

Hywel Dda University Health Board Charitable Funds – Detailed Audit Plan 2025

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Introduction



Adrian Crompton

Auditor General for
Wales

I am pleased to share my 2025 Audit Plan. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My [Code of Audit Practice](#) provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three

lines of assurance model (page 14) sets out how we will ensure those standards of quality are met. Our latest annual quality report, [Audit Quality Report 2024](#), provides more information about our audit quality arrangements.


My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

My work programme, as outlined in this Plan, sits alongside other [national audit work](#) that may include coverage of your organisation.


Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

Our aims and ambitions


Our purpose



Assure people that public money is being managed well




Explain how that money is being spent




Inspire the public sector to improve


Our vision




Fully exploiting our unique perspective, expertise and depth of insight



Strengthening our position as an authoritative, trusted and independent voice




Increasing our visibility, influence, and relevance




Being a model organisation for the public sector in Wales and beyond


Our areas of focus



A strategic, dynamic, and high-quality audit programme



A targeted and impactful approach to communications and influencing



A culture and operating model that enables us to thrive

You can find out more about Audit Wales in our [Annual Plan 2024-25](#) and [Our Strategy 2022-27](#).

Financial audit work

Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and their proper preparation in accordance with accounting standards and legal requirements.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

There have been no limitations imposed on me in planning the scope of this audit.

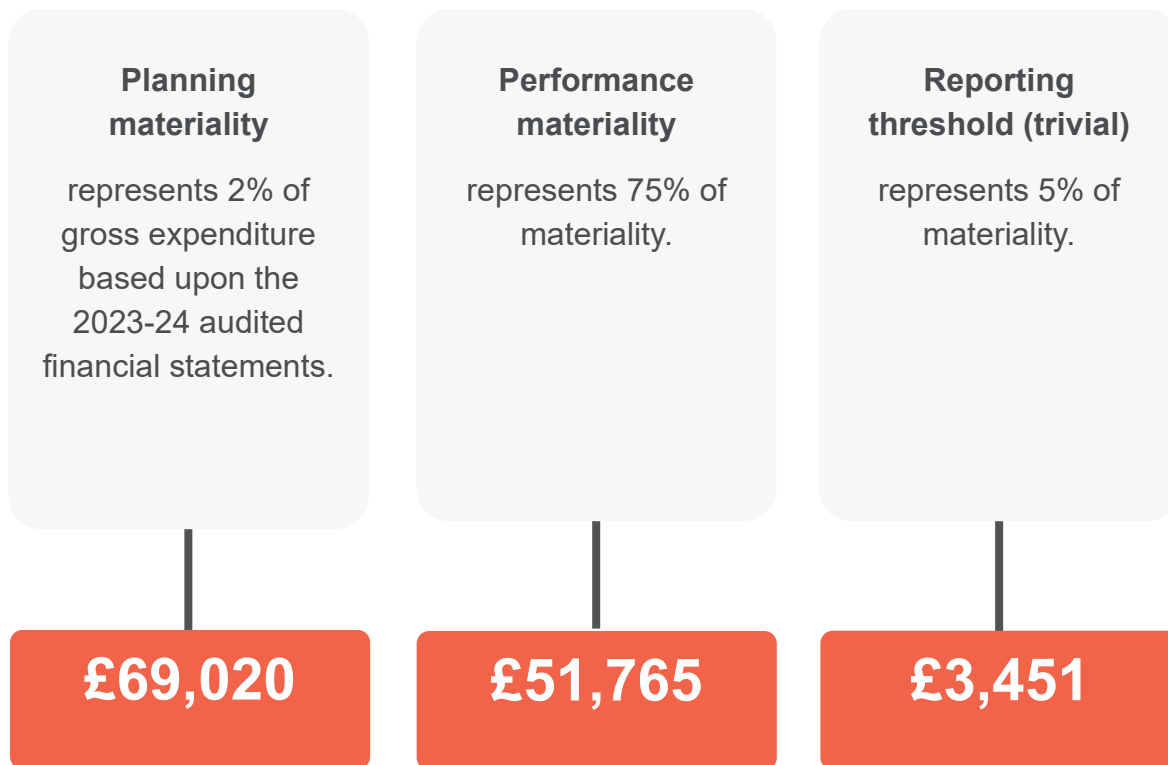
Financial statements materiality

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material and correct misstatements, that is, those that might result in a reader of the financial statements being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning and performance materiality to:

- determine the level of misstatement that could cause the user of the financial statements to be misled;
- assist in the scoping of our audit approach and resultant audit tests;
- determine sample sizes;
- assess the effect of known and likely misstatements in the financial statements; and
- report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material are set out below.



There is one area of the financial statements, the related party disclosures, that we judge to be of more importance to the user of the statements. We have set a lower materiality level of £5,000 for these disclosures

My audit team will assess materiality levels throughout the audit.

Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

I am currently undertaking my planning work. The risks and areas of focus set out below are drawn from my current planning and past audit work, including my certification of the Charity's 2023-24 financial statements. Once I have completed all my audit planning, if necessary, I will provide you with a written update on any changes.

Risk of management override

The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].

Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias;
- evaluate the rationale for any significant transactions outside the normal course of business; and
- add additional procedures to address any specific risks of management override which are not addressed by the mandatory work above.

Other areas of focus

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

Related party disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Charity and other relevant parties.

The Charity has many relationships that could be considered a related party.

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

There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

Our planned response

My audit team will:

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

Investment Manager operating controls

Each year, I review the Charity's Investment Fund balance, held by its investment fund manager CCLA. My team reviews the controls that CCLA has in place for its investment management processes. Last year, my team established that CCLA had commissioned a review of their controls via a 'Type 1' controls report rather than a 'Type 2' report. A Type 1 report does not test all controls and does not cover the full 12-month accounting period. It therefore provides reduced assurance than a Type 2 controls report.

Last year, my team recommended that each year the Charity should obtain a Type 2 controls report, to provide the Charity with an improved level of assurance regarding its investment manager's controls, and, to

provide assurance to us as your auditors. Management accepted the recommendation for 2024-25 subject to discussions with CCLA.

Our planned response

My audit team will:

- review the actions taken by management to obtain a Type 2 report for 2024-25;
- review the outcomes of the action taken; and assess whether further testing is required for the audit;
- if further testing is required, we will discuss deficiencies with officers to help us to ensure that appropriate assurance can be obtained.

Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

Exhibit 1: Financial statements audit timetable

<p>Planning</p>	<p>Planning meeting High level risk assessment procedures Fraud risk assessment Accounting estimates planning IT environment risk assessment Indicative audit fee Draft Detailed Audit Plan Develop testing strategy Detailed risk assessment procedures</p>
<p>October 2025</p>	
<p>Fieldwork</p>	<p>Update risk assessment Complete audit testing Evaluate audit findings Audit closure meeting</p>
<p>October to November 2025</p>	
<p>Reporting</p>	<p>Audit of Accounts (ISA 260) Report Recommendations for improvement Present findings to those charged with governance Auditor General certification Post project learning</p>
<p>December to January 2025</p>	

Audit fee

In January 2025, we published our [2025-26 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 1.7%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

Your fee is exclusive of VAT.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without my auditors first discussing them with the Director of Finance.

Your estimated audit fee: £16,402 (2023-24 £16,128)

I base my audit fee on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Audit team

My audit team will continue to work and engage remotely using technology, but some on-site audit work will [resume/continue] where it is appropriate to do so.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 2**.

Exhibit 2: My local audit team

Engagement Lead	Anthony Veale anthony.veale@audit.wales
Audit Manager	David Williams david.williams@audit.wales
Audit Lead	Richard Griffiths richard.griffiths@audit.wales

I can confirm that my team members are all independent of the Chairty and your officers. I am not aware of any potential conflicts of interest that I need to bring to your attention.

Staff secondment

An employee of Audit Wales was on secondment with you. In order to safeguard against any potential threats to auditor independence and objectivity, the following restrictions apply in line with the Financial Reporting Council's Revised Ethical Standard 2024:

- the secondee will not undertake any management responsibilities; and
- the secondment will be for a maximum of 12 months.

Audit quality

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

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2024](#).



Our People

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



Arrangements for achieving audit quality

Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Supporting you

Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our [website](#) to find:



Our [publications](#) which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for [performance audit](#).



[Data tools](#) to help you better understand public spending trends



Details of our [Good Practice](#) work and events including the sharing of emerging practice and insights from our audit work.



Our [newsletter](#) which provides you with regular updates on our public service audit work, good practice, and events.



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We welcome correspondence and telephone calls in Welsh and English.

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