Reasonable Assurance by Internal Audit Colleagues.</p> <p>The Health Board’s Risk Management and Board Assurance Framework Strategy also support the monitoring and mitigation of prevailing regulatory and legislative risks. Such risks are reported to appropriate Board Committees and the Board via the Health Board’s Corporate</p>	<p>The Corporate Governance Team provides assurance to the Audit and Assurance Committee on compliance with and the implementation of recommendations which have been made by external regulatory and legislative bodies with which the Health Board is obliged to comply with. Compliance with these legislative and regulatory requirements is monitored by means of a Legislative and Regulatory Compliance Tracking report which is shared with the Audit and Assurance Committee.</p> <p>The work of the Corporate Governance team in relation to the management of Regulatory Compliance has been reviewed as providing Reasonable Assurance by Internal Audit Colleagues.</p> <p>The Health Board’s Risk Management and Board Assurance Framework Strategy also support the monitoring and mitigation of prevailing regulatory and legislative risks. Such risks are reported to appropriate Board Committees and the Board via the Health Board’s Corporate Risk Register and Board Assurance Framework.</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management – in relation to laws and regulations		
Question	Response 24-25	Response 23-24
	Risk Register and Board Assurance Framework.	
21. Have there been any new applicable legal and regulatory requirements introduced since 1 April 2024?	<p>All clinical and non-clinical areas are expected to maintain awareness of any legal or regulatory changes that affects their service. For example Standing Orders have been amended by WG through the use of their legislative power and when this occurs the changes are taken to Board for approval.</p> <p>Organisation wide the changes made by WG to the regulations relating to commissioning in support of the creation of the Joint Commissioning Committee (NWJCC), which came into existence on 1st April, 2024, would be another example of legal change that is known.</p> <p>The NWJCC replaces EASC and WHSSC and has responsibility for the services previously commissioned by these committees. NWJCC commissions specialist, rare and high-cost healthcare</p>	<p>All clinical and non-clinical areas are expected to maintain awareness of any legal or regulatory changes that affects their service. An example of this would be the Supreme Court ruling in <i>R (on the application of Worcestershire County Council) (Appellant) v Secretary of State for Health and Social Care (Respondent) 2023</i> that has created the potential for significant impact in the way that the Mental Health clinical board deals with after-care services under s117 of the Mental Health Act 1983. Organisation wide the changes made by WG to the regulations relating to commissioning in support of the creation of the Joint Commissioning Committee would be another example of legal change that is known.</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management – in relation to laws and regulations		
Question	Response 24-25	Response 23-24
	services for the people of Wales but reports to each of the UHBs regarding the services commissioned for their resident populations	
22. Are you aware of any instances of non-compliance with laws or regulations? Has the Health Board received any notice of any such known of possible instances of non-compliance?	<p>There is an ongoing legal case in relation to fire notice received in 2021-2022. This case is scheduled to be heard in the courts during 2025-26.</p> <p>As a major employer the UHB is necessarily involved in employment disputes from time to time which can result in Employment Tribunals. Some cases are found against the UHB. There is a clear process for the escalation of such disputes and legal advice and representation is sought as appropriate to the facts and progression of each case.</p> <p>The UHB makes provision within its financial position for outstanding cases.</p>	<p>There is an ongoing legal case in relation to fire notice received in 2021-2022. This case is scheduled to be heard in the courts during 2024-25.</p> <p>As a major employer the UHB is necessarily involved in employment disputes from time to time which can result in Employment Tribunals. Some cases are found against the UHB. There is a clear process for the escalation of such disputes and legal advice and representation is sought as appropriate to the facts and progression of each case.</p> <p>The UHB makes provision within its financial position for outstanding cases.</p>
23. Have there been any examinations or inquiries	The Health Board continues to engage with HMRC in regard to ongoing and in year VAT queries and clarifications.	The Health Board continues to engage with HMRC in regard to ongoing and in year VAT queries and clarifications. HMRC concluded the outcome of a

Enquiries of management – in relation to laws and regulations

Question	Response 24-25	Response 23-24
<p>performed by licensing, tax, or other authorities/regulators?</p>	<p>HMRC concluded the outcome of a longstanding investigation into the VAT treatment of site recharges issue to the UHB’s Medical School partner, Cardiff University. HMRC confirmed that UHB’s treatment had been correct.</p> <p>The UHB is not aware of any new investigations outside of normal business interactions with HMRC.</p> <p>There is an ongoing legal case in relation to fire notice received in 2021-2022. This case is scheduled to be heard in the courts during the 2025-26 financial year.</p> <p>The Health Board also remains subject to ongoing announced and un-announced inspections and examinations from Health Care and Service regulators. Details of such inspections are tracked by the Health Board Corporate Governance Department and reported to the Audit and Assurance Committee.</p> <p>The UHB continues to fully engage with the ongoing national (UK) long term Public Enquiries into Covid and Blood Infections.</p>	<p>longstanding investigation into the VAT treatment of site recharges issue to the UHB’s Medical School partner, Cardiff University. HMRC confirmed that UHB’s treatment had been correct.</p> <p>The UHB is not aware of any new investigations outside of normal business interactions with HMRC.</p> <p>There is an ongoing legal case in relation to fire notice received in 2021-2022. This case is scheduled to be heard in the courts during the 2024-25 financial year.</p> <p>The Health Board also remains subject to ongoing announced and un-announced inspections and examinations from Health Care and Service regulators. Details of such inspections are tracked by the Health Board Corporate Governance Department and reported to the Audit and Assurance Committee.</p> <p>The UHB continues to fully engage with the ongoing national (UK) long term Public Enquiries into Covid and Blood Infections.</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management – in relation to laws and regulations

Question	Response 24-25	Response 23-24
	<p>A Judicial Review has been brought against all 7 HBs following a decision taken by JCC regarding EMRTS services.</p>	
<p>24. Has there been any significant communications with regulators?</p>	<p>The Health Board is highly regulated and as such communication with multiple regulators is an ongoing part of its core activity, for example Health Inspectorate Wales (HIW) which reports in public. There has been recent correspondence with HIW regarding maternity services inspections for which the Board has been kept updated.</p> <p>The most significant engagement with regulators remains the ongoing prosecution of by South Wales Fire and Rescue Service which is due to be heard in 2025-26.</p>	<p>The Health Board is highly regulated and as such communication with multiple regulators is an ongoing part of its core activity, for example Health Inspectorate Wales (HIW) which reports in public. There has been recent correspondence with HIW regarding maternity services inspections for which the Board has been kept updated.</p> <p>The most significant engagement with regulators remains the ongoing prosecution of by South Wales Fire and Rescue Service which is due to be heard in 2024-25.</p>
<p>25. For the Health Board's service organisations, have you reported any non-compliance with laws and regulations?</p>	<p>The Health Board does not have any service organisations. NWSSP is the closest example of which, but this is hosted by Velindre NHS Trust.</p>	<p>The Health Board does not have any service organisations. NWSSP is the closest example of which, but this is hosted by Velindre NHS Trust.</p>

Saunders A. M. J. J.
20/06/2023 14:24:09

Enquiries of management – in relation to laws and regulations		
Question	Response 24-25	Response 23-24
26. What policies and procedures are in place for identifying, evaluating and accounting for litigation claims and assessments?	N/A	N/A

Saunders Nathan
20/06/2025 14:24:09

Enquiries of management – in relation to regularity		
Question	Response 24-25	Response 23-24
27. What is your assessment of the risk of material irregularity, in respect of the 2024-25 financial statements?	The Health Board is not aware of matters of material irregularity in respect of its 2024-25 financial statements.	The Health Board is not aware of matters of material irregularity in respect of its 2023-24 financial statements.
28. What is the process for responding to the risk of irregularity?	The Health Board's finance team will establish the nature of the potential irregularity and discuss with the senior managers of the Board any potential mitigations. In the absence of mitigations, the likely regularity opinion will be discussed with the relevant committees of the Board prior to the submission of the Annual Report and Accounts for adoption by the Board.	The Health Board's finance team will establish the nature of the potential irregularity and discuss with the senior managers of the Board any potential mitigations. In the absence of mitigations, the likely regularity opinion will be discussed with the relevant committees of the Board prior to the submission of the Annual Report and Accounts for adoption by the Board.
29. What is your knowledge of actual, suspected, or alleged irregularity?	The Health Board is not aware of matters of material irregularity in respect of its 2024-25 financial statements.	The Health Board is not aware of matters of material irregularity in respect of its 2023-24 financial statements.
30. Where service organisations are used by the Health Board, have any irregularities been reported to any affected parties?	No irregularities have been reported by any service agencies supporting the Health Board's operations.	No irregularities have been reported by any service agencies supporting the Health Board's operations.

Enquiries of management in relation to related parties

Question	Response to 24-25	Response to 23-24
<p>31. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships?</p>	<p>Related parties to the Health Board remain the same as in the prior year and as reported in the financial statements.</p> <p>Related Parties to Board members, with which the Health Board has had transaction in 2024-25, are identified and disclosed in the Health Board's Annual Accounts and are disclosed to the external auditor as part of the year end audit process. Members are regularly prompted to update their Declaration of Interest forms via the workforce ESR system.</p>	<p>Related parties to the Health Board remain the same as in the prior year and as reported in the financial statements.</p> <p>Related Parties to Board members, with which the Health Board has had transaction in 2023-24, are identified and disclosed in the Health Board's Annual Accounts and are disclosed to the external auditor as part of the year end audit process. Members are regularly prompted to update their Declaration of Interest forms via the workforce ESR system.</p>
<p>32. What transactions have been entered into with related parties during the period? What is the purpose of these transactions?</p> <p>Saunders Nathan 20/06/2025 14:24:09</p>	<p>All transactions with related parties will have been undertaken under due procurement governance and internal controls that is designed to prevent board members and senior members of staff from the decision making with regard to the award of business.</p> <p>All transactions will relate to the procurement of required inputs to support the delivery of healthcare in line with the Health Board's core role.</p>	<p>All transactions with related parties will have been undertaken under due procurement governance and internal controls that is designed to prevent board members and senior members of staff from the decision making with regard to the award of business.</p> <p>All transactions will relate to the procurement of required inputs to support the delivery of healthcare in line with the Health Board's core role.</p> <p>All identified transactions with related parties are disclosed in the Annual Accounts.</p>

	<p>All identified transactions with related parties are disclosed in the Annual Accounts.</p>	
<p>33. What controls are in place to identify, account for and disclose related parties?</p>	<p>The ESR workforce systems regularly prompts employees and members to update their declarations.</p> <p>Staff are required to make declarations in accordance with the Standards of Behaviour Framework Policy, incorporating Gifts, Hospitality and Sponsorship. All Board members are asked to make a declaration on an annual basis, which is then recorded and published in the Declarations of Board Members' Interests. Where a Board Member's interests change during the year, they have a personal responsibility to declare this and inform the Board Secretary.</p>	<p>Staff are required to make declarations in accordance with the Standards of Behaviour Framework Policy, incorporating Gifts, Hospitality and Sponsorship. All Board members are asked to make a declaration on an annual basis, which is then recorded and published in the Declarations of Board Members' Interests. Where a Board Member's interests change during the year, they have a personal responsibility to declare this and inform the Board Secretary.</p>
<p>34. What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none"> • with related parties; and • outside the normal course of business? <p>Saunders Nathan 20/06/2025 14:24:09</p>	<p>Related Party transactions with other NHS Wales organisations and Welsh Government are 'related' by the nature of the organisational structure of NHS Wales, including the consolidation of NHS Wales Accounts in the Whole of Government Accounting annual exercise. Transactions with NHS Wales Related Parties are numerous and high value in their nature and are subject to various internal payment and procurement controls throughout the organisations. High level service agreements</p>	<p>Related Party transactions with other NHS Wales organisations and Welsh Government are 'related' by the nature of the organisational structure of NHS Wales, including the consolidation of NHS Wales Accounts in the Whole of Government Accounting annual exercise. Transactions with NHS Wales Related Parties are numerous and high value in their nature and are subject to various internal payment and procurement controls throughout the organisations. High level service agreements are signed off by the Chief Executive. Procurement rules and processes require all decision making members</p>

are signed off by the Chief Executive. Procurement rules and processes require all decision making members of staff to declare any conflict of interest during the award process.

The Health Board is not aware of significant transactions outside of the normal course of business. If such a transaction was to arise it would be considered by the Chief Executive Office and Chair with reference to the UHB Board as appropriate.

of staff to declare any conflict of interest during the award process.

The Health Board is not aware of significant transactions outside of the normal course of business. If such a transaction was to arise it would be considered by the Chief Executive Office and Chair with reference to the UHB Board as appropriate.

Enquiries of those charged with governance (the Board)

Enquiries of those charged with governance		
Question	Response to 24-25	Response to 23-24
<p>35. Do you have any knowledge of actual, suspected, or alleged fraud affecting the entity?</p> <p>Saunders, Nathan 20/06/2025 14:24:09</p>	<p>Yes, this is fully reported to the Audit and Assurance Committee at its regular business meeting in its private session via a counter fraud progress report. Also, as part of their private meetings, the Board receives minutes from the private meeting of the Audit and Assurance Committee,</p>	<p>Yes, this is fully reported to the Audit and Assurance Committee at its regular business meeting in its private session via a counter fraud progress report. Also, as part of their private meetings, the Board receives minutes from the private meeting of the Audit and Assurance Committee, which include</p>

Enquiries of those charged with governance		
Question	Response to 24-25	Response to 23-24
	which include reference and any significant points highlighted in the Counter Fraud Progress Reports.	reference and any significant points highlighted in the Counter Fraud Progress Reports.
36. What is your assessment of the risk of fraud within the entity, including those risks that are specific to the Health Board's business sector?	<p>Fraud and risk of fraud are a constant presence in the Health Board due to the size and complexity of the Health Board.</p> <p>The risk of fraud cannot entirely be eliminated in an organisation such as the Health Board. To minimise the impact the Health Board maintains a Counter Fraud team that provides pro-active education alongside an investigation capacity and the ability to refer to the national NHS Counter Fraud resource if necessary. The internal controls present in the Health Board, alongside procurement processes help prevent significant fraud whilst assessing and delivering the appropriate response to smaller scale fraud. The Counter Fraud team regularly carried out fraud risk assessment exercises and maintain a Fraud Risk Profile that is subject to ongoing review and is presented at Audit Committee.</p>	<p>Fraud and risk of fraud are a constant presence in the Health Board due to the size and complexity of the Health Board.</p> <p>The risk of fraud cannot entirely be eliminated in an organisation such as the Health Board. To minimise the impact the Health Board maintains a Counter Fraud team that provides pro-active education alongside an investigation capacity and the ability to refer to the national NHS Counter Fraud resource if necessary. The internal controls present in the Health Board, alongside procurement processes help prevent significant fraud whilst assessing and delivering the appropriate response to smaller scale fraud. The Counter Fraud team regularly carried out fraud risk assessment exercises and maintain a Fraud Risk Profile that is subject to ongoing review and is presented at Audit Committee.</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of those charged with governance

Question	Response to 24-25	Response to 23-24
<p>37. How do you exercise oversight of:</p> <ul style="list-style-type: none"> • Management's processes for identifying and responding to the risk of fraud in the Health Board; and • The controls to manage these risks? 	<p>The Counter Fraud Team have standing agenda presence in the work of the Audit and Assurance Committee of the Board. The Committee receives regular reports on the counter fraud strategy and associated programme alongside reports concerning counter fraud activity and investigations. The Counter Fraud team regularly carried out fraud risk assessment exercises and maintain a Fraud Risk Profile that is subject to ongoing review and is presented at Audit Committee.</p>	<p>The Counter Fraud Team have standing agenda presence in the work of the Audit and Assurance Committee of the Board. The Committee receives regular reports on the counter fraud strategy and associated programme alongside reports concerning counter fraud activity and investigations. The Counter Fraud team regularly carried out fraud risk assessment exercises and maintain a Fraud Risk Profile that is subject to ongoing review and is presented at Audit Committee.</p>
<p>38. What is the process for identifying and responding to the risks of fraud?</p>	<p>The Board has delegated the review and monitoring of management processes for identifying and responding to fraud risks to the Audit and Assurance Committee.</p> <p>This monitoring is supported by the work of the Audit and Assurance Committee and by the Internal Audit Service under the executive leadership of the Director of Governance and the Counter Fraud Service under the executive leadership of the Finance Director.</p>	<p>The Board has delegated the review and monitoring of management processes for identifying and responding to fraud risks to the Audit and Assurance Committee.</p> <p>This monitoring is supported by the work of the Audit and Assurance Committee and by the Internal Audit Service under the executive leadership of the Director of Governance and the Counter Fraud Service under the executive leadership of the Finance Director.</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of those charged with governance		
Question	Response to 24-25	Response to 23-24
39. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the Health Board?	<p>The Health Board is not aware of non-compliance with laws and regulations in 2024-25 that has a fundamental effect on its operations.</p> <p>Those charged with governance have been kept informed with regard to ongoing Fire compliance case (arising in 2021-22) due to be heard in the courts during 2025-26.</p>	The Health Board is not aware of non-compliance with laws and regulations in 2023-24 that has a fundamental effect on its operations. Those charged with governance have been kept informed with regard to ongoing Fire compliance case (arising in 2021-22) due to be heard in the courts during 2024-25.
40. Are you aware of any actual, suspected or alleged irregularity affecting the Health Board?	The Health Board is not aware of any.	The Health Board is not aware of any.
41. Are there any matters which those charged with governance consider require particular attention during the audit?	No particular matters at present.	No particular matters at present.
42. Are there any other matters which those charged with governance consider may	No particular matters at present outside the normal range of audit review and	No particular matters at present outside the normal range of audit review and assurance provided through the audit process.

Enquiries of those charged with governance		
Question	Response to 24-25	Response to 23-24
influence the audit of the financial statements?	assurance provided through the audit process.	
43. Are those charged with governance aware of any significant communications with regulators?	<p>The Health Board has an open and transparent dialogue with all regulators and remains in communication with the South Wales Fire and Rescue Service regarding an ongoing Fire compliance case (arising in 2021-22) due to be heard in the courts during 2025-26.</p> <p>There are no records of 'significant communication' with other regulators but there is an ongoing relationship with Health Inspectorate Wales which reports in the public domain.</p>	<p>The Health Board has an open and transparent dialogue with all regulators and remains in communication with the South Wales Fire and Rescue Service regarding an ongoing Fire compliance case (arising in 2021-22) due to be heard in the courts during 2024-25.</p> <p>There are no records of 'significant communication' with other regulators but there is an ongoing relationship with Health Inspectorate Wales which reports in the public domain.</p>

Saunders Nathan
20/06/2025 14:24:09

Enquiries of those charged with governance		
Question	Response to 24-25	Response to 23-24
44. What arrangements are in place to oversee the effectiveness of internal control?	<p>Internal Audit provides the Board, through the Audit Committee with a flow of assurance on the system of internal control in place within the Health Board. The Health Board agreed a programme of audit work for 2024-25 which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership.</p> <p>An Assurance Strategy is in place which was recently updated and approved by the Audit & Assurance Committee and Board.</p>	<p>Internal Audit provides the Board, through the Audit Committee with a flow of assurance on the system of internal control in place within the Health Board. The Health Board agreed a programme of audit work for 2023-24 which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership.</p> <p>An Assurance Strategy is in place which was recently updated and approved by the Audit & Assurance Committee and Board.</p>

Saunders Nathan
20/06/2025 14:24:09

Background information

Matters in relation to fraud

International Standard for Auditing (UK) and Ireland) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements. The primary responsibility to prevent and detect fraud rests with both management, and 'those charged with governance', which for the Health Board is the Board itself. Management, with the Board, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by the Board.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures, we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- the intentional misappropriation of assets; or
- the intentional manipulation or misstatement of the financial statements.

We also need to understand how the Board exercises oversight of management's processes. We are also required to make enquiries of both management and the Board as to their knowledge of any actual, suspected, or alleged fraud and for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

Saunders Nathan
20/06/2025 14:24:09

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, (the Board), is responsible for ensuring that the Fund's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements; and
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures, we are required to make inquiries of management and the Board as to whether the Fund is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance, we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Saunders Nathan
20/06/2025 14:24:09

Matters in relation to related parties

International Standard for Auditing (UK and Ireland) 550 covers auditors' responsibilities relating to related party relationships and transactions. The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions, and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the Health Board's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the Health Board's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Saunders Nathan
20/06/2025 14:24:09

Regularity

Regularity is the concept that transactions that are reflected in the financial statements must be in accordance with the Health Board's framework of authorities.

Frameworks of authorities are external frameworks, specific to an audited entity, with which the audited entity's transactions must conform.

These frameworks are set up by bodies able to issue and/or enforce the authorities for that entity and might include, for example:

- authorising legislation;
- regulations issued under governing legislation;
- parliamentary authorities; and
- government or related authorities (for example Managing Welsh Public Money, issued by the Welsh Government).

Further information is available in [Practice Note 10](#).

What are we required to do?

The Practice Note includes an overview, from page 56 of the Practice Note, of what we are required to do.

Saunders Nathan
20/06/2025 14:24:09

Report Title:	The CAVUHB Draft Annual Report 2024-2025			Agenda Item no.	5.3
Meeting	Special Audit & Assurance Committee	Public	x	Meeting Date:	25.06.2025
		Private			
Status:	Assurance	Approval	x	Information	
Lead Exec	Director of Corporate Governance				
Report Author	Senior Corporate Governance Officer				

Main Report

Background and current situation:

In accordance with Welsh Government and HM Treasury Guidance, the Health Board has produced the Annual Report and Annual Accounts for the financial reporting period 2024-2025

The draft Annual Report incorporating the Accountability Report (including the Governance Statement), and Draft Remuneration Report were submitted to Welsh Government and Audit Wales on the 9 May 2025 as a single unified document.

Following comments from Welsh Government and input from Audit Wales, the Annual Report is received by the Audit & Assurance Committee on 25 June for endorsement to the Board who will also be meeting on 25 June 2025.

The Annual Report will then be formally presented at the Health Board's Annual General Meeting on 16 July 2025.

The Committee is asked to specifically consider the Accountability Section of the Annual Report, the purpose of which is to report to the Senedd in respect of the key accountability requirements and captures the following key areas:

- Part Performance Report & Part 2 Accountability report
- Part 2b Remuneration and Staff Report
- Part 2c Senedd Cymru / Welsh Parliament Accountability and Audit Report
- Part 3 Audited Financial statements (Annual Accounts)

The Annual Accounts outline the financial performance up to year end 31st March 2025, these are captured in chapter 3 of the Annual Report.

Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

The Annual Report (**Appendix 1 which can be located in the support documents folder on AdminControl**) has been reviewed at each stage of its development as outlined below:

Date	Task
28 April	Draft Annual reported to Management Executive
2 May	Draft Accounts submitted to Welsh Government and Audit Wales
9 May	Draft Performance Report Overview, Accountability Report (including the Governance Statement), and the draft Remuneration Report submitted to Welsh Government and Audit Wales
20 May	Audit Committee – for review

9 May – 30 June	Window for final amendments - Comments back from Welsh Government and Audit Wales incorporated for approval of the final draft Annual Report by Audit Committee on 25 June 2025
25 June	Special Audit Committee meeting – recommend Board approval of the final draft Annual Report

The comments received on the draft versions of the report were as always welcomed as they enabled the document to be further refined prior to the Audit & Assurance Committee meeting held today.

Further amendments made to the Annual Report since it was considered at the Audit & Assurance Committee on 20 May 2025, include:

- Typographical amendments and inclusion of links and updated page numbering;
- General improvements as a result of final comments

Two further amendments were identified since publishing the report and will be updated before final approval by the Board:

- On page 62, under 6.3, the staff figure will be changed to 16,000.
- On page 135, the last date on the page (12 July 2024) will be corrected to 27 June 2025





Appendices *(Please list any appendices that will accompany this report)*

1)Cardiff and Vale UHB Annual Report and Accounts 2024-25

Recommendation:

A) **APPROVE** the Annual Report & Accounts for 2024-2025 - Appendix 1 for onward submission to the Board pending the two minor amendments identified.

Link to Strategic Objectives of Shaping our Future Wellbeing:
Please tick as relevant

 Putting People First	X	 Providing Outstanding Quality	X
 Delivering in the Right Places	X	 Acting for the Future	X

Five Ways of Working (Sustainable Development Principles) considered
Please tick as relevant

Prevention	Long Term	Integration	Collaboration	Involvement
		X	X	X

Impact Assessment:
Please state yes or no for each category. If yes please provide further details.

Risk: No
Safety: No
Financial: Yes – Primary Financial Documents of the UHB
Workforce: No

Legal: No	
Reputational: Yes - Primary Financial Documents of the UHB	
Socio Economic: No	
Equality and Health: No	
Decarbonisation: No	
Approval/Scrutiny Route:	
Committee/Group/Exec	Date:

Saunders, Nathan
20/06/2025 14:24:09

Report Title:	Draft Audit Committee Annual Report 2024/25		Agenda Item no.	6.1	
Meeting:	Audit & Assurance Committee	Public Meeting	x	Meeting Date:	25.06.2025
		Private Meeting			
Status:	Assurance	Approval		Information	x
Lead Executive:	Director of Corporate Governance				
Report Author:	Senior Corporate Governance Officer				

Background and current situation:

An Annual Report from the Committee is produced to demonstrate that it has undertaken the duties set out in its Terms of Reference and to provide assurance to the Board that this is the case.

The purpose of the Annual Report is to provide Members of the Audit Committee with the opportunity to discuss the attached draft annual report before being submitted to the Board for approval by the end of July 2025.

Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

The Committee achieved an overall attendance rate of 83.33% from the period 1 April 2024 to 31 March 2025 and met on six occasions during the year.

The attached Annual Report 2024/25 of the Audit Committee demonstrates that the Committee has undertaken the duties as set out in its Terms of Reference.

Appendices *(Please list any appendices that will accompany this report)*

- 1) Audit & Assurance Committee Annual Report 2024/25





Recommendation:

The Committee is requested to:

- a) **NOTE** the contents of the report
- b) **ENDORSE** the report to the Board for approval

Link to Strategic Objectives of Shaping our Future Wellbeing:

<https://shapingourfuturewellbeing.com/>

1.	 Putting People First Click the objective above to view more detail.		2.	 Providing Outstanding Quality Click the objective above to view more detail.	x
3.	 Delivering in the Right Places Click the objective above to view more detail.	x	4.	 Acting for the Future Click the objective above to view more detail.	

Click the objective above to view more detail.									
Five Ways of Working (Sustainable Development Principles) considered:									
Prevention		Long term	x	Integration	x	Collaboration	x	Involvement	x
Quality Impact Assessment Completed?									
Yes – (please provide completed QIA document)		No – (Please provide reasoning, e.g. not required)			x	Not required.			
Impact Assessment:									
Risk: n/a									
Safety: n/a									
Financial: n/a									
Workforce: n/a									
Legal: n/a									
Reputational: n/a									
Socio Economic: n/a - <i>Useful Guidance on the application of the Socio-Economic Duty can be found at the following link: The Socio-economic Duty: guidance GOV.WALES</i>									
Equality and Health: n/a									
Decarbonisation: n/a									
Welsh Language: n/a									
Approval/Scrutiny Route (please note anywhere else this paper has been before):									
Committee/Group/Exec				Date:					

Saunders, Nathan
20/06/2025 14:24:09



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Annual Report of Audit and Assurance Committee 2024/2025

Saunders, Nathan
20/06/2025 14:24:09

1.0 INTRODUCTION

In accordance with best practice and good governance, the Audit Committee produces an Annual Report to the Board setting out how the Committee has met its Terms of Reference during the financial year.

2.0 MEETINGS AND ATTENDANCE

The Committee met six times during the period 1 April 2024 to 31 March 2025. This is in line with its Terms of Reference. The table below demonstrates the attendance of the Committee Members through 2024/25:

Attendance	20.05.2024	02.07.2024	11.07.2024	03.09.2024	05.11.2024	04.02.2025	Percentage
Rhian Thomas (Chair)	✓	✓	✓	✓	✓	✓	100.00%
David Edwards (Vice Chair)	✓	✓	✓	✓	✓	✓	100.00%
Mike Jones	✓	✓	✓	✓	✓	X	83.33%
John Union	✓	✓	✓	✓	✓	✓	100.00%
Ceri Phillips	✓	✓	✓	✓	✓	✓	100.00%
Catherine Phillips	✓	X	X	✓	X	✓	50.00%
Rachel Gidman	✓	X	X	✓	✓	X	50.00%
Matt Phillips	✓	✓	✓	✓	✓	X	83.33%

3.0 TERMS OF REFERENCE

The Terms of Reference were reviewed and approved by the Board on 28 November 2024.

4.0 WORK UNDERTAKEN

As set out in the Terms of Reference, the purpose of the Audit Committee (“the Committee”) is to advise and assure the Board and the Accountable Officer on whether effective arrangements are in place - through the design and operation of the UHB’s assurance framework - to support them in their decision taking and in discharging their accountabilities for securing the achievement of the UHB’s objectives, in accordance with the standards of good governance determined for the NHS in Wales. In particular, the Committee’s role includes (but is not limited to) commenting upon: -

- Compliance with relevant regulatory requirements, standards and other directions/requirements set by Welsh Government and others.
- The efficiency, effectiveness and economic use of resources.

Adequacy of arrangements for (i) declaring, registering and handling interests, and (ii) dealing with offers of gifts or hospitality.

Saunders Nathan
20/06/2025 14:24:09

- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, the ISA 260 Report 'Communication with those charged with Governance' and managements' letter of representation to the external auditors.
- The Health Board's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate);
- The Schedule of Losses and Compensation.
- The planned activity and results of internal audit, external audit and the Local Counter Fraud Specialist; and
- The adequacy of executive and management response to issues identified by audit, inspection and other assurance activity.

During the financial year 2024/25 the Audit and Assurance Committee reviewed the following key items at its meetings (*full reports/papers on the below items can be found on the Cardiff and Vale University Health Board's website here: [Audit Committee - Cardiff and Vale University Health Board](#)*):-

PUBLIC AUDIT AND ASSURANCE COMMITTEE

The work undertaken and considered by the Committee during the financial year 2024 to 2025 included the following: -

- **INTERNAL AUDIT PROGRESS AND TRACKING REPORTS**

Internal Audit Reports were submitted to each of the Audit and Assurance Committee meetings (apart from the special meeting held 11 July 2024). The reports provided details on outcomes, key findings and conclusions from the finalised Internal Audit assignments and specific detail relating to progress against the Audit Plan and any updates that occurred within the Plan. All Internal Audit Reports received by the Committee are outlined below:

20 May 2024

- i) Core Financial Systems (Asset Register Management) (Substantial Assurance)
- ii) University Hospital Llandough Endoscopy Development (Reasonable Assurance)
- iii) Information Governance (Reasonable Assurance)
- iv) Patient Safety Incident Management (Reasonable Assurance)
- v) Follow-up: Cyber Security (Reasonable Assurance)
- vi) Financial Management within Clinical Boards (Reasonable Assurance)
- vii) Mortality Reviews (Reasonable Assurance)
- viii) Cancer Services (Reasonable Assurance)

The Committee was advised that six audits were delayed and not finalised in time for this meeting and would be received at the following Committee meeting.

02 July 2024

- i) Follow-up: Management of Health Board Policies (Reasonable Assurance)
- ii) Follow-up: Medical Records Tracking (CD&T CB) (Reasonable Assurance)
- iii) Eyecare Digitisation Programme (Reasonable Assurance)

Saunders, Nathan
20/06/2025 10:24:09

- iv) PCIC CB Governance Arrangements (Reasonable Assurance)
- v) IMTP Development Process (Reasonable Assurance)
- vi) Temporary Staffing Costs (Limited Assurance)
- vii) Decarbonisation (Limited Assurance)

Further detail on the two limited assurance reports was outlined and management attended and agreed with the findings and noted that the actions outlined within the reports would be implemented in line with delivery plans.

03 September 2024

- i) Implementation of the People & Culture Plan (Substantial Assurance)
- ii) Medical Staff Additional Sessions (Reasonable Assurance)
- iii) Performance Reporting (Reasonable Assurance)
- iv) Health & Safety (Reasonable Assurance)

05 November 2024

- (i) Safeguarding (Reasonable Assurance)
- (ii) Specialist Services CB Governance and Financial Arrangements (Reasonable Assurance)

The outcome of the Maternity Care – Ockenden Review audit was also reported to the Committee, although the report remained in draft at that current time.

04 February 2025

- i) Capital Systems (Substantial Assurance)
- ii) Maternity Care – Ockenden Review (Reasonable Assurance)
- iii) Smoking Cessation (Reasonable Assurance)
- iv) Consent Process (Reasonable Assurance)
- v) Mortuary Refurbishment at UHW (Reasonable Assurance)
- vi) Interventions Not Normally Undertaken (Limited Assurance)
- vii) Follow-up: Implementation of Health Roster System (Limited Assurance)
- viii) Legal Services (Advisory)
- ix) Decision Making (Advisory)

Further detail on the two limited assurance reports was outlined and management attended and agreed with the findings and noted that the actions outlined within the reports would be implemented in line with delivery plans.

- **AUDIT WALES UPDATES**

At each Committee meeting, Committee Members received and considered an update from Audit Wales in relation to the current and planned Audit Wales work. The report also provided additional information on:

- Other relevant examinations and studies published by the Auditor General.
- Relevant corporate documents published by Audit Wales (e.g. fee schemes, annual plans, annual reports), as well as details of any consultations underway.

Saunders, Nathan
20/06/2025 14:24:00

In September 2024, the Committee received an addendum to the Audit of Accounts Report that were presented to the Audit and Assurance Committee on 11 July 2024 which set out the recommendations arising from Audit Wales' audit of the 2023-24 annual report and accounts; and provided an update on the progress the Health Board had made against the previous year's recommendations.

In February 2025, the Committee received a number of additional Audit Wales Reports which included:

- i) Audit Wales Outline Audit Plan which specified the Auditor General for Wales' statutory responsibilities as the Health Boards external auditor and their obligations under the Code of Audit Practice. It also set out details of their audit team and key dates for delivering activities and planned outputs.
- ii) Annual Audit Report 2024 which summarised the findings from the 2024 audit work undertaken by Audit Wales on the Health Board.
- iii) Structured Assessment 2024 which set out the findings from the Auditor General's 2024 structured assessment work at the Health Board
- iv) Urgent and Emergency Care: Flow out of Hospital
- v) Discharge Planning Progress Update
- vi) Review of Cost Savings Arrangements & Management Responses.

• INTERNAL AUDIT RECOMMENDATION TRACKER REPORT

At the May, November and February meetings, the Committee received an Internal Audit Recommendation Tracker Report.

The purpose of the report was to provide Members of the Committee with assurance on the implementation of recommendations which had been made by Internal Audit by means of an internal audit recommendation tracking report.

The Committee were advised that the Tracker continued to highlight progress made against previous years recommendations albeit in a more streamlined manner compared to previous iterations.

At the February 2025 meeting, it was noted that all open internal audit reports since 2021/22 had been uploaded onto the Audit Management and Tracking (AMAT) system and that AMAT now held all open Internal Audit reports from 2021-2025.

• AUDIT WALES RECOMMENDATION TRACKING REPORT

At the meeting held in May, the Committee received the Audit Wales Recommendation Tracking Report which provided Members of the Committee with assurance on the implementation of recommendations which had been made by Audit Wales by means of an External Audit Recommendation tracking report.

It was noted that there had been no new recommendations added to the Tracker since the November 2023 Committee meeting and that out of the 19 recommendations carried forward from November 2023, 5 were reported as complete, 7 had been partially completed, and 7 were reported as having no action taken.

It was noted that Since November 2023, a review of all outstanding recommendations had been conducted with executive and operational leads for each recommendation.

Saunders
20/06/2025 14:24:09

- **REGULATORY COMPLIANCE TRACKING REPORT**

At the meeting held in May, the Committee received the Regulatory Compliance Tracking Report which provided Members of the Committee with assurance on the implementation of recommendations which have been made by external regulatory and legislative bodies, of which the Health Board was obliged to comply with.

Assurance in that regard was provided by means of a Legislative and Regulatory Compliance Tracking report.

The Committee was advised that the report also continued to include commentary on the Health Boards management of Welsh Health Circulars.

- **PROCUREMENT COMPLIANCE REPORT**

The Committee was presented with the Procurement Compliance Report at each of its meetings which provided assurance on:

- Non-Compliant Activity
- Contracts value breached/ extended at risk as a result of emergency/unforeseen circumstances
- Other Non-Compliant Activity
- Report of Single Tender/Quotations Actions

- **POLICY UPDATES**

At the meeting held in July the Committee received a paper outlining the management of Health Board Policies.

It was noted that the Corporate Governance Team coordinated the production, publication and archiving of Cardiff and Vale University Health Board Policies and other Controlled Documents. It was recognised that there were opportunities to strengthen policy management within the organisation, which was further supported by recommendations from Internal Audit following a Policy Audit in March 2023 which made a finding of limited assurance.

The paper set out the work undertaken around policy management by the Corporate Governance Team post the original audit and set out the present position of the work post the Follow-up: Management of Health Board Policies audit by Internal Audit in May 2024.

The Committee was advised that positive progress had been made and would continue to do so as per the agreed recommendations with Internal Audit.

- **STRUCTURED ASSESSMENT RESPONSE**

Audit Wales undertake a structured assessment on the Health Board on an annual basis. The structured assessment work is designed to help discharge the Auditor General's statutory requirement to be satisfied that the Health Board has made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources under Section 61 of the Public Audit (Wales) Act 2004.

The findings from the Auditor General's 2023 structured assessment work at Cardiff and Vale UHB was presented to the Committee at its July meeting and assurance was taken

Saunders/Neill
20/06/2024 11:44:09

from the actions and recommendations outlined within the report and the ongoing work to complete the actions and recommendations.

- **HEAD OF INTERNAL AUDIT OPINION**

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.

The HIA Opinion for 23/24 was that 'The Board could take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, were suitably designed and applied effectively'.

- **APPROVALS**

The Committee approved a number of items during the course of the year which included:

- Internal Audit Plan 2024/25
- Audit Wales - 2024 Audit Plan
- Counter Fraud Annual Plan 2023/24
- Losses and Special Payments Panel Report 2023-2024
- Written Controlled Documents Policy & Procedure
- Report of the Losses and Special Payments Panel

At the Special meeting held on 11 July 2024, the Committee approved the following items:

- The Cardiff and Vale UHB Annual Report 2023-2024 including the Annual Accountability Report, Performance report and the Financial Statements

- **ITEMS FOR NOTING & INFORMATION**

The Committee received a number of items during the course of the year for noting and information which included:

- Counter Fraud Progress Updates (All Meetings)
- Internal Declarations of Interest Reports (May 2024)

- **SPECIAL AUDIT & ASSURANCE COMMITTEE MEETING**

On 11 July 2024, a special meeting was held for the Committee to review and endorse the Health Board's Annual Report and Accounts to the Board for approval.

The Committee endorsed the Annual Report and Accounts to the Board who approved them at a special Board meeting held on the same day as the Committee meeting.

- **PRIVATE AUDIT AND ASSURANCE COMMITTEE**

Papers presented to the private sessions of the Audit and Assurance Committee were as follows:

- Counter fraud Progress Report

Saunders, N
20/06/2024 10:14:00

- People & Culture Compliance Report
- Health Board Salaries Overpayment Updates
- Health Board Salaries Underpayment Updates

5.0 REPORTING RESPONSIBILITIES

The Committee has reported to the Board after each of the Audit and Assurance Committee meeting by presenting a summary report of the key discussion items at the Audit Committee. As per the Committee's Terms of Reference, the report is presented by the Committee Chair in which they must:

- 1) Report formally, regularly and on a timely basis to the Board and the Accountable Officer on the Committee's activities. This includes verbal updates on activity and the submission of Committee minutes and written reports throughout the year.
- 2) Bring to the Board and the Accountable Officer's specific attention any significant matters under consideration by the Committee.
- 3) Ensure appropriate escalation arrangements are in place to alert the UHB Chair, Chief Executive (and Accountable Officer) or Chairs of other relevant committees of any urgent/critical matters that may affect the operation and/or reputation of the Health Board.

6.0 OPINION

The Committee is of the opinion that the draft Audit and Assurance Committee Report 2024/25 is consistent with its role as set out within the Terms of Reference and that there are no matters that the Committee is aware of at this time that have not been disclosed appropriately.

Rhian Thomas

Committee Chair

Saunders, Nathan
20/06/2025 14:24:09