

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	07 May 2026
TEITL YR ADRODDIAD: TITLE OF REPORT:	Audit Enquiries To Those Charged With Governance and Management
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Executive 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 and 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 that, subject to any amendment, will be forwarded to Audit Wales to meet the required deadline of 31 May 2026.

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 four main areas namely fraud, laws and regulations, regularity 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 and 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:	3.25 The Committee shall review the Annual Accounts and Financial Statements before submission to the Board, focusing particularly on: 3.25.1 the ISA 260 report to those charged with governance; 3.25.2 changes in, and compliance with, accounting policies and practices; 3.25.3 unadjusted mis-statements in the financial statements; 3.25.4 major judgemental areas; 3.25.5 significant adjustments resulting from the audit; 3.25.6 other financial considerations include review of the Schedule of Losses and Compensation.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. 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 Pwyllgor Archwilio a Sicrwydd Risg	Not applicable

Parties / Committees consulted prior to Audit and Risk Assurance Committee:	
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Effaith: (rhaid cwblhau) Impact: (must be completed)	
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Ariannol / Gwerth am Arian: Financial / Service:	<p>A sound system of financial control safeguards public funds and the Health Board's assets and resources.</p> <p>Robust governance arrangements underpinning financial management contribute towards internal control and value for money being achieved.</p>
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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Professor Philip Kloer
Chief Executive
Hywel Dda University Health Board

Reference: HDUHB 2025-26

Date issued: 25 March 2026

Dear Philip,

Audit enquiries to those charged with governance and management

We write to make enquiries of both those charged with governance and management. The Auditor General's Statement of Responsibilities sets out that he 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. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter and the enclosed tables formally seek the documented consideration and understanding of a number of governance areas, which impact our audit of the financial statements.

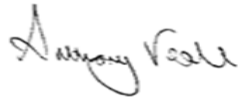
There is a section for management; one for 'those charged with governance' (the Board); and a section with background information.

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 financial statements.

The completed tables should be formally considered and communicated to us, on behalf of both management and those charged with governance, by 31 May 2026. We have also included the 2024-25 responses for reference.

In the meantime, if you have queries, please contact David Williams on 02920 829326 and David.Williams@audit.wales or myself on 07896 271873 and Anthony.Veale@audit.wales.

Yours sincerely

A handwritten signature in black ink that reads "Anthony Veale". The signature is written in a cursive style with a large initial 'A'.

Anthony Veale

Engagement Director

CC Mr Huw Thomas, Director of Finance

Enquiries of management

General enquiries (including financial reporting) of management		
Question	2024-25 Response	2025-26 Response
<p>1. Are there significant matters and/or events that have occurred since April 2025 that could influence our audit approach or the Health Board's financial statements?</p>	<p>In 2024/25, the Health Board was unable to meet its statutory duties to breakeven over a rolling three-year period and to prepare a three-year Integrated Medium-Term Plan for approval by the Minister for Health and Social Services, in line with NHS Finance (Wales) Act 2014. Therefore, was not able to comply with both planning and finance statutory duties.</p> <p>However, the Health Board was allocated additional funding by Welsh Government (WG) in year. As a consequence, WG also set a revised Target Control Total of £31.55m. The Health Board has achieved the revised control total with a year-end deficit of £24.1m (subject to audit).</p> <p>Having placed the entire Health Board in 'targeted intervention' in January 2024, WG has de-escalated three areas to enhanced monitoring due to the progress seen. The three de-escalated areas are Child and Adolescent Health and Mental Health (CAHMS), Planned Care, and Leadership and Governance. While this is a positive step forward, it</p>	<p>In 2025/26, the Health Board was neither able to meet its statutory duties to breakeven over a rolling three-year period nor to prepare a three-year Integrated Medium-Term Plan for approval by the Minister for Health and Social Services, in line with NHS Finance (Wales) Act 2014. Therefore, was not able to comply with both planning and finance statutory duties.</p> <p>The Health Board submitted a deficit plan for £31.5m in March 2025 but was advised by Welsh Government (WG) that as a minimum that it would need to achieve the 2024/25 deficit of £24.1m. The Health Board committed to deliver this improved control total by increasing savings and reducing discretionary investments. Subsequent to providing funding for Welsh Risk Pool and Band 2 to 3 re-banding additional costs, WG issued the Health Board with a revised target control total of £22.1m. The Health Board has delivered a deficit of £22.1m (subject to audit).</p>

General enquiries (including financial reporting) of management

Question	2024-25 Response	2025-26 Response
	<p>is acknowledged that pressures remain across the organisation.</p>	<p>The entire Health Board was placed in ‘targeted intervention’ in early 2024. The escalation status set out improvements needed in six key areas. Progress continues to be made. The WG escalation assessment in February 2026 shows leadership and governance and performance related to cancer at level 1 meaning they are no longer escalated. Planned Care is at level 3. However, pressures remain with finance, strategy and planning and urgent and emergency care all at level 4.</p>
<p>2. What are your general views on the Health Board’s risk assessment process relating to financial reporting?</p>	<p>The risk assessment process for financial reporting follows the Health Board risk management framework.</p> <p>The Health Board has a ‘monitoring and review’ structure in place to ensure risks are effectively identified and assessed and that appropriate controls and responses are in place.</p> <p>The Sustainable Resources Committee* is responsible for scrutinising and seeking assurance on behalf of the Board that the risks relating to financial reporting on the Corporate Risk Register are being appropriately managed and mitigated in</p>	<p>The risk assessment process for financial reporting follows the Health Board risk management framework.</p> <p>The Health Board has a ‘monitoring and review’ structure in place to ensure risks are effectively identified and assessed and that appropriate controls and responses are in place.</p> <p>The Finance and Performance Committee is responsible for scrutinising and seeking assurance on behalf of the Board that the risks relating to financial reporting on the Corporate Risk Register are being appropriately managed and mitigated in</p>

General enquiries (including financial reporting) of management

Question	2024-25 Response	2025-26 Response
	<p>accordance with the risk management framework. The Audit and Risk Assurance Committee (ARAC) provide assurance on financial compliance on behalf of the Board.</p> <p>The Executive Team has approved the content of the Corporate Risk Register prior to this being discussed at both Board and Committee level. Risks have been identified via a top-down and bottom-up approach. The Sustainable Resources Committee* ensures that the risks assigned to it are being managed appropriately, taking into account gaps, planned actions and agreed tolerances, and to provide assurance regarding the management of these risks to the Board through Committee Update Reports.</p> <p>*Following a review of Committee structures the Sustainable Resources Committee will be disestablished from 31 March 2025 and a Finance and Performance Committee established from 1 April 2025 that will take over the scrutiny of the risks relating to financial reporting.</p>	<p>accordance with the risk management framework. The Audit and Risk Assurance Committee (ARAC) provide assurance on financial compliance on behalf of the Board.</p> <p>The Executive Team has approved the content of the Corporate Risk Register prior to this being discussed at both Board and Committee level. Risks have been identified via a top-down and bottom-up approach. The Finance and Performance Committee ensures that the risks assigned to it are being managed appropriately, taking into account gaps, planned actions and agreed tolerances, and to provide assurance regarding the management of these risks to the Board through Committee Update Reports.</p>

General enquiries (including financial reporting) of management

Question	2024-25 Response	2025-26 Response
<p>3. Are you aware of significant transactions that are outside the normal trading activities of the Health Board's business?</p>	<p>There are no significant transactions outside the normal trading activities of the Health Board's business.</p>	<p>There are no significant transactions outside the normal trading activities of the Health Board's business.</p>
<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>Reinforced Autoclaved Aerated Concrete has been identified at Withybush Hospital and detailed surveys identified those planks which required urgent remediation work. A significant programme of capital works has completed in March 2025.</p> <p>The District Valuer has made an impairment assessment as of March 2025 for those capital works completed during 2024/25 which has been reflected within the Annual Accounts.</p> <p>Planks will continue to be monitored via annual surveys and assessments will be made whether there could be any additional impairments.</p>	<p>Reinforced Autoclaved Aerated Concrete has been identified at Withybush Hospital. A significant programme of capital works was undertaken to those planks which required urgent remediation work during 2023/24 and 2024/25. This resulted in an impairment.</p> <p>During 2025/26 affected planks were monitored via surveys with minimal remediation work required.</p> <p>They will continue to be monitored annually and assessments of additional impairments will be made if there is a significant deterioration.</p>
<p>5. Are you aware of any transactions, events and conditions (or changes in</p>	<p>Due to the timescale available to complete the accounts, significant estimates have been made for primary care expenditure where the actual</p>	<p>Due to the timescale available to complete the accounts, significant estimates have been made for primary care expenditure where the actual</p>

General enquiries (including financial reporting) of management

Question	2024-25 Response	2025-26 Response
these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	amounts are not known prior to account submission. This includes – primary care prescribing, general medical services and community pharmacy. There is also an estimate for the Band 2 to 3 Healthcare Support Worker (HCSW) re-banding issue.	amounts are not known prior to account submission. This includes – primary care prescribing, general medical services and community pharmacy. There is also a further estimate for the Band 2 to 3 Healthcare Support Worker (HCSW) re-banding issue as the process has not concluded in 2025/26.
6. Does the Health Board have any new estimates in respect of the 2025-26 year of account?	The Band 2 to 3 Healthcare Support Worker (HCSW) re-banding issue.	No new estimates.
7. Have there been any issues that may impact the preparation of the 2025-26 financial statements?	None of which we are aware.	None of which we are aware.
8. Do you have knowledge of events or conditions beyond the period of the going	None of which we are aware. However, cash continues to be a significant issue. The Health Board is highly likely to utilise its cash allocation	None of which we are aware. However, cash continues to be a significant issue. The Health Board is highly likely to utilise its cash allocation

General enquiries (including financial reporting) of management

Question	2024-25 Response	2025-26 Response
<p>concern assessment that may cast significant doubt on the Health Board's ability to continue as a going concern?</p>	<p>prior to financial year end with no line of sight at present as to how this shortfall will be managed without support from Welsh Government.</p>	<p>prior to financial year end with no line of sight at present as to how this shortfall will be managed without support from Welsh Government.</p>
<p>9. 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>None of which we are aware. Details of the performance of the NHS Wales Shared Services Partnership are routinely reported through Board meetings.</p>	<p>None of which we are aware. Details of the performance of the NHS Wales Shared Services Partnership are routinely reported through Board meetings.</p>
<p>10. Please provide information on the status of the disclosed contingencies from the prior year.</p>	<p>The movement on contingent liabilities is disclosed within the 24/25 annual accounts.</p>	<p>The movement on contingent liabilities is disclosed within the 25/26 annual accounts.</p>

Enquiries of management - in relation to fraud

Question	2024-25 Response	2025-26 Response
<p>11. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>The Counter Fraud team is not aware of any incidents of fraud that would impact materially on the Health Board's financial statements. As such, the risk is deemed minimal.</p> <p>The Health Board has in place financial controls and standard operating procedures to mitigate the risk of financial misstatements. Furthermore, the Health Board's Counter Fraud strategy includes a series of proactive measures to mitigate this risk, which includes developing a counter fraud culture and raising awareness of the risks identified.</p> <p>The risk assessment process for financial reporting follows the Health Board risk management framework. The Health Board has a 'monitoring and review' structure in place to ensure risks are effectively identified and assessed and that appropriate controls and responses are in place. To date, no fraud themes have been identified and reported to the Local Counter Fraud Specialists (LCFS).</p>	<p>The Counter Fraud team has not identified any instances of fraud that would have a significant impact on the Health Board's financial statements and therefore considers the risk to be minimal. Robust financial controls and established standard operating procedures are in place to help prevent financial misstatements. In addition, the Health Board's Counter Fraud strategy incorporates a range of proactive measures, including a risk management approach and initiatives designed to foster a strong counter fraud culture throughout the organisation, addressing both current and emerging threats.</p> <p>The assessment of risks related to financial reporting aligns with the Health Board's risk management framework. A comprehensive 'monitoring and review' structure ensures that risks are appropriately identified and evaluated, with suitable controls and responses implemented to manage those risks effectively.</p>
<p>12. Do you have knowledge of any actual, suspected or</p>	<p>Yes, but nothing which would affect the materiality level. All cases are recorded on a national database, which is overseen by Counter Fraud Services Wales,</p>	<p>Yes, although nothing has occurred that would impact the materiality threshold. All cases are logged in a national database managed by Counter Fraud Services</p>

Enquiries of management - in relation to fraud

Question	2024-25 Response	2025-26 Response
<p>alleged fraud affecting the Health Board?</p>	<p>who review and approve all new referrals and case closures.</p> <p>All cases are reported to ARAC sessions, including any outcomes that pose a risk to the organisation.</p> <p>During 2024/25, the Counter Fraud Team has actively investigated and closed 56 reports of financial crime. 11 cases remain open and under review and will be carried over into the next financial year.</p> <p>Of the investigations that were closed, 4 criminal sanctions were applied, including 1 successful prosecution at Aberystwyth Magistrates Court and 3 Police Cautions. A further 12 civil sanctions were instigated, including the recovery of funds totaling £56,106. There were 8 internal disciplinary referrals, of which 2 members of staff resigned prior to the completion of proceedings and 4 members of staff received written warnings. This is in addition to the proactive activities undertaken and reported throughout the year. Given this work, it is reasonable to conclude the accounts have not been subject to a risk of material fraud.</p>	<p>Wales, who are responsible for reviewing and approving both new referrals and the closure of cases.</p> <p>Cases are reported at ARAC meetings, including those outcomes that present any organisational risk. In the 2025/26 period, the Counter Fraud Team carried forward 11 active cases from the previous year and registered 60 new referrals, all of which were investigated and subsequently closed.</p> <p>At the close of the financial year, 11 cases remain open and under review, to be carried forward into the next year. From the cases concluded, 7 civil sanctions were imposed, resulting in the recovery of funds totalling £99,627, as well as 2 internal disciplinary referrals. These outcomes are in addition to the proactive measures undertaken and reported throughout the year.</p>

Enquiries of management - in relation to fraud

Question	2024-25 Response	2025-26 Response
<p>13. 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>	<p>The Health Board has a Counter Fraud Policy & Response Plan which includes the overall strategic aims of counter fraud work and operational response aligned to the NHS Counter Fraud Authority (NHSCFA) counter fraud, bribery, and corruption strategy. The Health Board Standards of Behaviour Policy incorporates professional behaviour with reference to fraud, corruption, and the Bribery Act 2010.</p> <p>To assist in the development of a robust CF culture within the organisation, the Policy is actively promoted within the Health Board's programme of awareness. In addition, a mandatory online ESR CF training package is in place for all staff.</p> <p>A top-down approach to maintaining professional scepticism, by way of collaborative working with directorates and the Director of Corporate Governance (Board Secretary), who is the Health Board's appointed Fraud Champion. This provides a level of support to the Counter Fraud function which is independent of the Executive Leadership and management of the Executive Director of Finance, who is responsible for the provision of the Counter Fraud Service.</p> <p>Collaborative work and sharing of information across Wales with both NHS and Non-NHS bodies is undertaken to appropriately identify known fraud and</p>	<p>The Health Board operates a Counter Fraud Policy and Response Plan, detailing both strategic objectives and operational procedures for tackling fraud, in accordance with the NHS Counter Fraud Authority's approach to fraud, bribery, and corruption. The Standards of Behaviour Policy further sets out expectations for professional conduct, referencing fraud, corruption, and the Bribery Act 2010.</p> <p>To foster a strong counter fraud culture, the Policy is actively promoted through the Health Board's awareness initiatives. Additionally, all staff are required to complete a mandatory online ESR Counter Fraud training package.</p> <p>A top-down method is applied to encourage professional scepticism, involving close collaboration with directorates and the Director of Corporate Governance (Board Secretary), who serves as the Health Board's designated Fraud Champion. This structure ensures that support for the Counter Fraud function remains independent from the Executive Leadership and the Executive Director of Finance, who oversees the Counter Fraud Service.</p>

Enquiries of management - in relation to fraud

Question	2024-25 Response	2025-26 Response
	<p>associated risks. This is supported by the National Fraud Initiative, which assists in identifying public sector fraud across multiple sectors.</p> <p>Risks identified at a service level or via the LCFS are assessed in line with Health Board procedure and where applicable they are recorded on Datix. Risks with a fraud theme can be raised by service users on Datix, which in turn get reported to the LCFS. Fraud risks identified will be reported to ARAC (in-Committee) and those applicable will be recorded on the Health Board’s Risk Register.</p> <p>In terms of proactive management, the LCFS are the primary point of contact for all economic crime concerns within the Health Board. They are professionally trained and accredited and equipped to respond to any concerns raised by staff.</p>	<p>Information sharing and collaborative efforts across Wales, involving NHS and non-NHS organisations, are undertaken to effectively identify known fraud cases and associated risks. The National Fraud Initiative supports these activities by helping to detect public sector fraud across various sectors.</p> <p>Risks discovered at the service level or through the Local Counter Fraud Specialist (LCFS) are evaluated in accordance with Health Board procedures and, where appropriate, documented on Datix. Fraud-related risks can also be reported by service users on Datix and are subsequently notified to the LCFS. Identified fraud risks are reported to ARAC (in-Committee) and, when relevant, recorded on the Health Board’s Risk Register.</p> <p>The LCFS are the main contact point for all matters relating to economic crime within the Health Board. They possess professional training and accreditation, equipping them to address any concerns raised by staff.</p>
<p>14. What classes of transactions, account balances and disclosures,</p>	<p>The cyber element of Mandate Fraud means that the risk of fraud in this area is ever evolving and present, although significant controls have been implemented</p>	<p>The risk assessment process for financial reporting follows the Health Board risk management framework. The Health Board has a ‘monitoring and review’</p>

Enquiries of management - in relation to fraud

Question	2024-25 Response	2025-26 Response
<p>within the financial statements, have you identified as most at risk of fraud?</p>	<p>to mitigate its impact on the organisation. These controls have directly resulted in the identification of suspicious invoices prior to them being actioned.</p> <p>The risk assessment process for financial reporting follows the Health Board risk management framework. The Health Board has a 'monitoring and review' structure in place to ensure risks are effectively identified and assessed and that appropriate controls and responses are in place.</p> <p>To date, no fraud themes have been identified and reported to the Local Counter Fraud Specialists (LCFS), however, areas of risk have been identified internally and these centre around procurement of goods and services.</p>	<p>structure in place to ensure risks are effectively identified and assessed and that appropriate controls and responses are in place.</p> <p>From a Health Board perspective and reflecting common locally identified fraud risk themes (e.g., those consistently highlighted through LCFS work and counter-fraud reporting), the financial statement areas typically assessed as most at risk of fraud are:</p> <p>Non-pay expenditure (procurement and accounts payable): fictitious suppliers, invoice splitting to bypass controls, duplicate/altered invoices, conflicts of interest, contract leakage, overbilling, payments for goods/services not received.</p> <p>In response to these themes, relevant proactive work will be undertaken to assess and mitigate associated risks.</p>
<p>15. Are you aware of any whistleblowing or complaints by potential whistle-blowers? If so,</p>	<p>We are not aware of any whistleblowing or complaints of potential whistle-blowers relating to fraudulent activity.</p>	<p>There have been no reports or complaints from whistle-blowers regarding fraudulent activity that we are aware of. If any concerns are raised, the Health</p>

Enquiries of management - in relation to fraud		
Question	2024-25 Response	2025-26 Response
what has been the Health Board's response?	<p>Should a concern be received the Health Board would follow the process outlined in the All Wales Raising Concerns Policy.</p> <p>As stated, concerns of Fraud have been raised and these have been recorded and investigated. Please see question 12 for further information.</p>	<p>Board will adhere to the procedures set out in the All Wales Raising Concerns Policy.</p> <p>Instances of suspected fraud have been reported, documented, and investigated. For more details, please refer to question 12.</p>
16. 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 steps undertaken are outlined in question 13.</p> <p>The LCFS attends all meetings of ARAC and regularly presents reports on counter fraud activity and any material changes to the annual work plan.</p> <p>Fraud risks / themes are recorded internally by CF and details are provided to relevant risk owners. Each risk is then assessed and where applicable, outcomes are reported in line with HB policy and in line with CF guidance, which includes, reporting each exercise as a piece of pro-active work on the counter fraud national crime recording system, Clue3.</p>	<p>The steps undertaken are outlined in question 13.</p> <p>The LCFS attends all meetings of ARAC and regularly presents reports on counter fraud activity and any material changes to the annual work plan.</p> <p>Fraud risks / themes are recorded internally by CF and details are provided to relevant risk owners. Each risk is then assessed and where applicable, outcomes are reported in line with HB policy and in line with CF guidance, which includes, reporting each exercise as a piece of pro-active work on the counter fraud national crime recording system, Clue3.</p>

Enquiries of management - in relation to fraud

Question	2024-25 Response	2025-26 Response
<p>17. What is management's communication to employees regarding their views on business practices and ethical behaviour?</p>	<p>The Health Board Standing Orders articulate the standards of behaviour expected by Board Members, Health Board Officers, and others as appropriate within the organisation. The Standards of Behaviour Policy sets out the Health Board's commitment to ensuring that its employees and Independent Members practice the highest standards of conduct and behaviour. The policy sets out the expectations and provides supporting guidance in delivering that requirement.</p> <p>Counter Fraud assisted in the review of this policy in quarter four 2024/25.</p> <p>The CF Team has an on-going work programme to develop an anti-fraud culture within the NHS as outlined in question 13.</p> <p>A programme of raising awareness exists where fraud risks impacting the organisation are reviewed and shared, highlighting key policies and processes currently in place to mitigate associated risks.</p>	<p>The Health Board Standing Orders define the expected standards of behaviour for Board Members, Health Board Officers, and other relevant individuals within the organisation. The Standards of Behaviour Policy affirms the Health Board's commitment to ensuring that all employees and Independent Members uphold exemplary levels of conduct and behaviour. The policy outlines the expectations and offers practical guidance to support these requirements.</p> <p>The CF Team maintains an ongoing programme aimed at fostering an anti-fraud culture within the NHS, as detailed in question 13. Additionally, there is an active awareness initiative, whereby fraud risks affecting the organisation are regularly examined and communicated, emphasising key policies and procedures currently in place to reduce these risks</p>
<p>18. For the Health Board's service organisations, have you reported any fraud or</p>	<p>To date, there has been no requirement to report fraud to any affected parties.</p>	<p>To date, there has been no requirement to report fraud to any affected parties.</p>

Enquiries of management - in relation to fraud		
Question	2024-25 Response	2025-26 Response
potential fraud to any affected parties?		

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response	2025-26 Response
<p>19. What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?</p>	<p>The Health Board has taken reasonable endeavours to comply with identified relevant legislation and has a number of policies and procedures in place to comply with legislation relating to health and safety and employment matters, as well as specific Acts for example the Health and Social Care (Quality and Engagement) (Wales) Act 2020 which came into force on 1st April 2023.</p> <p>Legal implications are considered as necessary in all papers to the Board or its Committees. This is supported by internal and external and assurance testing by auditors/inspectors and regulators. Executive Directors also have delegated responsibilities which are captured in the Scheme of Delegation. The Health Board’s risk management framework places the responsibility for identifying, assessing and managing risks of potential areas of non-compliance with legislation and regulations with services and directorates.</p>	<p>The Health Board has taken reasonable endeavours to comply with identified relevant legislation and has a number of policies and procedures in place to comply with legislation relating to health and safety and employment matters, as well as specific Acts for example the Social Partnership and Public Procurement (Wales) Act 2023, which came into force on 1 April 2024, and the Health and Social Care (Wales) Act 2025, which came into force on 1 April 2026.</p> <p>Legal implications are considered as necessary in all papers to the Board or its Committees. This is supported by internal and external and assurance testing by auditors/inspectors and regulators. Executive Directors also have delegated responsibilities which are captured in the Scheme of Delegation. The Health Board’s risk management framework places the responsibility for identifying, assessing and managing risks of potential areas of non-compliance with legislation and regulations with services and directorates.</p>
<p>20. Are you aware of any instances of non-compliance with laws or regulations? Has the Health Board received any</p>	<p>In 2024/25, the Health Board received 2 new Fire Enforcement Notices in respect of The Regulatory Reform (Fire Safety) Order 2005: Article 30. The Health Board closed 2 Enforcement Notice issued</p>	<p>In 2025/26, the Health Board received no new Fire Enforcement Notices in respect of The Regulatory Reform (Fire Safety) Order 2005: Article 30. The Health Board continues to address the 3 outstanding</p>

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response	2025-26 Response
<p>notice of any such known of possible instances of non-compliance?</p>	<p>by Mid and West Wales Fire and Rescue Service (MWWFRS) and continues to address the 2 outstanding Enforcement Notices (1 relating to GGH with a completion date of December 2027 and 1 related to WGH with a completion date of August 2027 – these dates have been agreed in principle with MWWFRS).</p> <p>There is also an issue of full compliance with the European Working Time Directive (EWTD), with switchboard staff working in the Finance, Digital and Performance directorate. Switchboard modernisation has been implemented which allows calls to be transferred to other sites for the break periods however the Health Board is looking to strengthen arrangements further by introducing double handed shifts on weekends and evenings, subject to consultation with staff and unions by March 2026.</p> <p>The Health Board has had contact with the Information Commissioner’s Office (ICO) in relation to four incidents during the year (self-reported by the Health Board). Incidents involved access to medical records by unauthorised individuals and information disclosed in error. One incident has been closed by the ICO with no</p>	<p>Enforcement Notices (1 relating to Cwm Seren with a completion date of April 2026, 1 relating to WGH with a completion date of July 2027 and 1 relating to GGH with a completion date of December 2027 - these dates have been agreed in principle with Mid and West Wales Fire and Rescue Service (MWWFRS)).</p> <p>There remains a risk relating to full compliance with the European Working Time Directive (EWTD) for switchboard staff within the Finance and Digital directorate. As an interim mitigation, the switchboard modernisation programme has been implemented, enabling calls to be transferred to alternative sites during mandatory break periods, which has reduced immediate operational pressure. The Health Board is now progressing further strengthening measures, including the introduction of double-handed cover for weekend and evening shifts and a reduction in the number of operating switchboard sites to improve resilience. These measures are intended to provide a more sustainable and EWTD-compliant staffing model. Engagement activity is underway to finalise and implement these changes, following confirmation of an appropriate solution for active alarm monitoring.</p> <p>The Health Board has had contact with the Information Commissioner’s Office (ICO) in relation to four</p>

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response	2025-26 Response
	<p>further action required and three incidents are still being investigated by the ICO.</p> <p>The Health Board is in breach of its statutory duties relating to finance and planning as the Health Board has been unable to break even over a three-year period; and has been unable to submit a balanced three-year Integrated Medium-Term Plan.</p>	<p>incidents during the year (self-reported by the Health Board). Incidents related to unauthorised access to medical records and information disclosed in error. Two incidents were closed by the ICO, providing assurance regarding the adequacy of the Health Board’s response and remedial actions. Two incidents remain open with the ICO awaiting their review and decision.</p>
<p>21. Have there been any examinations or inquiries performed by licensing, tax, or other authorities/ regulators?</p>	<p>HMRC did not commence any new examinations or inquiries during the year. Communications with HMRC during the year related to matters routine in nature or related to matters which arose in prior financial years but which remain not settled at the start of the financial year.</p>	<p>The Health Board has not been subject to any direct examinations or inquiries by His Majesty’s Revenue and Customs (HMRC) during the year. Further to a request from HMRC, the Health Board has assisted HMRC as a witness in connection with its investigation into alleged fraudulent behaviour by an umbrella company supplying temporary workers to the NHS across England, Scotland and Wales.</p>
<p>22. Has there been any significant communications with regulators?</p>	<p>The Health Board accepted an invitation from HMRC to participate in a National Minimum Wage (NMW) Employer Support Programme. The programme offers an opportunity for the organisation to utilise HMRC’s expert advice and support to check that it is paying all workers in</p>	<p>There have been regular communications with all our regulators throughout 2025/26. This includes Healthcare Inspectorate Wales (HIW), in respect of off-site and on-site inspection activity which has resulted in areas of improvement for the Health Board to</p>

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response	2025-26 Response
	<p>accordance with NMW regulations. This opportunity comes following a rapid increase in the NMW over recent years, which has brought more staff groups within its range. The programme commenced in January 2025 with an interactive face-to-face workshop hosted by HMRC. The Health Board will be working with HMRC over the coming months as the programme proceeds.</p> <p>There have been regular communications with all our regulators throughout 2024/25. This includes Healthcare Inspectorate Wales (HIW), in respect of off-site and on-site inspection activity which has resulted in areas of improvement for the Health Board to address and ensure lessons learnt are shared through the organisation.</p> <p>MWWFRS have provided 51 LOFSM (11 have been closed) throughout 2024/25 which have resulted in areas of improvement for the Health Board to address.</p>	<p>address and ensure lessons learnt are shared through the organisation.</p> <p>The Public Service Ombudsman for Wales provided a Public Interest Report (Case 202403251) which upheld the original complaint, identifying service failure, and made formal recommendations for urgent action.</p> <p>MWWFRS have provided 19 Letters of Fire Safety Matters (LOFSM) (2 have been closed and a further 9 are pending approval to close) throughout 2025/26 which have resulted in areas of improvement for the Health Board to address.</p>
<p>23. For the Health Board’s service organisations, have you</p>	<p>None of which we are aware. Details of the performance of the NHS Wales Shared Services</p>	<p>The Health Board notified HMRC during the year that it had overcharged VAT to a customer in respect of the</p>

Enquiries of management – in relation to laws and regulations

Question	2024-25 Response	2025-26 Response
reported any non-compliance with laws and regulations?	Partnership are routinely reported through Board meetings.	supply of pathology services. The position was corrected with no penalties issued. Details of the performance of the NHS Wales Shared Services Partnership are routinely reported through Board meetings.

Enquiries of management – in relation to regularity

Question	2024-25 Response	2025-26 Response
24. What is your assessment of the risk of material irregularity, in respect of the 2025/26 financial statements?	Annual accounts are prepared in accordance with all relevant accounting guidelines including Manual of Accounts; the Treasury's Financial Reporting Manual (FReM); Standing Orders and Standing Financial Instructions. Therefore, the risk of material irregularity has been minimised to a low level.	Annual accounts are prepared in accordance with all relevant accounting guidelines including Manual of Accounts; the Treasury's Financial Reporting Manual (FReM); Standing Orders and Standing Financial Instructions. Therefore, the risk of material irregularity has been minimised to a low level.

Enquiries of management – in relation to regularity

Question	2024-25 Response	2025-26 Response
25. What is the process for responding to the risk of irregularity?	As per point 24, all available guidelines are followed to ensure the risk of irregularity is addressed and minimised to a low level.	As per point 24, all available guidelines are followed to ensure the risk of irregularity is addressed and minimised to a low level.
26. What is your knowledge of actual, suspected, or alleged irregularity?	We are not aware of any actual or suspected irregularity. Allegations of irregularity were made during the year which the Health Board investigations have not been able to substantiate.	We are not aware of any actual or suspected irregularity.
27. Where service organisations are used by the Health Board, have any irregularities been reported to any affected parties?	None of which we are aware. Details of the performance of the NHS Wales Shared Services Partnership are routinely reported through Board meetings.	None of which we are aware. Details of the performance of the NHS Wales Shared Services Partnership are routinely reported through Board meetings. The Welsh Government Independent Review outcome confirmed NWSPP's governance framework is fundamentally sound, setting out recommendations for strengthening and improvement.

Enquiries of management in relation to related parties

Question	2024-25 Response	2025-26 Response
28. 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?	Changes to related parties will be reflected in Annual Accounts disclosures. Likely change to related party note following changes to Board/Senior Management (key personnel).	Changes to related parties will be reflected in Annual Accounts disclosures. Likely change to related party note following changes to Board/Senior Management (key personnel).
29. What transactions have been entered into with related parties during the period? What is the purpose of these transactions?	As per point 28 above.	As per point 28 above.
30. What controls are in place to identify, account for and disclose related parties?	Register of Board Members Interests is maintained and reviewed by the Corporate Governance directorate.	Register of Board Members Interests is maintained and reviewed by the Corporate Governance directorate.

Enquiries of management in relation to related parties

Question	2024-25 Response	2025-26 Response
<p>31. What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none">• with related parties; and• outside the normal course of business?	<p>Standing Orders, Standing Financial Instructions, Standards of Behaviour Policy together with declarations of interest forms are all in place.</p> <p>No transactions outside the course of normal business.</p>	<p>Standing Orders, Standing Financial Instructions, Standards of Behaviour Policy together with declarations of interest forms are all in place.</p> <p>No transactions outside the course of normal business.</p>

Enquiries of those charged with governance

Enquiries of those charged with governance		
Question	2024-25 Response	2025-26 Response
32. Do you have any knowledge of actual, suspected, or alleged fraud affecting the entity?	<p>Yes. The CF Team has actively investigated and closed 56 reports of Fraud or theft this financial year. All cases are recorded and managed with oversight from CFS Wales on the approved crime reporting system, Clue 3.</p> <p>All cases are reported to ARAC sessions, including any outcomes that pose a risk to the organisation.</p>	<p>Yes. In the 2025/26 period, the Counter Fraud Team carried forward 11 active cases from the previous year and logged 60 new referrals. Of these, 60 investigations were conducted and subsequently closed. Not all referrals related to criminal activity; some concerned issues or potential weaknesses within systems, which were reviewed and addressed as appropriate.</p> <p>All cases are documented and managed under the supervision of CFS Wales using the authorised crime reporting platform, Clue 3. Every case, along with any outcomes that may present a risk to the organisation, is reported at ARAC sessions.</p>
33. 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>Overall, the risk of fraud can be described as low risk of individual high loss but an increased risk of high volume, low loss frauds. However, this can be mitigated by a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.</p>	<p>On balance, the risk of fraud is characterised by a low likelihood of significant individual losses, but a heightened chance of numerous instances of small-scale fraud. This risk can be addressed by placing a strong focus on fraud prevention, which serves to minimise opportunities for fraudulent activity, alongside robust deterrence measures that can dissuade individuals from engaging in fraud due to the</p>

Enquiries of those charged with governance		
Question	2024-25 Response	2025-26 Response
		increased probability of detection and subsequent consequences.
<p>34. How do you exercise oversight of:</p> <ul style="list-style-type: none"> • Management’s processes for identifying and responding to the risk of fraud in the Health Board; and • The controls to manage these risks? 	<p>Oversight is achieved by way of having in place an effective Counter Fraud, Bribery and Corruption workplan, which aligns itself to the Health Board’s Anti-Fraud, Bribery and Corruption Policy. The Health Board is required to demonstrate compliance with NHS Requirements of Government Functional Standard 013 Counter Fraud.</p> <p>Component 3 of the functional standards requires the Health Board to undertake comprehensive local risk assessments to identify fraud, bribery, and corruption risks in line with Government Counter Fraud Profession (GCFP) fraud risk assessment methodology and record and manage risks in line with the organisation’s risk management policy and included on the appropriate risk registers where necessary.</p>	<p>Oversight is ensured by implementing a robust Counter Fraud, Bribery and Corruption workplan that is fully aligned with the Health Board’s Anti-Fraud, Bribery and Corruption Policy. The Health Board must evidence compliance with NHS requirements as outlined in Government Functional Standard 013 for Counter Fraud.</p> <p>Component 3 of these standards stipulates that the Health Board conducts thorough local risk assessments to identify risks of fraud, bribery, and corruption, following the Government Counter Fraud Profession (GCFP) fraud risk assessment methodology, and that all identified risks are documented and managed in accordance with the organisation’s risk management policy, including inclusion on relevant risk registers when appropriate. To that end, a Counter Fraud Risk Management strategy has been developed in 2025/26 with full roll out from 2026/27.</p>

Enquiries of those charged with governance

Question	2024-25 Response	2025-26 Response
<p>35. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the Health Board?</p>	<p>In 2024/25, the Health Board was unable to meet its statutory duties to breakeven over a rolling three-year period and to prepare a three-year Integrated Medium-Term Plan for approval by the Minister for Health and Social Services, in line with NHS Finance (Wales) Act 2014.</p> <p>The Health Board has not been able to submit a balanced financial plan for 2025-26. Therefore was non-compliant with both planning and finance statutory duties. Also, as per response to Q20.</p>	<p>In 2025/26, the Health Board was unable to meet its statutory duties to breakeven over a rolling three-year period and to prepare a three-year Integrated Medium-Term Plan for approval by the Minister for Health and Social Services, in line with NHS Finance (Wales) Act 2014.</p> <p>The Health Board has not been able to submit a balanced financial plan for 2025-26. Therefore, was non-compliant with both planning and finance statutory duties. Also, as per response to Q20.</p>
<p>36. Are you aware of any instances of non-compliance with relevant laws and regulations?</p>	<p>As per response to Q20.</p>	<p>As per response to Q20.</p>
<p>37. What is the process for identifying and responding to the risks of fraud?</p>	<p>To effectively identify and respond to the risks of fraud, the LCFS actively undertakes inform and involve work to raise awareness of fraud in the NHS, empowering employees to identify and report their concerns.</p>	<p>To effectively identify and address the risks of fraud, the LCFS engages in proactive activities designed to increase awareness of fraud within the NHS, enabling staff to recognise and report any concerns. Employees are encouraged to report suspicions of fraud or associated risks directly to Counter Fraud, either via an</p>

Enquiries of those charged with governance

Question	2024-25 Response	2025-26 Response
	<p>Employees can report concerns of Fraud or fraud risks direct to Counter Fraud, via an anonymous reporting hotline, online or via Datix or through the Working Together programme.</p> <p>The Health Board is required to demonstrate compliance with NHS Requirements of Government Functional Standard 013 Counter Fraud.</p> <p>The LCFS undertakes local assessments to identify fraud, bribery, and corruption risks in line with Government Counter Fraud Profession (GCFP) fraud risk assessment methodology and records and manages risks in line with the organisation's risk management policy and includes on the appropriate risk registers where necessary.</p> <p>The CF workplan includes Preventative work, which is aimed at testing the effectiveness of existing controls and where applicable, develop new processes to further mitigate any identified risks. Such activities are known as Local Proactive Exercises and are recorded and reported to ARAC. Any recommendations are noted and where applicable tracked via the Audit Tracker function.</p>	<p>anonymous hotline, online platform, Datix, or through the Working Together programme.</p> <p>The Health Board must demonstrate adherence to NHS requirements outlined in Government Functional Standard 013 Counter Fraud. In accordance with Government Counter Fraud Profession (GCFP) fraud risk assessment methodology, the LCFS conducts local assessments to pinpoint risks of fraud, bribery, and corruption. These risks are recorded and managed in line with the organisation's risk management policy and, where necessary, included on the relevant risk registers.</p> <p>The Counter Fraud workplan and Fraud Risk Management Strategy features preventative measures, which involve evaluating the effectiveness of current controls and, where needed, developing new processes to further reduce identified risks. These activities, referred to as Local Proactive Exercises, are documented and reported to ARAC. Any recommendations arising from these exercises are noted and, where appropriate, monitored through the Audit Tracker function.</p>

Enquiries of those charged with governance

Question	2024-25 Response	2025-26 Response
	Fraud risks are also identified via the review of internal controls by internal audit, who will report to CF any emerging Fraud Risks.	Additionally, fraud risks may be highlighted through internal audit reviews of controls, with any new or emerging risks reported to Counter Fraud.
38. Are there any matters which those charged with governance consider require particular attention during the audit?	No	No
39. Are there any other matters which those charged with governance consider may influence the audit of the financial statements?	No	No
40. Are those charged with governance aware of any significant communications with regulators?	All significant communications with regulators are shared with the Board via its Committee structure in public/open session, who seek assurance that issues are being addressed.	All significant communications with regulators are shared with the Board via its Committee structure in public/open session, who seek assurance that issues are being addressed.

Enquiries of those charged with governance

Question	2024-25 Response	2025-26 Response
<p>41. What arrangements are in place to oversee the effectiveness of internal control?</p>	<p>The review of the system of internal control is informed by the work of the Internal Auditors, and the Executive Officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.</p> <p>The Board and Committees rely on a number of sources of internal and external assurances which demonstrate the effectiveness of the Health Board’s system of internal control and advise where there are areas of improvement. These include:</p> <ul style="list-style-type: none"> • Feedback from WG and the specific statements issued by the Cabinet Secretary for Health and Social Care • Local Counter-Fraud and Post Payment Verification Activity; • Inspections by Healthcare Inspectorate Wales; • Delivery of audit plans and reports by external and internal auditors; • Feedback from statutory Commissioners; • Feedback from staff, patients, service users and members of the public; 	<p>The review of the system of internal control is informed by the work of the Internal Auditors, and the Executive Officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.</p> <p>The Board and Committees rely on a number of sources of internal and external assurances which demonstrate the effectiveness of the Health Board’s system of internal control and advise where there are areas of improvement. These include:</p> <ul style="list-style-type: none"> • Feedback from WG and the specific statements issued by the Cabinet Secretary for Health and Social Care • Local Counter-Fraud and Post Payment Verification activity; • Inspections by Healthcare Inspectorate Wales; • Delivery of audit plans and reports by external and internal auditors; • Feedback from statutory Commissioners; • Feedback from staff, patients, service users and members of the public;

Enquiries of those charged with governance

Question	2024-25 Response	2025-26 Response
	<ul style="list-style-type: none">• Assurance provided by ARAC and other Committees of the Board;• AW Structured Assessment• Head of Internal Audit opinion	<ul style="list-style-type: none">• Assurance provided by ARAC and other Committees of the Board;• AW Structured Assessment• Head of Internal Audit opinion

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.

