

## Special Audit & Assurance Committee Meeting

Wednesday 23 June 11:00am – 11:30am

Via MS Teams

<b>11:00</b>	<b>Public Audit &amp; Assurance Committee Agenda</b>	
1.	Welcome, Introductions & Apologies for Absence:	David Edwards
2.	Declarations of Interest	David Edwards
3.	Any Other Urgent Business	David Edwards
<b>11:05</b>	<b>4. Items for Approval/ Ratification/ Endorsement onwards to Board</b>	
<b>4.1</b> <b>11:05</b> 5 minutes	The Head of Internal Audit Opinion & Annual Report for 2025-26 <i>The full report is located in the supporting documents folder on the Teams Channel or the <a href="#">Cardiff and Vale UHB website</a></i>	Ian Virgil
<b>4.2</b> <b>11:10</b> 20 minutes	Introduction to Annual Report and Accounts 2025-26 including: <ul style="list-style-type: none"> <li>• <i>Audit Wales ISA 260 Report (<a href="#">located in the supporting documents folder</a>)</i></li> <li>• <i>The Letter of Representation included within the ISA 260 report</i></li> <li>• <i>The response to the Audit enquiries to those charged with governance and management</i></li> </ul>	Rob Mahoney Helen Lawrence Audit Wales
<b>4.3</b> <b>11:30</b> 10 minutes	The CVUHB Annual Report 2025-2026 including the Annual Accountability Report, Performance report and the Financial Statements <i>The full report is located in the supporting documents folder on the Teams Channel or the <a href="#">Cardiff and Vale UHB website</a></i>	Frankie Thomas
<b>11:40</b>	<b>5. Items for Noting</b>	
	No Items	
<b>11:40</b>	<b>6. Any Other Business</b>	
6.1	Review & Final Closure	David Edwards
6.2	Date & Time of next Audit & Assurance Committee meeting:  <b>01 September 2026 9am</b>	David Edwards

Report Title:	Head of Internal Audit Opinion & Annual Report 2025-26		Agenda Item no.	4.1	
Meeting:	Special Audit & Assurance	Public	X	Meeting Date:	23/06/26
		Private			
Status:	Assurance	X	Approval	Information	X
Lead Executive:	Director of Corporate Governance				
Report Author:	Head of Internal Audit				

### Main Report

#### Background and current situation:

In accordance with the Global Internal Audit Standards (GIAS), 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 2025/26 plan was formally approved by the Audit & Assurance Committee at its May 25 meeting.

The draft Annual Report sets out the draft 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 GIAS.

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 Committee:

The HIA Opinion for 25/26 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 draft Annual Report, the following final / draft ratings have been provided:

- 2 Substantial Assurance;
- 17 Reasonable Assurance;
- 5 Limited Assurance;
- 1 Unsatisfactory Assurance and
- 7 advisory or non-opinion

The Report also includes details of the 6 audits that have been removed or deferred from the plan during 2025/26, 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 response to the Limited and Unsatisfactory Assurance reports issued during the year and the significance of the recommendations made.

The full report is available on the MS Teams Channel Supporting Documents Folder and also on the [Cardiff and Vale UHB website \(click to view\)](#)

#### Recommendation:

The Audit & Assurance Committee are requested to:

- **Consider and note** the Head of Internal Audit Opinion and Annual Report for 2025/26.

Link to Strategic Objectives of Shaping our Future Wellbeing:

<https://shapingourfuturewellbeing.com/>

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

Five Ways of Working (Sustainable Development Principles) considered

Prevention	X	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)	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 - **Useful Guidance on the application of the Socio-Economic Duty can be found at the following link: [The Socio-economic Duty: guidance | GOV.WALES](#)**

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

The Annual Report includes details of the outcome of an audit that provided assurance around decarbonisation.

Welsh Language: Yes/No

Approval/Scrutiny Route *(please note anywhere else this paper has been before):*

Committee/Group/Exec	Date:

Report Title:	Report on the Draft Annual Accounts of the UHB – Financial Year 2025-26			Agenda Item No:	4.2
Meeting:	Audit & Assurance Committee	Public	x	Meeting Date:	23 June 2026
		Private			
Status	Assurance	x	Approval	Information/Noting	
Lead Executive Title:	Executive Director of Finance				
Report Author Title:	Assistant Director of Finance				

**Main Report**

**Background and Current Situation:**

This report presents the Annual Report and Accounts 2025-26, together with the associated assurance and governance documents.

It specifically covers the following elements:

- Annual Report – Performance Report
- Annual Report – Accountability Report
- Annual Report and Accounts
- Associated papers for assurance

In accordance with the agreed timetable, the 2025-26 Draft Annual Accounts, Draft Performance Report and Draft Accountability Report were completed and submitted to Welsh Government and Audit Wales.

The draft documents and associated supporting papers were reviewed in detail by the Audit and Assurance Committee at its meeting on 19 May 2026.

This report summarises the key changes made since the draft versions were considered and sets out the final financial performance reported within the Annual Report and Accounts.

In providing advice to the Board, the Audit and Assurance Committee is required, in accordance with its Terms of Reference, to consider and comment on the Accounting Policies, the Annual Report and Accounts, and the Letter of Representation.

The Committee also has a key role in reviewing Audit Wales’ ISA 260 report (Audit of Accounts Report), which sets out the findings from the external audit of the Annual Report and Accounts.

The Annual Report includes the Annual Accounts and the Remuneration Report, which form the key financial statements for the UHB.

**Executive Director Opinion & Key Issues to bring to the attention of the Committee**

In reviewing the Annual Report and Accounts and associated documentation, the Audit and Assurance Committee should take assurance from the programme of work undertaken during the year, including the work of Internal Audit and Counter Fraud.

Particular reference should be made to the opinion provided by the Head of Internal Audit within the Annual Internal Audit Report.

Assurance on the accuracy and completeness of the Annual Report and Accounts is supported by:

- the programme of work and review undertaken by the Audit and Assurance Committee throughout 2025-26, including the process followed to verify and sign off the Annual Report and Accounts;
- the work completed by Audit Wales and reported to the Audit and Assurance Committee through its ISA 260 report; and
- the responses provided to Audit Wales' audit enquiries of management and those charged with governance, together with the Letter of Representation to be issued to Audit Wales.

The Committee's attention is drawn to the ISA 260 ***(included in the supporting documents folder)*** report in relation to the proposed qualification of the regularity opinion. Audit Wales intends to qualify the regularity opinion because the Health Board breached its revenue resource limit.

- for the three-year period 2023-24 to 2025-26, the Health Board exceeded the three-year revenue resource limit issued by Welsh Government by £100.133 million; and
- the Health Board did not obtain Ministerial approval for its three-year Integrated Medium-Term Plan due to the projected financial deficits contained within it.

Audit Wales has provided an unqualified audit opinion under its "true and fair" assessment of the 2025-26 financial statements.

### **Changes to the Draft Annual Report and Accounts**

Audit Wales has reviewed the Draft Performance Report and Draft Accountability Report and provided feedback on a small number of minor narrative amendments.

These amendments have been incorporated into the final Annual Report.

Minor amendments have also been made to the Remuneration Report.

The Accountability Report has been updated to include the Head of Internal Audit's opinion of reasonable assurance.

A small number of changes have also been made to the Draft Accounts. These are primarily presentational and do not affect the reported financial performance of the UHB.

The key amendments between the draft and final versions are set out in Appendix 2 of the Audit Wales ISA 260 report. An extract from the summary table is included below:

Value of correction	Accounts area	Explanation
£10 million	Note 2.1 Revenue Resource Performance	The "cash only support" figure in the narrative was reduced by £10,000,000 as it included capital support.
Various	Remuneration Report	A number of amendments were made to the disclosures as follows: <ul style="list-style-type: none"> <li>the remuneration totals (bands of £5,000) for seven employees had been incorrectly calculated, based on a formula error.</li> <li>correction of benefits in kind disclosed for one individual in the remuneration disclosure totalling £700.</li> <li>correction of pension benefits (CETV) figures for one individual due to incorrect figures taken from the NHS Pension Agency Report.</li> <li>a number of figures in the 2024-25 (re-stated) remuneration table were incorrect, as they included the salary sacrifice (new Manual for Accounts requirements for 2025-26).</li> <li>Narrative corrections including adding additional narrative for Independent Member (Trade Union) and amending the salary sacrifice for the Executive Director of Finance.</li> </ul>
Various	Note 30 Related Party Transactions	A number of amendments were made to the disclosure as follows: <ul style="list-style-type: none"> <li>£32,531,000 of expenditure, a year-end creditor balance of £11,017,000, income of £6,789,000 and a year-end Debtor balance of £1,231,000 with Cardiff City Council were added to the note to ensure completeness.</li> <li>Narrative amendments to provide clarity to the reader of the accounts.</li> </ul>
Various	Various	Several minor amendments to improve clarity for the reader and presentation were also made.

None of the amendments detailed in the table above affect the overall financial performance reported by the Health Board to the Audit and Assurance Committee on 19 May 2026 as part of the Draft Accounts.

### Uncorrected misstatements

There were no material or non-trivial uncorrected misstatements within the 2025-26 accounts.

### Overview of Financial Performance 2025-26

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

- A duty under section 175(1) to ensure that expenditure does not exceed the aggregate funding allocated to it over a three-year period.
- 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 2025-26 due to the forecast annual deficit of £56.2m.

In the absence of an approved Integrated Medium-Term Plan, the UHB submitted a one-year Operational Plan for the 2025-26 financial year.

The UHB submitted a draft plan to Welsh Government at the end of March 2025 based on a planned deficit of £58.2m. Following submission, Welsh Government requested further actions to reduce the forecast deficit, and the UHB subsequently confirmed that progress in identifying savings provided sufficient assurance to increase planned savings by £2m, reducing the forecast 2025/26 deficit to £56.2m.

As the plan continues to project an in-year deficit, it does not meet the UHB's statutory requirement to deliver a balanced three-year rolling financial plan and therefore cannot receive Ministerial approval.

The 2025-26 accounts present an overspend of £56.102m against the final Revenue Resource Limit set by Welsh Government.

The aggregated deficit for the three-year period 2023-24 to 2025-26 against the Revenue Resource Limit is £100.133m.

**This means that the UHB has failed to meet its financial duties under sections 175(1) and 175(2A).**

### **Performance against its Capital Resource Limit**

The UHB effectively managed its capital programme during the 2025-26 financial year and the accounts show a small surplus of £0.289m against its Capital Resource Limit of £65.250m.

The UHB had a surplus of £0.072m in 2023-24 and £0.248m in 2024-25 against its respective Capital Resource Limits. This means that over the three-year period to 31 March 2026 the aggregated surplus against Capital Resource Limit has been £0.609m.

**The UHB has met its financial duty to break even against its Capital Resource Limit over the three-year period 2023-24 to 2025-26.**

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

The Health Board is required to provide 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 Appendix 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 and Accounts on 23 June 2026. **The draft Letter of Representation is included within the ISA 260 report (Appendix 4)**

**Appendices** (please list any appendices that will accompany this report. Do not embed)

Appendix 1 - Response given to the audit enquiries to those charged with governance and management

Letter of Representation (included in the ISA 260 report – appendix 4 - located in the supporting documents folder on the MS Teams Channel or [the CAV UHB website](#)).



**Recommendations:**

The Audit and Assurance Committee is asked to:

- **NOTE** the reported financial performance contained within the Annual Report and Accounts, including that the UHB has not met its statutory financial duties in respect of revenue expenditure but has 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 2025-26.

**Link to Strategic Objectives of Shaping our Future Wellbeing:**

Please place an “x” in the below boxes where relevant – *Click each item for further information.*

1.  Putting People First	2.  Providing Outstanding Quality
3.  Delivering in the Right Places	4.  Acting for the Future

**Five Waves of Working (Sustainable Development Principles) considered:**

Please place an “x” in the below boxes where relevant

Prevention	<input type="checkbox"/>	Long Term	<input type="checkbox"/>	Integration	<input type="checkbox"/>	Collaboration	<input type="checkbox"/>	Involvement	x
------------	--------------------------	-----------	--------------------------	-------------	--------------------------	---------------	--------------------------	-------------	---

**Quality Impact Assessment Completed?**

<input checked="" type="checkbox"/>	No –Not Required	<input type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	------------------	--------------------------	--------------------------

**Impact Assessment**

Please place an “x” in the below boxes where relevant

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 form the primary record of the UHB's 2025-26 financial performance. The financial implications are 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 & Health: No

Decarbonisation: No

Welsh Language: No

**Approval/Scrutiny Route**

Audit Committee

Date: 23 06 2026

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](mailto:info@audit.wales) [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

8 April 2026

Dear Catherine,

### Audit enquiries to management and those charged with governance

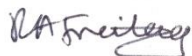
The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that annual financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, 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 2025-26 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 2025-26 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 22 May 2026. I have copied the letter by to the relevant officers.

Yours sincerely,



**Rachel Freitag**  
**Audit Manager**

## Enquiries of management

<b>General enquiries (including financial reporting) of management</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
<p>1. Are there significant matters and/or events that have occurred since April 2025 that could influence our audit approach or the Health Boards' financial statements?</p>	<p>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.</p>	<p>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.</p>
<p>2. What are your general views on the Health Board's risk assessment process relating to financial reporting?</p>	<p>The Health Board continues to operate a structured and robust financial reporting risk assessment process, embedded within an annual planning and review cycle.</p> <p>This process is informed by findings from the prior-year ISA 260 and Audit Wales reports and is complemented by post-year-end and in-year financial reporting reviews.</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</p>

<b>General enquiries (including financial reporting) of management</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
	<p>The Financial Accounting Team coordinates the timetable for statutory reporting and audit liaison, communicating key milestones and responsibilities across the wider Finance Directorate.</p> <p>The Health Board maintains active representation at NHS Wales Technical Accounting Group and Capital Technical Accounting Group forums, which support horizon scanning, interpretation of accounting developments, and consistent implementation of technical guidance issued by Welsh Government or Audit Wales.</p>	<p>the wider finance team and the Health Board. The Financial Accounting team provides representation into the NHS Wales Technical 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</p>
<p>3. Are you aware of significant transactions that are outside the normal trading activities of the Health Board's business?</p>	<p>Management is not aware of any significant transactions undertaken during 2025-26 that fall outside the Health Board's normal operational or trading activities.</p>	<p>We are not aware of any.</p>

<b>General enquiries (including financial reporting) of management</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
<p>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)?</p>	<p>Management is not aware of any asset-specific events or conditions arising in 2025-26 that would indicate impairment beyond those risks already considered through the routine asset valuation and indexation processes applied in line with Welsh Government guidance.</p>	<p>The UHB has applied indexation as a result of Technical Update Note 3 issued by Welsh Government on 20 September 2024.</p>
<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 2025-26 that require significant judgement? If so, how have the accounting estimates been made, what is the nature of the data used and</p>	<p>As in prior years, the Health Board is required to exercise significant judgement in respect of final liabilities for Primary Care contractors and provisions relating to potential VAT challenges.</p> <p>These estimates are derived using the best available information at the reporting date, incorporating historical trends, known contractual positions, and expert input where appropriate.</p> <p>There is no change to this requirement in 2025-26.</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>

<b>General enquiries (including financial reporting) of management</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
what degree of estimate uncertainty is inherent in the estimate?		
6. Have there been any issues that may impact the preparation of the 2025-26 financial statements?	No known issues.	No known issues.
7. Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the Health Board's ability to continue as a going concern?	<p>The Health Board has prepared its financial statements on a going concern basis. While a deficit financial plan has been submitted to Welsh Government for 2025-26, continued engagement and oversight provides appropriate assurance that Welsh Government support remains available.</p> <p>Management is not aware of events or conditions beyond the period of assessment that would cast significant doubt on the Health Board's ability to continue as a going concern.</p>	<p>The UHB has submitted a deficit financial plan to Welsh government for 2025-26 and continues in discussion with Welsh Government to improve the financial outlook of the plan.</p> <p>There is no indication that Welsh Government support in 2025-26 would cause 'going concern' considerations.</p>

<b>General enquiries (including financial reporting) of management</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
<p>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.</p>	<p>There are none that the UHB is aware of.</p>	<p>There are none that the UHB is aware of.</p>
<p>9. Have there been any new contingencies arising in respect of 2025-26 that require disclosure? Please provide information about these new contingencies and the status of any disclosed contingencies from the prior year.</p>	<p>Contingent liabilities brought forward relate to clinical negligence claims (including associated legal costs) and retrospective Continuing Healthcare claims. The financial risk arising from the progression of these contingent liabilities is expected to be substantially offset through claims to the Welsh Risk Pool. The status of each claim has been updated as at the Balance Sheet date</p>	<p>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.</p>

<b>General enquiries (including financial reporting) of management</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
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.	There are none that the UHB is aware of.	There are none that the UHB is aware of.
11. Are you aware of any guarantee contracts, including those that could be within the scope of IFRS 17 from 1 April 2025	N/A	N/A

<b>Enquiries of management - in relation to fraud</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
<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>Management's assessment is that the risk of material misstatement due to fraud remains low. This assessment is reviewed annually and is informed by the Health Board's counter-fraud risk assessment, internal audit coverage, and ongoing monitoring of key financial systems.</p> <p>Management is not aware of any fraud, suspected fraud, or allegations that would materially impact the 2025-26 financial statements.</p>	<p>The assessed risk that the financial statements 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>No matters of actual, suspected, or alleged fraud with a material financial impact have been identified during 2025-26. Counter-fraud activity continues to be reported through established governance routes, including the Audit and Assurance Committee.</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</p>

<b>Enquiries of management - in relation to fraud</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
		include reference and any 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 through a robust and well-resourced counter fraud programme.</p> <p>The Cabinet Office NHS requirement (gov13) requires the Counter Fraud Team to undertake the counter fraud risk assessment. All identified fraud risks are subject to assessment and review by the Counter Fraud Team. Risks may be identified through management intelligence, post-investigation learning, thematic exercises, or national NHS trends. Assessments are undertaken and recommendations reported to:</p> <ul style="list-style-type: none"> <li>• Directorate</li> <li>• Director of Governance (lead for risk)</li> <li>• Executive Director of Finance</li> <li>• Audit Committee</li> </ul>	<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"> <li>-Directorate</li> <li>-Director of Governance with responsibility for risk</li> <li>-Executive Director of Finance</li> </ul>

<b>Enquiries of management - in relation to fraud</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
	<p>The purpose of the assessment is to fraud-proof key areas, address identified weaknesses, and reduce opportunities for fraud to an absolute minimum. Fraud risks are maintained as a live risk profile within the Counter Fraud Department and are reviewed regularly. All fraud risks are recorded and reported to NHS Counter Fraud Authority (NHS CFA) via the CLUE case management system. Counter fraud activity is undertaken in line with the organisation's overarching Risk Management Policy and the compliance requirements set by the NHS CFA.</p> <p>In addition, the Post Payment Verification Panel evaluates and monitors errors within claims submitted to Primary Care Services by individual GP practices and opticians.</p> <p>All senior staff in the Finance Department are professionally qualified accountants and are</p>	<p>-Audit Committee.</p> <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>

<b>Enquiries of management - in relation to fraud</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
	<p>subject to their professional bodies' codes of conduct and ethics.</p> <p>All reported or alleged suspected fraud is routed to the Health Board's Counter Fraud Team for consideration of investigation and/or referral to the national NHS Wales Counter Fraud Team, where the significance and complexity of the matter lends itself to an All-Wales approach.</p> <p>The Health Board Senior Management Team receives advice from the Counter Fraud Team on recommended next steps, including investigation and (where appropriate) prosecution.</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 next steps with regard to investigation and prosecution where appropriate.</p>

<b>Enquiries of management - in relation to fraud</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
<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 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 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 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>16. Are you aware of any whistleblowing or complaints by potential whistleblowers?</p>	<p>The Health Board operates within the</p>	<p>The Health Board operates within the</p>

<b>Enquiries of management - in relation to fraud</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
If so, what has been the Health Board's response?	<p>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>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>
17. What is management's communication to those charged with governance (the Board) regarding their processes for identifying and responding to risks of fraud?	<p>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.</p>	<p>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.</p>

Enquiries of management - in relation to fraud		
Question	Response 25-26	Response 24-25
18. What is management's communication to employees regarding their views on business practices and ethical behaviour?	<p>There is a full Counter Fraud awareness programme in place.</p> <p>This involves regular and bespoke fraud awareness sessions to staffing cohorts:</p> <ul style="list-style-type: none"> <li>• All new starters receive fraud awareness training from the team at Corporate Induction events</li> <li>• regular newsletters published on the intranet</li> <li>• monthly webinars involving mandate fraud for finance staff and general fraud awareness for other groups</li> <li>• 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. This 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.</li> </ul>	<p>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, 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>

<b>Enquiries of management - in relation to fraud</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
	<p>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 Counter Fraud App.</p> <p>All staff are prompted by the ESR employment record system to make a Declaration of Interest and the register of interests is available to the public.</p> <p>All staff are subject to the standards of behaviour policy.</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>
19. For the Health Board's service organisations, have you reported any fraud or	The Counter Fraud Team are required to liaise with internal and external partners on a regular basis.	The Counter Fraud Team are required to liaise with internal and external partners on a regular basis. If any fraud is identified by the

<b>Enquiries of management - in relation to fraud</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
<p>potential fraud to any affected parties?</p>	<p>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>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>

Enquiries of management – in relation to laws and regulations		
Question	Response 25-26	Response 24-25
<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 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>	<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</p>

<b>Enquiries of management – in relation to laws and regulations</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
	<p>New applicable legal and regulatory requirements are highlighted via a number of routes including through Legal and Risk, professional peer groups and the Corporate Governance community of practice, WG communication and regulators.</p>	<p>risks are reported to appropriate Board Committees and the Board via the Health Board's Corporate Risk Register and Board Assurance Framework.</p>
<p>21. Have there been any new applicable legal and regulatory requirements introduced since April 2025?</p>	<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>The Regional Joint Committee, legally directed by the CabSec using his inherent powers in the NHS Wales Act, was created and first met in November 25</p>	<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 1<sup>st</sup> April, 2024, would</p>

Enquiries of management – in relation to laws and regulations		
Question	Response 25-26	Response 24-25
		<p>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 services for the people of Wales but reports to each of the UHBs regarding the services commissioned for their resident populations.</p>
<p>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>	<p>The fire notice case was concluded in Court through a negotiated admission to a lesser charge and a subsequent fine.</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 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</p>

Enquiries of management – in relation to laws and regulations		
Question	Response 25-26	Response 24-25
		<p>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>23. Have there been any examinations or inquiries performed by licensing, tax, or other authorities/regulators?</p>	<p>The Health Board continues to engage with HMRC in regard to ongoing and in year VAT queries and clarifications.</p> <p>The UHB is not aware of any new investigations outside of normal business interactions with HMRC.</p> <p>The fire notice case was concluded in Court during 25/26.</p> <p>The Health Board also remains subject to ongoing announced and un-announced</p>	<p>The Health Board continues to engage with HMRC in regard to ongoing and in year VAT queries and clarifications.</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>

<b>Enquiries of management – in relation to laws and regulations</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
	<p>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 UK Public Inquiry into Covid.</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>

<b>Enquiries of management – in relation to laws and regulations</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
		A Judicial Review has been brought against all 7 HBs following a decision taken by JCC regarding EMRTS services.
24. Has there been any significant communications with regulators?	<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 refflated to the prosecution by South Wales Fire and Rescue Service which was resolved 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 2025-26.</p>
25. For the Health Board's service organisations, have you reported any non-	The Health Board does not have any service organisations. NWSSP is the closest example of which, but this is hosted by Velindre NHS Trust.	The Health Board does not have any service organisations. NWSSP is the closest example of which, but this is hosted by Velindre NHS Trust.

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

<b>Enquiries of management – in relation to regularity</b>		
<b>Question</b>	<b>Response 25-26</b>	<b>Response 24-25</b>
27. What is your assessment of the risk of material irregularity, in respect of the 2025-26 financial statements?	The Health Board is not aware of matters of material irregularity in respect of its 2025-26 financial statements.	The Health Board is not aware of matters of material irregularity in respect of its 2024-25 financial statements.
28. What is the process for responding to the risk of irregularity?	<p>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.</p> <p>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.</p>	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 2025-26 financial statements.	The Health Board is not aware of matters of material irregularity in respect of its 2024-25 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.

<b>Enquiries of management in relation to related parties</b>		
<b>Question</b>	<b>Response to 25-26</b>	<b>Response to 24-25</b>
<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 2025-26, 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.</p> <p>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 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>32. What transactions have been entered into with related parties during the period? What is the purpose of these transactions?</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 regarding the award of business.</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>

	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.	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.
33. What controls are in place to identify, account for and disclose related parties?	<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>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>
34. What controls are in place to authorise and approve significant transactions and arrangements: <ul style="list-style-type: none"> <li>with related parties; and</li> </ul>	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	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

- outside the normal course of business?

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 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.

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 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)

<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>Response to 25-26</b>	<b>Response to 24-25</b>
<p>35. Do you have any knowledge of actual, suspected, or alleged fraud affecting the entity?</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 reference and any significant points highlighted in the Counter Fraud Progress Reports.</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 reference and any significant points highlighted in the Counter Fraud Progress Reports.</p>
<p>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>	<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</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</p>

<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>Response to 25-26</b>	<b>Response to 24-25</b>
	<p>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>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>37. How do you exercise oversight of:</p> <ul style="list-style-type: none"> <li>• Management's processes for identifying and responding to the risk of fraud in the Health Board; and</li> <li>• The controls to manage these risks?</li> </ul>	<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</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</p>

<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>Response to 25-26</b>	<b>Response to 24-25</b>
	fraud risk assessment exercises and maintain a Fraud Risk Profile that is subject to ongoing review and is presented at Audit Committee.	risk assessment exercises and maintain a Fraud Risk Profile that is subject to ongoing review and is presented at Audit Committee.
38. What is the process for identifying and responding to the risks of fraud?	<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>
39. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the	The Health Board is not aware of noncompliance with laws and regulations in 2025-26 that has a fundamental effect on its operations.	<p>The Health Board is not aware of noncompliance 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</p>

<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>Response to 25-26</b>	<b>Response to 24-25</b>
operations of the Health Board?	The fire notice case was concluded in Court during 2025-26 through a negotiated admission to a lesser charge and a subsequent fine.	compliance case (arising in 2021-22) due to be heard in the courts during 2025- 26.
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 assurance provided through the audit process.	No particular matters at present outside the normal range of audit review and assurance provided through the audit process.

<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>Response to 25-26</b>	<b>Response to 24-25</b>
influence the audit of the financial statements?		
43. Are those charged with governance aware of any significant communications with regulators?	The fire notice case was concluded in Court during 2025-26 through a negotiated admission to a lesser charge and a subsequent fine.	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. 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.

<b>Enquiries of those charged with governance</b>		
<b>Question</b>	<b>Response to 25-26</b>	<b>Response to 24-25</b>
<p>44. What arrangements are in place to oversee the effectiveness of internal control?</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 2025-26 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 &amp; 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 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 &amp; Assurance Committee and Board.</p>

## **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.

## 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.

## **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.

## 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.

Report Title:	The CAVUHB Draft Annual Report 2025-2026			Agenda Item no.	4.3
Meeting	Special Audit & Assurance Committee	Public	x	Meeting Date:	23.06.2026
		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 2025-2026

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 1 May 2026 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 23 June for endorsement to the Board who will also be meeting on 23 June 2026.

The Annual Report will then be formally presented at the Health Board's Annual General Meeting on 14 July 2026.

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 31<sup>st</sup> March 2026, these are captured in chapter 3 of the Annual Report.

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

The Annual Report (**Appendix 1 which can be located in the support documents folder on MS Teams and the [Cardiff and Vale UHB website](#)**) has been reviewed at each stage of its development as outlined below:

Date	Task
1 May	Draft Accounts submitted to Welsh Government and Audit Wales
8 May	Draft Performance Report Overview, Accountability Report (including the Governance Statement), and the draft Remuneration Report submitted to Welsh Government and Audit Wales
19 May	Private Audit Committee – for review

<b>19 May – 17 June</b>	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 23 June 2026
<b>23 June</b>	<b>Special Audit Committee meeting</b> – 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 19 May 2026, include:

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

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





- 1) Cardiff and Vale UHB Annual Report and Accounts 2025-26

**Recommendation:**

- A) **APPROVE** the Annual Report & Accounts for 2025-2026 - 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: