

Audit of Accounts Report – Cwm Taf Morgannwg NHS General Charitable Fund

Audit year: 2020-21

Date issued: January 2022

Document reference: 2766A2021-22

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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.

Contents

We intend to issue an unqualified audit report on your accounts. There are some issues to report to you, prior to your consideration of their approval and signing.

Audit of Accounts Report

Introduction	4
Impact of COVID-19 on this year's audit	4
Proposed audit opinion	5
Significant issues arising from the audit	5
Recommendations	6
Appendices	
Appendix 1 – Final Letter of Representation	7
Appendix 2 – the independent auditor's report of the Auditor General for Wales to the Trustee of Cwm Taf Morgannwg NHS General Charitable Fund	10
Appendix 3 – Summary of corrections made	14

Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2020-21 annual report and accounts in this report. We have already discussed these issues with the Deputy Director of Finance.
- 2 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled. We set this level at £8,000 for this year's audit.
- 3 Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and reporting sensitivity. We consider the disclosure of related party transactions to be material by nature.
- 4 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between us and officers and yourselves, which we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year's audit

- 5 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so, for a second year, in the face of the challenges posed by this pandemic. We are grateful to the professionalism of the team in supporting us to complete our audit.
- 6 The pandemic has continued to affect our audit and we summarise in **Exhibit 1** the main impacts. The information in **Exhibit 1** is provided for information purposes only to help you understand the impact of COVID-19 on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

Timetable	<ul style="list-style-type: none">• Whereas deadline for completing other public sector accounts was changed this year, there is no change to the deadline for certifying your Charity accounts.• We received the draft accounts on 1 November 2021.• Subject to your approval on 27 January 2022, the annual report and accounts are scheduled to be certified on 28 January 2022, ahead of the Charity Commission’s deadline of 31 January 2022.
Electronic signatures	During the COVID-19 lockdown we are accepting electronic signatures and the electronic transfer of files.
Audit evidence	With remote working in place for your staff and us, we have obtained audit evidence in electronic format, for example, scanned invoices to verify expenditure transactions. We have also held meetings by remote video-link in place of normal face-to-face meetings.

Proposed audit opinion

- 7 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**. We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 8 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards. Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

- 9 We set out below the one misstatement that we identified in the accounts, which we discussed with management but remains uncorrected. We do not consider this to be material to our audit opinion.
- 10 The misstatement relates to an item of expenditure of £1,225 that relates to 2020-21 but is not recorded in that year’s accounting records, but have been recorded in 2021-22. The in-year expenditure and year-end amounts payable are therefore understated.

- 11 While auditing standards require us to request that this is corrected, we accept management's view that as the value is low and the amounts have been recorded in the following year (2021-22) the balances on the funds will be corrected in the 2021-22 accounts. It is however your decision on whether to accept the uncorrected misstatement, which is covered within your proposed letter of representation at **Appendix 1**.

Corrected misstatements

- 12 There were misstatements in the accounts submitted for audit, one of which was material. Management has corrected all misstatements. We draw your attention to them, with brief explanations, in **Appendix 3**.

Other significant issues arising from the audit

- 13 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were no other significant issues arising during the audit.

Recommendations

- 14 We are not raising any formal recommendations this year. Last year we raised one formal recommendation in respect of the misclassification of certain items of expenditure as income. We can confirm that management implemented the recommendation as planned.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

27 January 2022

Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements of Cwm Taf Morgannwg NHS General Charitable Fund for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Charities Act 2011; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Cwm Taf Morgannwg NHS General Charitable Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There is one misstatement within the statement, which remains uncorrected. This relates to expenditure that was omitted from the accounting records of £1,225 which relates to 2020-21 but the actual spend was recorded in 2021-22. Management have confirmed that as the balances would be corrected in the 2021-22 financial year accounts, and because the value is not material, the 2020-21 accounts would not be adjusted.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Trustee on 27 January 2022.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Chief Executive

27 January 2022

Signed by:

Board Chair and Trustee Member

27 January 2022

Appendix 2

The independent auditor's report of the Auditor General for Wales to the Trustee of Cwm Taf Morgannwg NHS General Charitable Fund

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Cwm Taf Morgannwg NHS General Charitable Fund for the year ended 31 March 2021 under the Charities Act 2011. These comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt

on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

Report on other requirements

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The trustee is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Matters on which I report by exception

I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require me to report to you if, in my opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustee's report;
- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities

Responsibilities of the trustee for the financial statements

As explained more fully in the statement of trustee responsibilities set out on page 31, the trustee is responsible for preparing the financial statements in accordance with the Charities Act 2011, for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

I have been appointed as auditor under section 150 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

My procedures included the following:

- Enquiring of management, the Cwm Taf Morgannwg NHS General Charitable Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Cwm Taf Morgannwg NHS General Charitable Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals; and

- Obtaining an understanding of Cwm Taf Morgannwg NHS General Charitable Fund's framework of authority as well as other legal and regulatory frameworks that the Cwm Taf Morgannwg NHS General Charitable Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cwm Taf Morgannwg NHS General Charitable Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and those charged with governance about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Cwm Taf Morgannwg NHS General Charitable Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Adrian Crompton
Auditor General for Wales
28 January 2022

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made

We identified the following misstatements, which have been corrected by management and we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£297,831	Statement of Financial Activities – Income and Note 3 ‘Income from donations and legacies’ Reclassification of COVID-19 donations from restricted to unrestricted.	To reclassify income in accordance with the Charities SoRP.
£6,592	Note 3 ‘Income from donations and legacies’ Increase in grant income and a corresponding decrease in donated.	To correct mis-classification of grant donated income.
£1,715	Note 14 ‘Analysis of current debtors’ Increase in other debtors and corresponding decrease in accrued income	To correct mis-classification of debtors
£1,135	Note 14 ‘Analysis of current debtors’ Increase in prepayments and corresponding decrease in other debtors	To correct mis-classification of debtors

Value of correction	Nature of correction	Reason for correction
n/a	Note 12 'Auditors remuneration' Additional narrative.	To explain why the full cost of the audit has not been borne by the Charity
Various	A number of amendments were made to aid presentation and consistency.	These include: <ul style="list-style-type: none"> • adjustment to ensure consistency of disclosures in the Trustees Annual report with the statement of accounts; • adjustments to correct presentational issues with Note 19; and • various other narrative amendments required for clarity.



Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and
telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.