



**PWYLLGOR ARCHWILIO A SICRWYDD RISG
AUDIT AND RISK ASSURANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	05 May 2022
TEITL YR ADRODDIAD: TITLE OF REPORT:	Audit Enquiries To Those Charged With Governance and Management
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

Both the management of Hywel Dda University Health Board and 'those charged with governance' (the Board) must provide reasonable assurance to the Auditor General for Wales that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

The Audit & Risk Assurance Committee (ARAC) is asked to note the evidence requested by Audit Wales to gain this assurance. A draft response is attached for review by ARAC which, subject to any amendment, will be forwarded to Audit Wales to meet the required deadline of 31st May 2022.

Cefndir / Background

The Auditor General for Wales is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

Assurance is sought, in compliance with the International Standard for Auditing (UK and Ireland), in relation to three main areas namely fraud, laws and regulations and related party relationships and transactions that impact on the audit of the financial statements.

Asesiad / Assessment

The letter (attached at Appendix 1) details the assurance required, from both the management of Hywel Dda University Health Board and 'those charged with governance' (the Board), together with the evidence provided, in response to a number of governance areas that impact on the audit of the financial statements.

Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to review the response prepared and, subject to any required amendment, ratify for onward submission to Audit Wales.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	<p>3.1 The Committee shall review the adequacy of the UHB's strategic governance and assurance arrangements and processes for the maintenance of an effective system of good governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives.</p> <p>3.2 In particular, the Committee will review the adequacy of:</p> <p>3.2.1 all risk and control related disclosure statements (in particular the Accountability Report and the Annual Quality Report), together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board;</p> <p>3.2.2 the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;</p> <p>3.2.3 the policies for ensuring compliance with relevant regulatory, legal and code of conduct and accountability requirements;</p>
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	The Board's system of Internal Control and related processes.
Rhestr Termiau: Glossary of Terms:	Included within body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y	Not applicable

Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	
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Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	A sound system of financial control enacts robust financial control, safeguards public funds and the Health Board's assets and resources. Robust governance arrangements underpinning financial management contribute towards internal control and value for money being achieved.
Ansawdd / Gofal Claf: Quality / Patient Care:	No specific impact
Gweithlu: Workforce:	No specific impact
Risg: Risk:	No specific impact
Cyfreithiol: Legal:	Compliance with statutory responsibilities
Enw Da: Reputational:	Provides assurance regarding governance
Gyfrinachedd: Privacy:	No specific impact
Cydraddoldeb: Equality:	No specific impact

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Reference: HDGOV01

Date issued: 23 March 2022

Dear Steve

Hywel Dda University Health Board 2021-22 – Audit enquiries to those charged with governance and management

In my 2022 Audit Plan I set out that I am responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement whether caused by fraud or error. I also set out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on my audit of your financial statements. These considerations are relevant to both the management of Hywel Dda University Health Board (the UHB) and 'those charged with governance' (the Board).

I have set out below the areas of governance on which I am seeking views.

1. Management processes in relation to:
 - Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
 - Identifying and responding to risk of fraud in the organisation;
 - Communication to employees of views on business practice and ethical behaviour; and
 - Communication to those charged with governance the processes for identifying and responding to fraud.
2. Management's awareness of any actual or alleged instances of fraud
3. How management gain assurance that all relevant laws and regulations have been complied with.
4. Whether there is any potential litigation or claims that would affect the financial statements.
5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

Page 1 of 21 - **Error! No text of specified style in document.** - please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

The information you provide will inform our understanding of the UHB and its business processes and support our work in providing an audit opinion on your 2021-22 financial statements.

I would be grateful if you could complete the attached table in Appendix 1. For information purposes this table also includes the responses provided by the UHB in 2020-21.

Your responses should be formally considered and communicated to us on behalf of both management and those charged with governance by 31 May 2022. In the meantime, if you need anything further, please contact Lucy Evans on 07976 126763 or by e-mail at Lucy.Evans@audit.wales.

Yours sincerely



Clare James
Engagement Lead

Cc Mr Huw Thomas, Director of Finance

Appendix 1

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 Audit Committee. Management, with the oversight of those charged with governance, 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 those charged with governance.

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 (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

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

Enquiries of management - in relation to fraud

Question	2020-21 Response	2021-22 Response
<p>1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principal reasons?</p>	<p>Despite the Covid-19 pandemic the Fraud risk impact is low and we are not aware of any fraud that would impact materially on our financial statement, based on robust and comprehensive counter fraud and internal audit services.</p> <p>The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control for 2020/21 has given reasonable Assurance.</p> <p>The Internal Audit of Governance arrangements during the Covid-19 pandemic identified that Financial Governance was maintained during the first period of the pandemic with the development of a value for money framework, the development of a process to record and regularise expenditure and regular reporting to the Finance Committee. The Internal Audit of Accounts Receivable was given Reasonable Assurance during 2020/21.</p>	<p>The risk is assessed to be minimal, and we are not aware of any fraud that would impact materially on Hywel Dda University Health Board's (UHB) financial statements, based on robust and comprehensive counter fraud and internal audit services.</p> <p>The (Draft) Head of Internal Audit Opinion for 2021/22 has given a rating of Reasonable Assurance, as to the adequacy of risk, control and governance arrangements at the Health Board.</p>
<p>2. What processes are employed to identify and respond to the risks of fraud more</p>	<p>Hywel Dda University Health Board (H DUHB) employs 2 full time Local Counter Fraud</p>	<p>The UHB employs 2 full time Local Counter Fraud Specialists (LCFS) to undertake the full duties of anti-fraud work.</p>

Enquiries of management - in relation to fraud

Question	2020-21 Response	2021-22 Response
<p>generally and specific risks of misstatement in the financial statements?</p>	<p>Specialists (LCFS) to undertake the full duties of anti-fraud work.</p> <p>The LCFS' work in line with an approved Counter Fraud work plan which was adapted to take into account the particular Circumstances arising due to the Covid-19 pandemic. The plan was devised around the 4 strategic areas outlined within the NHS Counter Fraud Authority (NHS CFA) Standards and organisational risks.</p> <p>The annual self-assessment undertaken by the LCFS of the counter fraud activity completed within the UHB assessed performance as green against the NHS CFA's fraud, bribery, and corruption standards. All key requirements of the Welsh Government (WG) Directions July 2006 to NHS Bodies on Counter Fraud Measures have been achieved.</p> <p>A new Self-Assessment will be undertaken and concluded by the end of May 2021 to align with the new Government Functional Standards coming into effect from the 1st April 2021.</p> <p>Liaison between internal auditors and the LCFS ensures areas where audit reveals a</p>	<p>The LCFS work to an agreed Counter Fraud work plan devised around the 4 strategic areas outlined within the NHS Counter Fraud Authority (NHS CFA) Standards and organisational risks.</p> <p>The annual self-assessment undertaken by the LCFS of the counter fraud activity completed within the UHB assessed performance as green against the NHS CFA's fraud, bribery, and corruption standards, which are in line with the new Government Functional Standards, GovS 013: Counter Fraud. All key requirements of the Welsh Government (WG) Directions July 2006 to NHS Bodies on Counter Fraud Measures have been achieved.</p> <p>Liaison between internal auditors and the LCFS ensures areas where audit reveals a potential fraud risk, or system vulnerability are assessed by the Counter Fraud team.</p> <p>The UHB's Standing Orders (SOs), Standing Financial Instructions (SFIs), Financial Procedures and policies; staff training in counter fraud; use of audit testing and audit recommendation in respect of best practice e.g., separation of duties all minimise the risk of misstatement.</p>

Enquiries of management - in relation to fraud

Question	2020-21 Response	2021-22 Response
	<p>potential fraud risk, or system vulnerability are assessed by the Counter Fraud team.</p> <p>HDUHB's Standing Orders (SOs), Standing Financial Instructions (SFIs), Financial Procedures and policies; staff training in counter fraud; use of audit testing and audit recommendation in respect of best practice e.g., separation of duties all minimise the risk of misstatement.</p>	<p>Pro-active exercises have been undertaken to review existing processes, with a view of reporting on identified weaknesses and advising on means of mitigating future risks.</p> <p>In order to identify emerging risks or governance concerns, the LCFS has regular contact with the nominated Fraud Champion, the Board Secretary, who has responsibility for the Health Board's Corporate Governance Directorate, Board and Committees Service, Assurance and Risk, Corporate Legal Services, Headquarters Management and Correspondence and Political Affairs.</p>
<p>3. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p>	<p>HDUHB's Director of Finance is the delegated person responsible for providing strategic management on all aspects of economic crime. This is evidenced by the preparation of the antifraud, bribery and corruption workplan, along with counter fraud annual report and progress reports presented on a bi-monthly basis to Audit & Risk Assurance Committee (ARAC). HDUHB has nominated the Board Secretary as its Fraud Champion.</p> <p>The annual report highlights the activities undertaken by the Counter Fraud Service, to demonstrate compliance with the NHS CFA guidance on working with fraud, bribery and corruption. The standards are reviewed on a</p>	<p>The UHB's Director of Finance is the delegated person responsible for providing strategic management on all aspects of economic crime. This is evidenced by the preparation of the antifraud, bribery and corruption workplan, along with counter fraud annual report and progress reports presented on a bi-monthly basis to Audit & Risk Assurance Committee (ARAC), this includes reporting on investigations, pro-active exercises and identified fraud risks, via the UHB's Risk Management Strategy.</p> <p>In addition, the LCFS submits an annual report and self-review to ARAC, highlighting the activities undertaken by the Counter</p>

Enquiries of management - in relation to fraud

Question	2020-21 Response	2021-22 Response
	<p>regular basis and cross referenced against work undertaken by the Lead LCFS.</p>	<p>Fraud Service, to demonstrate compliance with the NHS CFA guidance on working with fraud, bribery, and corruption. The standards are reviewed on a regular basis and cross referenced against work undertaken by the LCFS.</p> <p>Other means of reporting on fraud issues and risks, include regular engagement with the Fraud Champion and by way of private sessions with ARAC Members.</p>
<p>4. How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?</p>	<p>The LCFS has supported the Corporate Governance Team in raising awareness around the requirements of the Standards of Behaviour Policy. Specifically, the requirement around Declarations of Interests and Gifts, Hospitality and Sponsorship.</p> <p>The LCFS' have an on-going work programme with the NHS Counter Fraud Service (Wales) to develop an Anti-Fraud Culture within the NHS. There is an anti-fraud, bribery and corruption policy in place that outlines the responsibilities of staff in countering Fraud and corruption within the UHB. Links to the Counter Fraud policy and associated 'All Wales Raising Concerns (Whistle Blowing) Policy' are also made available to all staff via the Counter Fraud</p>	<p>The LCFS have an on-going work programme with the NHS Counter Fraud Service (Wales) to develop an Anti-Fraud Culture within the NHS. There is an anti-fraud, bribery and corruption policy in place that outlines the responsibilities of staff in countering Fraud and corruption within the UHB. Links to the Counter Fraud policy and associated 'All Wales Raising Concerns (Whistle Blowing) Policy' are also made available to all staff via the Counter Fraud page on the staff intranet.</p> <p>Fraud awareness sessions have been provided in numerous ways including new starter induction material, presentations and bespoke Counter Fraud learning to targeted staff groups at higher risk of contact with fraud such as Recruitment, Finance, Payroll, Post Payment Verification Teams and</p>

Enquiries of management - in relation to fraud

Question	2020-21 Response	2021-22 Response
	<p>page on the staff intranet.</p> <p>Fraud awareness presentations have taken place, albeit virtually and where this was not possible new literature has been provided to raise awareness, including Induction, Managers Passport, student placements, Medicine Safety Days, Finance Department Induction.</p> <p>Bespoke face to face Counter Fraud learning has also targeted staff groups at higher risk of contact with fraud such as Estates, Finance and those working within the Mental Health Directorate.</p> <p>Communications links continue to be developed and the use of both internal and external Media sources have been used to raise awareness. This includes an awareness page dedicated to Fraud Risks associated with the Covid-19 pandemic.</p>	<p>Community-based staff, including General Practitioners.</p> <p>Communication links have been enhanced and developed over this work period by the Counter Fraud Team, with the continued use of the dedicated social media accounts, a new and improved intranet site that features Counter Fraud Authority awareness animations, quarterly newsletters, and regular global messages to all staff members. Raising awareness of key issues as and when they develop, highlighting key policies, currently in place to mitigate Fraud, Bribery and Corruption and communicating expectations of ethical governance and standards of conduct to relevant parties.</p> <p>This year, the Counter Fraud E-learning Package has been made mandatory for all employees, ensuring that key learning is delivered and communicated to all employees. The review of compliance data / trends will enable the LCFS to focus on providing targeted awareness to directorates where there is poor compliance.</p> <p>The UHB's Standards of Behaviour Policy features within all staff's Contracts of</p>

Enquiries of management - in relation to fraud

Question	2020-21 Response	2021-22 Response
		<p>Employment which are issued to new employees within 12 weeks of commencing in post, and to all existing employees on a change of role. When signing their contract of employment, all staff must sign to confirm that they accept their appointment on the terms and conditions set out within the contract and contained within the UHB's Standards of Behaviour Policy. This requirement, and awareness of the policy continues to be featured routinely at corporate induction.</p> <p>New employees also receive information at Corporate Induction through the Welcome Handbook</p> <p>On commencement in post, Independent Members receive a programme of induction and are provided with an Independent Member Handbook referencing the UHB's Standards of Behaviour Policy.</p> <p>Quarterly reminders, replacing the previous bi-annual reminders, are circulated via Global E-mail, together with a link to the policy. Two of these are prepared to coincide with the periods when there is increased potential for the receipt of gifts ie at Christmas and Easter, to remind employees and Independent Members of the requirements of the policy and the need to declare any</p>

Enquiries of management - in relation to fraud

Question	2020-21 Response	2021-22 Response
		<p>interests and report offers of gifts, hospitality, sponsorship and honoraria.</p> <p>Annual reminders are made on the 'Message from Employer' section of payslips, reminding employees and Independent Members of the requirements of the policy and the process for making declarations. The next payslip reminder is scheduled for May 2022.</p> <p>Opportunities continue to be taken to deliver bespoke sessions to various groups on request.</p> <p>Standards of Behaviour Policy includes those groups of employees who would need to complete an annual Declaration of Interest form (those staff deemed to be in 'high risk' groups ie those whose role necessarily brings them into contact with external companies, contractors or suppliers, those who are able to initiate orders or those who are budget holders), and all specified groups of employees have been requested to complete a Declaration of Interest form during 2021/22. From May 2021, 5th and 6th level budget holders on Oracle are included as a high risk group.</p>
5. Are you aware of any instances of actual, suspected or alleged fraud within the audited body since 1 April 2021?	Update reports on the status of current cases are supplied to ARAC on a regular basis. The reports are discussed during the in-committee section of the meeting to ensure confidentiality	All investigations are recorded and managed via the crime management software, Clue3, which is provided and maintained by the Counter Fraud Authority. Each case is

Enquiries of management - in relation to fraud

Question	2020-21 Response	2021-22 Response
	<p>of investigation and fairness to investigation subjects.</p> <p>The Counter Fraud Team has actively investigated and closed 21 reports of financial crime in the 2020/21 financial year, which includes 10 cases carried over from the previous year with 14 new investigations initiated in 2020/21. This work has resulted in the application of 2 criminal sanctions, 2 internal sanctions and 4 recoveries.</p> <p>Data analysed by NHS CFS Wales demonstrates that the overall recovery for HDUHB in relation to fraud investigations stands at £21,831.</p> <p>11 investigations will remain open and carried forward into 2020/21 financial year for investigation.</p> <p>Given this work, it is reasonable to conclude the accounts have not been subject to a risk of material fraud.</p>	<p>reviewed by Counter Fraud Services Wales, who authorise the opening of an investigation and review its closure.</p> <p>Update reports on the status of current cases are supplied to ARAC on a bimonthly basis. Investigations, risks, and recommendations are reported on and discussed during the in-committee section of the ARAC meeting to ensure confidentiality of investigation and fairness to subjects linked to investigations.</p> <p>The Counter Fraud Team has actively investigated 43 reports of financial crime in this year, with 47 new referrals initiated in 2021/22.</p> <p>Of those investigations that were finalised, one resulted in a successful prosecution at Swansea Crown Court, 11 civil sanctions were applied, including the recovery of funds totaling £23,061 and 10 internal disciplinary referrals were made. This work is in addition to proactive work undertaken and reported throughout the year.</p> <p>Given this work, it is reasonable to conclude the accounts have not been subject to a risk of material fraud.</p>

Enquiries of those charged with governance – in relation to fraud

Question	2020-21 Response	2021-22 Response
<p>1. How does the Audit and Risk Committee, exercise oversight of management's processes for identifying and responding to the risks of fraud within the audited body and the internal control that management has established to mitigate those risks?</p>	<p>The Lead LCFS regularly attends ARAC meetings and provides the opportunity for Independent Members (IM) to be updated on fraud matters and provide input on direction.</p> <p>Learning arising from LCFS work around risk reduction and investigation outcomes are shared with relevant leads and updates provided via ARAC.</p> <p>HUHB Independent Members also hold a private meeting with the LCFS on an annual basis to discuss any issues arising. In line with the new Counter Fraud Government Standards, fraud risks identified through open investigations will be reported to ARAC via the in-committee meeting and those applicable will be recorded on the Health Board's Risk Register.</p>	<p>The Lead LCFS regularly attends ARAC meetings and provides the opportunity for Independent Members (IM) to be updated on fraud matters and provide input on direction.</p> <p>Learning arising from LCFS work around risk reduction and investigation outcomes are shared with relevant leads and updates provided via ARAC.</p> <p>The UHB Independent Members also hold a private meeting with the LCFS on an annual basis to discuss any issues arising. In line with the new Counter Fraud Government Standards, fraud risks identified through open investigations will be reported to ARAC via the in-committee meeting and those applicable will be recorded on the Health Board's Risk Register.</p>
<p>2. Are you aware of any instances of actual, suspected or alleged fraud with the audited body since 1 April 2021?</p>	<p>Update reports on the status of current cases are supplied to ARAC on a regular basis. The reports are discussed during the in-committee section of the meeting to ensure confidentiality of investigation and fairness to investigation subjects.</p> <p>The Counter Fraud Team has actively investigated and closed 21 reports of financial crime in the 2020/21 year, which includes 10 cases carried over from the</p>	<p>All investigations are recorded and managed via the crime management software, Clue3, which is provided and maintained by the Counter Fraud Authority. Each case is reviewed by Counter Fraud Services Wales, who authorise the opening of an investigation and review its closure. Update reports on the status of current cases are supplied to ARAC on a bimonthly basis.</p>

Enquiries of those charged with governance – in relation to fraud

Question	2020-21 Response	2021-22 Response
	<p>previous year with 14 new investigations initiated since the 1st April 2020. This work has resulted in the application of 2 criminal sanctions, 2 internal sanctions and 4 recoveries.</p> <p>Data analysed by NHS CFS Wales demonstrates that the overall recovery for HDUHB in relation to fraud investigations stands at £21,831.</p> <p>11 investigations will remain open and carried forward into 2020-22 financial year for investigation.</p>	<p>Investigations, risks, and recommendations are reported on and discussed during the in-committee section of the ARAC meeting to ensure confidentiality of investigation and fairness to subjects linked to investigations.</p> <p>The Counter Fraud Team has actively investigated 43 reports of financial crime in this year, with 47 new referrals initiated in 2021/22.</p> <p>Of those investigations that were finalised, one resulted in a successful prosecution at Swansea Crown Court, 11 civil sanctions were applied, including the recovery of funds totaling £23,061 and 10 internal disciplinary referrals were made.</p>

Appendix 2

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 Audit Committee, is responsible for ensuring that the Health Board'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;
- 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 Audit Committee as to whether the Health Board 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.

Enquiries of management – in relation to laws and regulations

Question	2020-21 Response	2021-22 Response
<p>1. How have you gained assurance that all relevant laws and regulations have been complied with?</p>	<p>The UHB has taken reasonable endeavours to comply with identified relevant legislation. Legal implications are considered as necessary in all papers to the Board or Board Committees. In addition, a legislative assurance framework is in place. Executive Directors also have delegated responsibilities which are captured in the Detailed Scheme of Delegation. The Chief Executive Officer is responsible for performance management of Directors and for providing assurance to the Board. In addition, compliance with laws and regulations is tested by the Board's Committees which are support in this task by internal and external and assurance testing.</p>	<p>The UHB has taken reasonable endeavours to comply with identified relevant legislation. Legal implications are considered as necessary in all papers to the Board or Board Committees. In addition, a legislative assurance framework is in place. Executive Directors also have delegated responsibilities which are captured in the Detailed Scheme of Delegation. The Chief Executive Officer is responsible for performance management of Directors and for providing assurance to the Board. In addition, compliance with laws and regulations is tested by the Board's Committees which are support in this task by internal and external and assurance testing.</p>
<p>2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations since 1 April 2021, or earlier with an ongoing impact on the 2021-22 financial statements?</p>	<p>Only 4 of the 8 Health and Safety Executive issued improvement Notices and 5 material breaches to the UHB in relation to violence and aggression, manual handling and incident management remain outstanding. In 2020/21, the UHB received 3 Enforcement Notices in respect of The Regulatory Reform (Fire Safety) Order 2005: Article 30. This means at present, there are 6 Fire Enforcement Notices that the UHB are working to address, however Internal Audit has recently undertaken a</p>	<p>The UHB has complied with all of the Improvement Notices issued by the Health and Safety Executive. In 2021/22, the UHB received no new Enforcement Notices in respect of The Regulatory Reform (Fire Safety) Order 2005: Article 30. This means at present, there are 6 Fire Enforcement Notices that the UHB are working to address. These breaches have not had a material impact on the UHB's Financial Statements.</p>

	<p>review of fire governance which attained a substantial assurance rating demonstrating improvements are being made as capital funds/ COVID allow works to be undertaken. ARAC are also aware of an issue of non-compliance with the European Working Time Directive, with switchboard staff working in the IM&T directorate, over certain time periods due to the implications of the COVID 19 pandemic this has remained a concern. Switchboard modernisation is expected to be implemented by May 2021. These breaches have not had a material impact on the UHB's Financial Statements.</p>	
<p>3. Are there any potential litigations or claims that would affect the financial statements?</p>	<p>All known litigations/claims are either provided for within the financial statements or disclosed as a contingency liability or contingent asset as appropriate.</p>	<p>All known litigations/claims are either provided for within the financial statements or disclosed as a contingency liability or contingent asset as appropriate.</p>
<p>4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?</p>	<p>A number of routine reviews have been undertaken during the year or are ongoing by HMRC that are reported to ARAC. Where these have been concluded and identified underpayment this has been paid in full.</p>	<p>No new reviews by HMRC commenced during the year. There are a number of ongoing matters that relate either to claims or clearance requests raised by the Health Board or to matters which arose in prior financial years but which remain unsettled. Where internal routine reviews have identified occurrences of non-compliance these were fully disclosed to HMRC, resulting underpayments settled and associated process gaps closed.</p>

Enquiries of those charged with governance – in relation to laws and regulations

Question	2020-21 Response	2021-22 Response
1. How does the Audit and Risk Committee, in its role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	<p>The UHB has taken reasonable endeavours to comply with identified relevant legislation. The ARAC, through the UHB's reporting process is provided with assurance from the monitoring committees and sub committees. Any known/ identified departure from compliance would be highlighted by this means and the associated risks of non-compliance assessed and managed appropriately by the lead.</p> <p>ARAC is provided with assurance from audits/ inspections/ reviews findings. Services are responsible for ensuring that potential areas of non-compliance are risk assessed to provide assurance that the issue of non-compliance is addressed and the impacts are mitigated as far as reasonably practicable.</p>	<p>The UHB has taken reasonable endeavours to comply with identified relevant legislation. The ARAC, through the UHB's reporting process is provided with assurance from the monitoring committees and sub committees. Any known/ identified departure from compliance would be highlighted by this means and the associated risks of non-compliance assessed and managed appropriately by the lead.</p> <p>ARAC is provided with assurance from audits/ inspections/ reviews findings. Services are responsible for ensuring that potential areas of non-compliance are risk assessed to provide assurance that the issue of non-compliance is addressed and the impacts are mitigated as far as reasonably practicable.</p>
2. Are you aware of any instances of non-compliance with relevant laws and regulations?	<p>In addition to those outlined above, which have been risk assessed and have plans to address the issues. These relate to the following:</p> <ul style="list-style-type: none"> • Safeguarding Vulnerable Groups Act 2006 in respect of historical DBS checks • Medicines Act 1968 in respect of wholesale license 	<p>As stated above, compliance with Fire Enforcement Notices issued which are being addressed by the UHB.</p> <p>In addition to this, the following have been risk assessed and have plans to address the issues. These relate to the following:</p> <ul style="list-style-type: none"> • Medicines Act 1968 in respect of wholesale license

Enquiries of those charged with governance – in relation to laws and regulations

Question	2020-21 Response	2021-22 Response
	<ul style="list-style-type: none">• Violence against Women and Sexual Violence (Wales) Act 2015 in respect to levels of attendance at mandatory training• Counter Terrorism & Security Act 2015 in respect of site security	<ul style="list-style-type: none">• Counter Terrorism & Security Act 2015 in respect of site security

Appendix 3

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 entity'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 entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	2020-21 Response	2021-22 Response
<p>1. Confirm that you have disclosed to the auditor:</p> <ul style="list-style-type: none"> • the identity of any related parties, including changes from the prior period; • the nature of the relationships with these related parties; • details of any transactions with these related parties entered into during the period, including the type and purpose of the transactions. 	<p>Yes, fully disclosed within the Annual Accounts.</p>	<p>Yes, fully disclosed within the Annual Accounts.</p>
<p>2. What controls are in place to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>A fully comprehensive Declaration of Interest form is completed and returned by each Board member annually. This declaration is also returned if there are any changes in interests throughout the year. In addition, any Board member may declare any change in their interests at the Board meetings. A central Register of Interests is maintained, copies of this central register together with the signed declarations are made available to Finance in order that all related party financial transactions are identified and incorporated in the Annual Accounts. These financial transactions are then subject to Audit Wales and ARAC scrutiny.</p>	<p>There is a Standard of Behaviour Policy in place. A fully comprehensive Declaration of Interest form is completed and returned by each Board member annually. This declaration is also returned if there are any changes in interests throughout the year. In addition, any Board member may declare any change in their interests at the Board and Committee meetings. A central Register of Interests is maintained, copies of this central register together with the signed declarations are made available to Finance in order that all related party financial transactions are identified and incorporated in the Annual Accounts. These financial transactions are then subject to Audit Wales and ARAC scrutiny.</p>

Enquiries of the those charged with governance – in relation to related parties

Question	2020-21 Response	2021-22 Response
1. How does the Audit Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	ARAC on behalf of the Board considers related party disclosures as an integral element of its scrutiny of the annual accounts and underpinning processes and is assured through SFIs and underpinning Financial Procedure that there are effective internal controls.	ARAC on behalf of the Board considers related party disclosures as an integral element of its scrutiny of the annual accounts and underpinning processes and is assured through SFIs and underpinning Financial Procedure that there are effective internal controls.