

# Audit and Risk Assurance Committee Update – **Hywel Dda University Health Board**

Date issued: April 2023

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# Audit and Risk Assurance Committee Update

## About this document

- 1 This document provides the Audit and Risk Assurance Committee with an update on our current and planned accounts and performance audit work at Hywel Dda University Health Board. We presented our most recent Audit Plan to the committee in April 2023.
- 2 We also provide additional information on:
  - other relevant examinations and studies published by the Audit General; and
  - relevant corporate documents published by Audit Wales (e.g., fee schemes, annual plans, annual reports), as well as details of any consultations underway.
- 3 Details of future and past Good Practice Exchange (GPX) events are available on our [website](#).

## Accounts audit update

4     **Exhibit 1** summarises the status of our current and planned accounts audit work.

### Exhibit 1 – accounts audit work

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
Audit of the 2022-23 Accountability Report and Financial Statements	Director of Finance	To provide an audit opinion on the Health Board's Accountability Report and Financial Statements.	Audit work ongoing	July 2023
Audit of the 2022-23 Charitable Funds Accounts	Director of Finance	To provide an audit opinion on the Health Board's Charitable Funds Accounts.	Not yet started	To be confirmed

## Performance audit update

5     **Exhibit 2** summarises the status of our current and planned performance audit work.

### Exhibit 2 – performance audit work

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
Orthopaedic services – follow up	Director of Operations	This review examined the progress made in response to our 2015 recommendations. The findings from this work will inform recovery planning locally and help identify where there are opportunities to do things differently as the service tackles the significant elective backlog challenges.	Complete - National report published on 2 March, along with individual Health Board local data report	Due for consideration in June 2023
Review of operational governance arrangements – Mental Health & Learning Disabilities	Director of Operations	This review followed on from our Quality Governance and Structured Assessment work and examined the effectiveness of the governance arrangements within the Mental Health & Learning Disabilities Directorate.	Complete	April 2023

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
Review of unscheduled care	Director of Operations	<p>This work will examine different aspects of the unscheduled care system and will include analysis of national data sets to present a high-level picture of how the unscheduled care system is currently working.</p> <p>The work will include an examination of the actions being taken by NHS bodies, local government, and Regional Partnership Boards to secure timely and safe discharge of patients from hospital to help improve patient flow (Part 1).</p> <p>We also plan to review progress being made in managing unscheduled care demand by helping patients access services which are most appropriate for their unscheduled care needs (Part 2).</p>	<p><u>Blog and data tool published in April 2022</u></p> <p>Part 1 - Fieldwork nearing completion</p> <p>Part 2 – Review due to start in April 2023</p>	To be confirmed
Follow-up review of primary care	Director of Primary Care, Community and Long-Term Care	This work will look to examine the progress the Health Board has made in addressing our previous recommendations relating to primary care services.	Set up meeting to be held on April 13	To be confirmed
Review of workforce planning	Director of Workforce and Organisational Development	This review will assess the workforce risks that NHS bodies are experiencing currently and are likely to experience in the future. It will examine how local and national workforce planning activities are being taken forward to manage those risks and address	Fieldwork nearing completion	To be confirmed

<b>Area of work</b>	<b>Executive Lead</b>	<b>Focus of the work</b>	<b>Current status</b>	<b>Planned date for consideration</b>
		short-, medium- and longer-term workforce needs		
Review of operational governance arrangements across service directorates	Director of Operations	This work will look to review the effectiveness of the arrangements for governance at an operational level across the service directorates. This work will follow on from internal work currently being undertaken by the Health Board to strengthen governance arrangements within the directorates, as well as the local work we will undertake focusing specifically on the Mental Health & Learning Disabilities Directorate.	Scoping. Review due to start in April 2023	To be confirmed

## Other relevant publications

- 6 **Exhibit 3** provides information on other relevant examinations and studies published by the Auditor General in the last six months. The links to the reports on our website are provided. The reports highlighted in **bold** have been published since the last committee update.

### Exhibit 3 – relevant examinations and studies published by the Auditor General

Title	Publication Date
<u>Digital inclusion in Wales – including key questions for public bodies</u>	March 2023
<u>Orthopaedic Services in Wales – Tackling the Waiting List Backlog</u>	March 2023
<u>Betsi Cadwaladr University Health Board – Review of Board Effectiveness</u>	February 2023
<u>'Together we can' – Community resilience and self-reliance</u>	January 2023
<u>'A missed opportunity' – Social Enterprises</u>	December 2022
<u>Poverty in Wales data tool</u>	November 2022
<u>Time for change – Poverty in Wales</u>	November 2022

## Additional information

- 7 **Exhibit 4** provides information on corporate documents published by Audit Wales since the last committee update. Links to the documents on our website are provided.

#### **Exhibit 4 – Audit Wales corporate documents**

<b>Title</b>	<b>Publication Date</b>
<u>Annual Plan 2023-24</u>	April 2023

- 8 There are no relevant Audit Wales consultations currently underway.





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**To:**

NHS Audit Committee Chairs  
NHS Directors of Finance  
NHS Board Secretaries  
The Chair of the NHS Technical Accounting Group  
Steve Elliot – NHS Director of Finance Welsh Government  
John Evans – Welsh Government  
Jacqui Salmon – Welsh Government

**Reference:** AC350/3415A2023

**Date issued:** 1 March 2023

Dear colleague

## NHS – Audit of Accounts 2022-23

We are about to commence our accounts audit work for all NHS bodies in Wales and I am conscious that the closure of the 2022-23 NHS financial statements will be challenging to both Audit Wales and the NHS.

In the attached letter, my Executive Director of Audit Services provides some important information on the introduction of a new auditing standard. The new standard fundamentally impacts how we will undertake the 2022-23 audit and has implications for you and your teams. The letter gives more detail on the standard itself and its impact on fees and the 2022-23 audit certification deadline.

I am acutely conscious that the message is a difficult one, with our fee rates increasing and deadlines moving later, at a time when colleagues everywhere in the public service are under great pressure. It is for that reason that I wanted to write to you directly, to explain the drivers behind the changes and to give my assurance that Audit Wales will be doing all it can, in the coming years, to continue to provide high quality audit, delivered efficiently, and that we have a plan to bring deadlines forward. I would like to thank you for your continued communication and engagement, which are so vital if we are to deliver those things.

In respect of the certification deadlines, the introduction of the revised Standard, and a radically different audit approach, has implications for audit timetables and it is inevitable that the new approach will require additional time to implement. I am also conscious that there will be additional challenges for finance teams preparing accounts this year, including the introduction of IFRS 16 – Accounting for Leases and accounting adjustments resulting from the quinquennial valuation of the NHS estate. It is important that finance teams have sufficient time to reflect these changes accurately in draft accounts submitted for audit to ensure a smooth audit process.

Given the circumstances set out above, I feel I have no option but to extend the audit certification deadline to 31 July 2023 to ensure I build in sufficient time to deliver an audit that meets my high standard in terms of audit quality.

That said, it is essential I recover this position in future years. In terms of my proposed certification deadlines in 2023-24 and 2024-25, I have signalled to my colleagues at Audit Wales the importance of recovering the position and a continual and collaborative dialogue with NHS colleagues is crucial.

To help us achieve the proposed certification deadlines set out in the attached letter, my Engagement Director and audit teams will continue to liaise closely with you and your colleagues. Notwithstanding the ongoing dialogue taking place at a local level, I have asked my Executive Director of Audit Services to arrange discussions with key stakeholder groups across the NHS. I hope that this is a helpful update and I wish you all the very best for the forthcoming audit of accounts.

Yours sincerely



**ADRIAN CROMPTON**  
**Auditor General for Wales**

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**At:**

Cadeirydd Pwyllgorau Archwilio'r GIG  
Cyfarwyddwyr Cyllid y GIG  
Ysgrifenyddion Bwrdd y GIG  
Cadeirydd Grŵp Cyfrifeg Technegol y GIG  
Steve Elliot – Cyfarwyddwr Cyllid GIG Llywodraeth Cymru  
Jacqui Salmon – Llywodraeth Cymru  
John Evans – Llywodraeth Cymru

**Cyfeirnod:** AC350/3415A2023

**Dyddiad cyhoeddi:** 1 Mawrth 2023

Annwyl gydweithiwr

## GIG – Archwilio Cyfrifon 2022-23

Rydym ar fin dechrau ar waith archwilio ein cyfrifon ar gyfer holl gyrff y GIG yng Nghymru, ac rwy'n ymwybodol y bydd cau datganiadau ariannol GIG 2022-23 yn heriol i Archwilio Cymru a'r GIG.

Yn y llythyr sydd ynghlwm, mae fy Nghyfarwyddwr Gweithredol Gwasanaethau Archwilio yn rhoi rhywfaint o wybodaeth bwysig am gyflwyno safon archwilio newydd. Mae'r safon newydd yn effeithio'n sylfaenol ar sut y byddwn yn cynnal archwiliad 2022-23 ac mae ganddo oblygiadau i chi a'ch timau. Mae'r llythyr yn rhoi mwy o fanylion am y safon ei hun a'i effaith ar ffioedd a'r dyddiad cau ar gyfer ardystio archwilio 2022-23.

Rwy'n ymwybodol iawn bod y neges yn un anodd, gyda'n cyfraddau ffioedd yn cynyddu a'r terfynau amser yn symud yn ddiweddarach, ar adeg pan fo cydweithwyr ym mhob man yn y gwasanaeth cyhoeddus dan bwysau mawr. Am y rheswm hynny

Tudalen 1 o 2 - GIG – Archwilio Cyfrifon 2022-23 - ples cysylltwch â ni yn Gymraeg neu Saesneg / cYSYLLTWCH â ni'n Gymraeg neu'n Cymraeg.

roeddwn am ysgrifennu atoch yn uniongyrchol, esbonio'r factorau tu ôl i'r newidiadau ac i roi fy sicrwydd y bydd Archwilio Cymru yn gwneud popeth yn ei allu, yn ystod y blynnyddoedd i ddod i barhau i ddarparu archwiliad o ansawdd uchel, wedi'i ddarparu'n effeithlon, a bod gennym gynllun i ddod â therfynau amser ymlaen. Hoffwn ddiolch i chi am eich cyfathrebu a'ch ymgysylltu parhaus, sydd mor hanfodol os ydym am gyflwyno'r pethau hynny.

O ran y terfynau amser ardystio, mae gan gyflwyno'r Safon ddiwygiedig, a dull archwilio hollol wahanol, oblygiadau ar gyfer amserlenni archwilio ac mae'n anochel y bydd angen amser ychwanegol ar y dull newydd i'w weithredu. Rwyf hefyd yn ymwybodol y bydd heriau ychwanegol i dimau cyllid sy'n paratoi cyfrifon eleni, gan gynnwys cyflwyno IFRS 16 – Cyfrifeg ar gyfer Prydlesi ac addasiadau cyfrifyddu sy'n deillio o werthiant cwinquennial ystâd y GIG. Mae'n bwysig bod gan dimau cyllid ddigon o amser i adlewyrchu'r newidiadau hyn yn fanwl gywir mewn cyfrifon drafft a gyflwynwyd i'w harchwilio er mwyn sicrhau proses archwilio esmwth.

O ystyried yr amgylchiadau a nodir uchod, rwy'n teimlo nad oes gennyf unrhyw opsiwn ond ymestyn y dyddiad cau ardystio archwilio i 31 Gorffennaf 2023 i sicrhau fy mod yn adeiladu mewn digon o amser i gyflwyno archwiliad sy'n cyrraedd fy safon uchel o ran ansawdd archwilio.

Wedi dweud hynny, mae'n hanfodol fy mod yn adfer y sefyllfa hon mewn blynnyddoedd i ddod. Yn nhermau fy nghyfyngau amser ardystio arfaethedig yn 2023-24 a 2024-25, rwyf wedi nodi bod fy nghydweithwyr yn Archwilio Cymru pwysigrwydd adfer y sefyllfa a deialog barhaus a chydweithredol gyda chydweithwyr o'r GIG yn hanfodol.

Er mwyn ein helpu i gyflawni'r terfynau amser ardystio arfaethedig a nodir yn y llythyr sydd ynghlwm, bydd fy Nghyd-gyfarwyddwr Ymgysylltu a'm timau archwilio yn parhau i gysylltu'n agos â chi a'ch cydweithwyr. Ar wahân i'r ddeialog barhaus sy'n digwydd ar lefel leol, rwyf wedi gofyn i fy Nghyfarwyddwr Gweithredol Gwasanaethau Archwilio drefnu trafodaethau gyda grwpiau rhanddeiliaid allweddol ar draws y GIG. Gobeithiaf fod hwn yn ddiweddarriad defnyddiol ac rwy'n dymuno'r gorau i chi ar gyfer yr archwiliad o gyfrifon sydd i ddod.

Yn gywir



**ADRIAN CROMPTON**  
Archwilydd Cyffredinol Cymru

Tudalen 2 o 2 - GIG – Archwilio Cyfrifon 2022-23 - Cysylltwch â ni yn y Gymraeg neu'r Saesneg / Cysylltwch â ni'n Gymraeg neu'n Cymraeg.

[by-email]

**Reference:** 3415A2023

**Date issued:** 1 March 2023

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To: NHS Directors of Finance  
NHS Audit Committee Chairs  
NHS Board Secretaries  
The Chair of the NHS Technical Accounting Group  
Steve Elliot – NHS Director of Finance Welsh Government  
John Evans – Welsh Government  
Jacqui Salmon – Welsh Government

Dear colleague

## NHS – Audit of Accounts 2022-23

- 1 We are about to commence our accounts audit work for all NHS bodies. We are therefore taking the opportunity to write to you with some important information on the introduction of a revised auditing standard which fundamentally impacts on how we will undertake your 2022-23 audit.
- 2 Within this letter we consider:
  - the impact of the revised standard;
  - the resultant impact on audit fees; and
  - the timetable for the Audit of Accounts 2022-23 and for future years.

### The impact of ISA 315

- 3 Our audits of NHS accounts for the year ended 31 March 2023 will be carried out under a revised auditing standard (ISA 315 (UK) Identifying and Assessing the Risks of Material Misstatement (Revised July 2020)).

- 4 This revised standard is effective for audits of accounts for periods beginning on or after 15 December 2021 and applies to the audit of all private and public sector entities across the UK, regardless of their nature, size or complexity.
- 5 The revised standard will have significant and far-reaching impacts on how auditors undertake audit risk assessments and our overall audit approach.
- 6 In planning our audit, we will be required to undertake more detailed and extensive risk assessment procedures to identify risks of material misstatement. The subsequent design and performance of our audit approaches will be responsive to each assessed risk.
- 7 **Appendix 1** outlines the key changes and the potential impact on your organisation in terms of information requests from our audit teams.
- 8 The standard has been amended to drive better quality, more effective risk assessments, as well as to promote greater exercise of professional scepticism. It also requires us to obtain a much more robust understanding of an organisation's IT systems. Financial reporting frameworks and governance structures are becoming increasingly complex, while technology continues to play a more advanced role in the control environment of entities. These changes require risk identification and assessment to be enhanced and rigorous audit processes.
- 9 The previous standard did not address automated tools and techniques, which are increasingly being used by auditors to inform risk assessment. All audits of 2021-22 NHS accounts incorporated elements of our Analytics Assisted Audit. The revised standard introduces specific considerations relating to the auditors' use of automated tools and techniques.

## Impact on audit fees

- 10 As a result of the changes outlined above, we expect 2022-23 audits to take longer to complete. We will also be required to use more experienced CCAB qualified staff on audits to deal with the higher level of judgement necessitated by the standard.
- 11 In our August 2022 Consultation on Fee Scales, we indicated that our initial assessment of the impact of this richer skill mix on fees was a potential average increase in fee scales for our financial audit work of between 12% and 18%. This is consistent with expectations in other UK public audit bodies and the private sector audit firms.
- 12 We have now started more detailed risk assessment under the new audit approach and will be able to provide you with an updated assessment of the audit fee once we have completed that initial risk planning. Our initial estimate is

that audit fees will increase by 10.2% for ISA 315, in addition to the 4.8% inflationary increase set out in our Audit Wales [2023-24 Fee Scheme](#). Your Engagement Director will discuss the proposed fee for your audit once that risk assessment has been completed.

## Timetable for the Audit of Accounts 2022-23

- 13 The introduction of the revised Standard and a radically different audit approach has implications for audit timetables. We have worked closely with the other UK Public Audit Bodies to develop an audit methodology which, we believe, will add value to Audited Bodies whilst continuing to maintain the high-quality audit which we know you expect from us. However, it is inevitable that the new approach will require additional time to implement.
- 14 We are also conscious that there will be additional challenges for finance teams preparing accounts this year, including the introduction of IFRS 16 – Accounting for Leases and accounting adjustments resulting from the quinquennial valuation of the NHS estate. It is important that finance teams have sufficient time to reflect these changes accurately in draft accounts submitted for audit to ensure a smooth audit process.
- 15 We will be working closely with NHS finance teams over the next few weeks to agree the precise timings for submission of NHS draft accounts. There will also be logistical matters to consider, such as managing staff annual leave and potentially securing revised Audit Committee, Board and Annual General Meeting (AGM) dates. We are aware that Health Boards and Trusts must hold an AGM no later than 31 July each year as per Standing Orders.
- 16 From our discussions with Health Bodies, we are aware that a number of you are struggling to recruit experienced finance staff and that this may also impact audit timetables. We are facing similar challenges and know that this position is consistent with the National Audit Office (NAO), Audit Scotland and the Northern Ireland Audit Office. The NAO's recovery plan article is a useful reference in this context<sup>1</sup>. In addition, a more recent report by the National Audit

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<sup>1</sup> [The NAO: getting government accounts back on track | ICAEW](#)

<sup>2</sup> [Timeliness of local auditor reporting on local government in England](#)

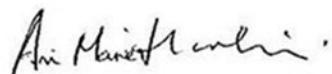
Office (January 2023) highlights how the delays to local government audit opinions are impacting elsewhere in the public sector, including the NHS, and describes plans to get back on track with the timetable for published audit opinions<sup>2</sup>.

- 17 For information, reporting deadlines in England are slightly more complicated, with providers and commissioners having different dates and different requirements around annual reports. The NAO have just published in their opinion for the Department of Health and Social Care Annual Report and Accounts 2021-22 (page 264) that 25% of providers in NHS England and 20% of commissioners failed to meet the Department of Health and Social Care audited accounts deadline in 2021-22.
- 18 As the auditors of Local Government Bodies in Wales, we have been experiencing similar delays to those seen in England in completing our audit of the 21-22 accounts. These delays result mainly from a technical issue regarding the valuation of Local Government infrastructure assets, which resulted in the Welsh Government deferring the audit certification deadline to 31 January 2023 and have impacted our ability to commence our 2022-23 audits in line with previous year timetables.
- 19 Taking all of this into account and having discussed with colleagues in Welsh Government responsible for preparing the NHS Consolidated accounts, we are therefore proposing an audit certification deadline of **31 July 2023** for NHS Bodies in Wales.
- 20 We recognise that this is later than many bodies would like but we believe it is important to set realistic timescales we can all work to. Over the next three years our plan would be to revert to a 15 June deadline as follows:
  - Audit of Accounts 2022-23 – certification by 31 July 2023;
  - Audit of Accounts 2023-24 – certification by 30 June 2024; and
  - Audit of Accounts 2024-25 – certification by 15 June 2025.

- 21 You will note that by 2024-25, we are not intending to revert to the pre-covid 31 May deadline but will aim to certify accounts by 15 June. This will ensure that the time required for Health Boards and Trusts to circulate the requisite accounts and audit reports to the Audit Committee and the Board, does not compress the audit window to less than a month.
- 22 In respect of the Charitable Funds audit or the independent examination, we intend to complete these by the deadline set by the Charities Commission.
- 23 We value the constructive working relationship we have with your finance teams and will continue to work closely with you to bring forward the deadlines for future years.
- 24 We remain committed to working collaboratively with you to successfully navigate this challenge, building on our shared experiences. We will ensure we attend all the relevant NHS fora to discuss the content of this letter with you and will be arranging meetings with all NHS Directors of Finance and Audit Committee Chairs to provide you with an opportunity to meet with us all.

Thank you to you and your teams for working so well with us.

Yours sincerely



Ann-Marie Harkin  
Executive Director Audit Services

## Appendix 1 – the key changes to the standard and the potential impact on your organisation

Key change	Potential impact on your organisation
<b>More detailed and extensive risk identification and assessment procedures</b>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"><li>• information on your organisation's business model and how it integrates the use of information technology (IT);</li><li>• information about your organisation's risk assessment process and how your organisation monitors the system of internal control;</li><li>• more detailed information on how transactions are initiated, recorded, processed and reported. This may include access to supporting documentation such as policy and procedure manuals; and</li><li>• more detailed discussions with your organisation to support the audit team's assessment of inherent risk.</li></ul>
<b>Obtaining an enhanced understanding of your organisation's environment, particularly in relation to IT</b>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"><li>• IT applications relevant to financial reporting;</li><li>• the supporting IT infrastructure (e.g. the network, databases);</li><li>• IT processes (e.g. managing program changes, IT operations); and</li><li>• the IT personnel involved in the IT processes.</li></ul> <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>

Key change	Potential impact on your organisation
<b>Enhanced requirements relating to exercising professional scepticism</b>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<b>Risk assessments are scalable depending on the nature and complexity of the audited body</b>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<b>Audit teams may make greater use of technology in the performance of their audit</b>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

[drwy e-bost]

**Cyfeirnod:** 3415A2023

**Dyddiad cyhoeddi:** 1 Mawrth 2023

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Annwyl gydweithiwr

## GIG – Archwilio Cyfrifon 2022-23

1 Rydym ar fin cychwyn ar ein gwaith archwilio cyfrifon ar gyfer holl gyrff y GIG.

Rydym felly'n manteisio ar y cyfle i ysgrifennu atoch gyda rhywfaint o wybodaeth bwysig am gyflwyno safon archwilio ddiwygiedig sy'n effeithio'n sylfaenol ar sut y byddwn yn cynnal eich archwiliad 2022-23.

2 O fewn y llythyr hwn rydym yn ystyried:

effaith y Safon diwygiedig;

yr effaith ganlyniadol ar ffioedd archwilio; ac

amserlen Archwilio Cyfrifon 2022-23 ac ar gyfer blynnyddoedd i ddod.

## Effaith ISA 315

3 Bydd ein harchwiliadau o gyfrifon y GIG am y flwyddyn a ddaeth i ben ar 31 Mawrth 2023 yn cael eu cynnal o dan safon archwilio diwygiedig ([ISA 315 \(DU\)](#) Nodi ac Asesu Risgiau Cam-ddweud Materol (Diwygiwyd Gorffennaf 2020)).

Tudalen [1](#) o [7](#) – **GIG - Archwilio Cyfrifon 2022-23** - Ples cysylltwch â ni yn Gymraeg neu Saesneg / cYSYLLTWCH â ni'n Gymraeg neu'n Cymraeg.

- 4 Mae'r safon ddiwygiedig hon yn effeithiol ar gyfer archwiliadau o gyfrifon am gyfnodau sy'n dechrau ar neu ar ôl 15 Rhagfyr 2021 ac mae'n berthnasol i archwilio pob endid yn y sector preifat a'r sector cyhoeddus ledled y DU, waeth beth fo'u natur, eu maint neu eu cymhlethdod.
- 5 Bydd y safon ddiwygiedig yn cael effeithiau sylweddol a phellgyrhaeddol ar sut mae archwilwyr yn cynnal asesiadau risg archwilio a'n dull archwilio cyffredinol.
- 6 Wrth gynllunio ein harchwiliad, bydd yn ofynnol i ni ymgymryd â gweithdrefnau asesu risg manylach a helaeth i nodi'r risgiau o gam-ddweud materol. Bydd dyluniad a pherfformiad dilynol ein dulliau archwilio yn ymateb i bob risg a asesir.
- 7 Mae **Atodiad 1** yn amlinellu'r newidiadau allweddol a'r effaith bosibl ar eich sefydliad o ran ceisiadau gwybodaeth gan ein timau archwilio.
- 8 Diwygiwyd y safon i yrru asesiadau risg mwy effeithiol o ansawdd gwell, yn ogystal â hyrwyddo mwy o ymarfer corff o amheuaeth broffesiynol. Mae hefyd yn gofyn i ni gael dealtwriaeth llawer mwy cadarn o systemau TG sefydliad. Mae fframweithiau adrodd ariannol a strwythurau llywodraethu yn dod yn fwyfwy cymhleth tra bod technoleg yn parhau i chwarae rhan fwy datblygedig yn amgylchedd rheoli endidau. Mae'r newidiadau hyn yn gofyn am adnabod ac asesu risg er mwyn cael prosesau archwilio gwell a thrylwyr.
- 9 Nid oedd y safon flaenorol yn mynd i'r afael ag offer a thechnegau awtomataidd, sy'n cael eu defnyddio'n gynyddol gan archwilwyr i lywio asesiad risg. Roedd pob archwiliad o gyfrifon GIG 2021-22 yn ymgorffori elfennau o'n Harchwiliad Cynorthwyol Analytics. Mae'r safon ddiwygiedig yn cyflwyno ystyriaethau penodol sy'n ymwneud â'r defnydd archwilwyr o offer a thechnegau awtomataidd.

## Effaith ar ffioedd archwilio

- 10 O ganlyniad i'r newidiadau a amlinellir uchod, rydym yn disgwyl i archwiliadau 2022-23 gymryd mwy o amser i complete. Bydd yn ofynnol hefyd i ni ddefnyddio staff cymwys CCAB mwy profiadol ar archwiliadau i ddelio â'r lefel uwch o farn a oedd yn golygu bod angen y safon.
- 11 Yn ein Ymgynghoriad ar Raddfeydd Ffioedd Awst 2022, nodwyd bod ein hasesiad cychwynnol o effaith y cymysgedd sgiliau cyfoethocach hwn ar ffioedd yn gynydd cyfartalog posibl mewn graddfeydd ffioedd ar gyfer ein gwaith archwilio ariannol o rhwng 12% a 18%. Mae hyn yn gyson â'r disgwyliadau yng nghyrff archwilio cyhoeddus eraill y DU a chwmnïau archwilio'r sector preifat.
- 12 Rydym bellach wedi dechrau asesiad risg manylach o dan y dull archwilio newydd a byddwn yn gallu rhoi asesiad wedi'i ddiweddar o'r ffi archwilio i chi ar

Tudalen 2 o 7 - **GIG - Archwilio Cyfrifon 2022-23** - Cysylltwch â ni yn y Gymraeg neu'r Saesneg / Cysylltwch â ni'n Gymraeg neu'n Cymraeg.

Ôl i ni gwblhau'r gwaith cynllunio risg cychwynnol hwnnw. Ein hamcangyfrif cychwynnol yw y bydd ffioedd archwilio yn cynyddu 10.2% ar gyfer ISA 315 yn ychwanegol at y cynnydd chwyddiant o 4.8% a amlinellir yn ein Cynllun Ffioedd 2023-24. Bydd eich Cyfarwyddwr Ymgysylltu yn trafod y ffi arfaethedig ar gyfer eich archwiliad unwaith y bydd yr asesiad risg hwnnw wedi'i gwblhau.

### Amserlen ar gyfer archwilio Cyfrifon 2022/23

- 13 Mae gan gyflwyno'r Safon ddiwygiedig a dull archwilio holol wahanol oblygiadau ar gyfer amserlenni archwilio. Rydym wedi gweithio'n agos gyda Chyrff Archwilio Cyhoeddus eraill y DU i ddatblygu methodoleg archwilio yr ydym yn credu y bydd yn ychwanegu gwerth i Gyrff Archwilio wrth barhau i gynnal yr archwiliad o ansawdd uchel yr ydym yn gwybod eich bod yn ei ddisgwyl gennym. Fodd bynnag, mae'n anochel y bydd angen amser ychwanegol i'w weithredu ar y dull newydd.
- 14 Rydym hefyd yn ymwybodol y bydd heriau ychwanegol i dimau cyllid sy'n paratoi cyfrifon eleni gan gynnwys cyflwyniad IFRS 16 – Cyfrifeg ar gyfer Prydlesi ac addasiadau cyfrifyddu sy'n deillio o brisiant cwinquennial ystâd y GIG. Mae'n bwysig bod gan dimau cyllid ddigon o amser i adlewyrchu'r newidiadau hyn yn fanwl gywir mewn cyfrifon drafft a gyflwynwyd i'w harchwilio er mwyn sicrhau proses archwilio esmwyth.
- 15 Byddwn yn gweithio'n agos gyda thimau cyllid y GIG dros yr wythnosau nesaf i gytuno ar union amseriadau cyflwyno cyfrifon drafft y GIG. Bydd materion logistaidd hefyd i'w hystyried megis rheoli absenoldeb blynnyddol staff ac o bosibl sicrhau dyddiadau'r Pwyllgor Archwilio Diwygiedig, Bwrdd a Chyfarfod Cyffredinol Blynnyddol (AGM). Rydym yn ymwybodol bod yn rhaid i Fyrddau ac Ymddiriedolaethau lechyd gynnal Cyfarfod Cyffredinol Blynnyddol ddim hwyrach na'r 31 Gorffennaf bob blwyddyn yn unol â'r Rheolau Sefydlog.
- 16 O'n trafodaethau gyda Chyrff lechyd, rydym yn ymwybodol bod nifer ohonoch yn ei chael hi'n anodd recriwtio staff cyllid profiadol ac y gallai hyn hefyd effeithio ar amserlenni archwilio. Rydym yn wynebu heriau tebyg ac yn gwybod bod y safbwyt hwn yn gyson â'r Swyddfa Archwilio Genedlaethol (NAO), Archwilio'r Alban a Swyddfa Archwilio Gogledd Iwerddon. Mae erthygl cynllun

adfer y Swyddfa Archwilio yn gyfeiriad defnyddiol yn y cyd-destun hwn<sup>1</sup>. Yn ogystal, mae adroddiad mwy diweddar gan y Swyddfa Archwilio Genedlaethol (Ionawr 2023) yn tynnu sylw at sut mae'r oedi i farn archwilio llywodraeth leol yn effeithio mewn mannau eraill yn y sector cyhoeddus, gan gynnwys y GIG, ac yn disgrifio cynlluniau i fynd yn ôl ar y trywydd iawn gyda'r amserlen ar gyfer cyhoeddi barn archwilio<sup>2</sup>.

- 17 Ar gyfer gwybodaeth, mae terfynau amser adrodd yn Lloegr ychydig yn fwy cymhleth gyda darparwyr a chomisiynwyr yn cael dyddiadau gwahanol a gofynion gwahanol ynghylch adroddiadau blynnyddol. Mae'r NAO newydd gyhoeddi, yn eu barn ar gyfer Adroddiad Blynnyddol a Chyfrifon yr Adran lechyd a Gofal Cymdeithasol 2021-22 (tudalen 264), bod 25% o ddarparwyr GIG Lloegr a 20% o gomisiynwyr wedi methu â chyrraedd dyddiad cau cyfrifon archwilio'r Adran lechyd a Gofal Cymdeithasol yn 2021-22.
- 18 Fel archwilwyr Cyrff Llywodraeth Leol yng Nghymru, rydym wedi bod yn profi oedi tebyg i'r rhai a welwyd yn Lloegr wrth gwblhau ein harchwiliad o'r cyfrifon 21-22. Mae'r oedi hyn yn deillio'n bennaf o fater technegol ynghylch prisio asedau seilwaith Llywodraeth Leol a arweiniodd at Lywodraeth Cymru yn gohирion'r dyddiad cau ar gyfer ardystio archwiliadau i 31 Ionawr 2023 ac wedi effeithio ar ein gallu i ddechrau ein harchwiliadau 2022-23 yn unol ag amserlenni'r flwyddyn flaenorol.
- 19 Gan ystyried hyn i gyd ac ar ôl trafod â chydweithwyr yn Llywodraeth Cymru sy'n gyfrifol am baratoi cyfrifon Cyfunol y GIG, rydym felly yn cynnig dyddiad cau ardystio archwiliadau o **31 Gorffennaf 2023** ar gyfer Cyrff GIG yng Nghymru.
- 20 Rydym yn cydnabod bod hyn yn hwyrach nag yr hoffai llawer o gyrff ond credwn ei bod yn bwysig gosod amserlenni realistig y gallwn i gyd weithio iddynt. Dros y tair blynedd nesaf ein cynllun fyddai dychwelyd i ddyddiad cau 15 Mehefin fel a ganlyn:

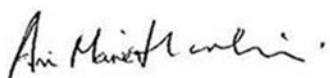
<sup>1</sup> Yr NAO: cael cyfrifon y llywodraeth yn ôl ar y trywydd iawn | ICAEW

<sup>2</sup>Prydlondeb archwilydd lleol yn adrodd ar lywodraeth leol yn Lloegr

- Archwilio Cyfrifon 2022-23 – ardystiad erbyn 31 Gorffennaf 2023;
- Archwilio Cyfrifon 2023-24 – ardystiad erbyn 30 Mehefin 2024; a
- Archwilio Cyfrifon 2024-25 – ardystiad erbyn 15 Mehefin 2025.

- 21 Byddwch yn nodi erbyn 2024-25, nad ydym yn bwriadu dychwelyd i'r dyddiad cau cyn-Covid (31 Mai) ond anelwn ardystio cyfrifon erbyn 15 Mehefin. Bydd hyn yn sicrhau nad yw'r amser sy'n ofynnol i Fyrddau ac Ymddiriedolaethau lechyd ddosbarthu'r cyfrifon a'r adroddiadau archwilio ofynnol i'r Pwyllgor Archwilio a'r Bwrdd, yn cywasgu'r ffenestr archwilio i lai na mis.
- 22 O ran yr archwiliad Cronfeydd Elusennol neu'r archwiliad annibynnol, rydym yn bwriadu cwblhau'r rhain erbyn y dyddiad cau a osodwyd gan y Comisiwn Elusennau.
- 23 Rydym yn gwerthfawrogi'r berthynas waith adeiladol sydd gennym gyda'ch timau cyllid a byddwn yn parhau i weithio'n agos gyda chi i gyflwyno'r terfynau amser ar gyfer y blynnyddoedd i ddod.
- 24 Rydym yn parhau i fod yn ymrwymedig i weithio ar y cyd â chi i lywio'r her hon yn llwyddiannus, gan adeiladu ar ein profiadau a rennir. Byddwn yn sicrhau ein bod yn mynchu'r holl ffora GIG perthnasol ar gyfer trafod cynnwys y llythyr hwn gyda chi. Trefnwn gyfarfodydd gyda holl Gadeiryddion Pwyllgorau Cyllid ac Archwilio'r GIG i roi cyfle i chi gwrdd â ni i gyd.
- 25 Diolch i ti a'ch timau am weithio mor dda gyda ni.

Yn gywir



Ann-Marie Harkin  
Cyfarwyddwr Gweithredol Gwasanaethau Archwilio

Tudalen 5 o 7 - **GIG - Archwilio Cyfrifon 2022-23** - Cysylltwch â ni yn y Gymraeg neu'r Saesneg / Cysylltwch â ni'n Gymraeg neu'n Cymraeg.

## Atodiad 1 – y newidiadau allweddol i'r safon a'r effaith bosib ar eich sefydliad

Newid allweddol	Effaith bosib ar eich sefydliad
<b>Gweithdrefnau adnabod ac asesu risg manylach a helaeth</b>	<p>Efallai y bydd eich tîm cyllid ac eraill yn eich sefydliad yn derbyn nifer fwy o ymholiadau gan ein timau archwilio yng nghyfnod cynllunio'r archwiliad. Gall ceisiadau am wybodaeth gynnwys:</p> <ul style="list-style-type: none"> <li>• gwybodaeth am fodel busnes eich sefydliad a sut mae'n integreiddio'r defnydd o dechnoleg gwybodaeth (TG);</li> <li>• gwybodaeth am broses asesu risg eich sefydliad a sut mae eich sefydliad yn monitro'r system o reoli mewnol;</li> <li>• gwybodaeth fanylach am sut mae trafodion yn cael eu cychwyn, eu cofnodi, eu prosesu a'u hadrodd. Gall hyn gynnwys mynediad at ddogfennaeth ategol fel llawlyfrau polisi a gweithdrefnau; a</li> <li>• thrafodaethau manylach gyda'ch sefydliad i gefnogi asesiad y tîm archwilio o risg cynhenid.</li> </ul>
<b>Cael gwell dealltwriaeth o amgylchedd eich sefydliad, yn enwedig mewn perthynas â TG</b>	<p>Efallai y bydd eich sefydliad yn derbyn mwy o ymholiadau i gynorthwyo'r tîm archwilio i ddeall yr amgylchedd TG. Gall hyn gynnwys gwybodaeth am:</p> <ul style="list-style-type: none"> <li>• Ceisiadau TG sy'n berthnasol i adrodd ariannol;</li> <li>• y seilwaith TG ategol (e.e. y rhwydwaith, cronfeydd data);</li> <li>• Prosesau TG (e.e. rheoli newidiadau i'r rhaglen, gweithrediadau TG); a</li> <li>• y personél TG sy'n ymwneud â'r prosesau TG.</li> </ul> <p>Efallai y bydd angen i dimau archwilio brofi'r rheolaethau TG cyffredinol a gall hyn ei gwneud yn ofynnol cael tystiolaeth archwilio fanylach ar weithredu rheolaethau TG o fewn eich sefydliad.</p> <p>Ar rai archwiliadau, gall ein timau archwilio gynnwys arbenigwyr archwilio TG i gynorthwyo gyda'u gwaith. Efallai y bydd angen i'n archwilwyr TG ymgysylltu ag aelodau o'ch</p>

Newid allweddol	Effaith bosib ar eich sefydliad
	tîm TG nad ydynt wedi bod yn rhan o'r broses archwilio o'r blaen.
<b>Gofynion gwell yn ymwneud ag arfer amheuaeth broffesiynol</b>	Gall ein timau archwilio wneud ymholiadau ychwanegol os ydynt yn nodi gwybodaeth sy'n ymddangos fel pe baent yn gwrrh-ddweud yr hyn y maent eisoes wedi'i ddysgu yn yr archwiliad.
<b>Mae modd graddio asesiadau risg yn dibynnu ar natur a chymhlethdod y corff sy'n cael ei archwilio</b>	Bydd disgwyliadau'r tîm archwilio ynghylch ffurfioldeb polisiau, gweithdrefnau, prosesau, a systemau eich sefydliad yn dibynnu ar gymhlethdod eich sefydliad.
<b>Gall timau archwilio wneud mwy o ddefnydd o dechnoleg ym mherfformiad eu harchwiliad</b>	Gall ein timau archwilio wneud defnydd o offer a thechnegau awtomataidd megis dadansoddi data wrth berfformio eu harchwiliad. Gall ein timau ofyn am wybodaeth neu wybodaeth wahanol mewn fformat gwahanol i archwiliadau blaenorol er mwyn iddynt gyflawni eu gweithdrefnau archwilio.

Tudalen 7 o 7 - **GIG - Archwilio Cyfrifon 2022-23** - Cysylltwch â ni yn y Gymraeg neu'r Saesneg / Cysylltwch â ni'n Gymraeg neu'n Cymraeg.

Eich cyf / Your ref: DoF001

Ein cyf/Our ref:

Gofynnwch am/Please ask for: Abbi Davies

Rhif Ffôn /Telephone: 01267 239711

E-Bost/Email: abbigail.davies@wales.nhs.uk

Dyddiad/Date: 16<sup>th</sup> March 2023

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Adrian Crompton  
Auditor General for Wales  
Audit Wales  
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Cardiff  
CF11 9LJ  
6 March 2023

Sent by email

**Re: Audit of Annual Accounts 2022/2023**

Annwyl Adrian,

Many thanks for your letter of 1 March, and the accompanying letter from Anne-Marie Harkin. I appreciate this is a challenging time for Audit Wales, and I note your explanation on the impact of ISA 315 on your work plan and fees. I believe this provides us with an opportunity to work together to deliver better public accountability and I am heartened that the intent is to improve audit quality through better risk assessments, a greater focus on our IT environment, more use of automated auditing techniques and enhanced professional scepticism.

Naturally the increased fee is a challenge for us in a resource constrained environment when we are facing a number of other budgetary issues.

I understand the issues and the challenges which we will face in concluding the audit before 31 July, and across the NHS we are concerned by the implications this will have on our compliance with our Standing Orders and the requirement to hold an AGM before this time. While we work with Welsh Government to understand the implications of this, I am concerned that there could be a perception amongst our public that the reason for any such delay relates to local governance concerns. I would be grateful for assurance that the Senedd's Public Accounts Committee in particular are clear on the issues. It's also important that we ensure that any external communications are clear.

We have worked well with colleagues from Audit Wales for a number of years, and this has built a relationship of mutual trust based on openness, transparency and professionalism. We want to

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Cadeirydd /Chair  
**Miss Maria Battle**  
Prif Weithredwr/Chief Executive  
**Mr Steve Moore**

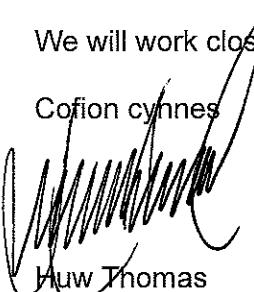
Bwrdd Iechyd Prifysgol Hywel Dda yw enw gweithredol Bwrdd Iechyd Llool Prifysgol Hywel Dda  
Hywel Dda University Health Board is the operational name of Hywel Dda University Local Health Board

Mae Bwrdd Iechyd Prifysgol Hywel Dda yn amgylchedd di-fwg Hywel Dda University Health Board operates a smoke free environment

make sure we build on that approach and maximise the added value which external audit can provide to our governance processes and public accountability. With that in mind, we would welcome working closely with Audit Wales to trial within our Health Board any new audit techniques and approaches which you would like to adopt.

We will work closely with Anthony over the coming weeks and months on our collective endeavour.

Cofion cynnes



Huw Thomas

Cyfarwyddwr Cyllid / Director of Finance

cc. Anthony Veale, Audit Director

Anne-Marie Harkin, Executive Director Audit Services

Steve Moore, CEO, Hywel Dda UHB

Joanne Wilson, Director of Corporate Governance, Hywel Dda UHB

Paul Newman, Chair of Audit and Risk Assurance Committee, Hywel Dda UHB

Mr Huw Thomas  
Director of Finance  
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Via email

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**Reference:** AC/352/caf

**Date issued:** 21 March 2023

Annwyl Huw

## Audit of Annual Accounts 2022/2023

Thank you very much for your letter. I recognise your description of the positive working relationship between Audit Wales and your team and thank you for your leadership in that regard. Please be assured we will continue to work with you in that way.

I recognise too your concern about the risks posed by not completing the audit before the end of July. We will be alert to avoid any misunderstanding of the reasons for later completion and will ensure that the Public Administration and Public Accounts Committee is properly advised of the issue.

Cofion cynnes



**ADRIAN CROMPTON**  
**Auditor General for Wales**