

# Audit of Accounts Report – Cwm Taf Morgannwg University Local Health Board Charity

Audit year: 2021-22

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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.

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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.

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# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2021-22 annual report and accounts in this report. We have already discussed these issues with the relevant officers.
- 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 We have complied with the ethical standards that apply to our work and we are satisfied that all members of the audit team are independent of yourselves. There are no known relationships between us and officers / trustee members, which could undermine our objectivity and independence.

## Proposed audit opinion

- 5 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.
- 6 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

- 7 There are no uncorrected non-trivial misstatements.

### Corrected misstatements

- 8 There were some misstatements in the accounts submitted for audit, which we set out in **Appendix 3**.

### Other significant issues arising from the audit

- 9 There were no significant issues, further to those in Appendix 3. We have raised three audit recommendations, with management's responses, in **Appendix 4**.

# Appendix 1

## Final Letter of Representation

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

26 January 2023

## Representations regarding the 2021-22 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 2022 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.

## 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 the Trustee on 26 January 2023.

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**

**26 January 2023**

**Signed by:**

**Trustee Chair**

**26 January 2023**

# Appendix 2

## The independent auditor's report of the Auditor General for Wales to the Trustee of Cwm Taf Morgannwg University Local Health Board Charity

### Report on the audit of the financial statements

#### Opinion

I have audited the financial statements of Cwm Taf Morgannwg University Local Health Board Charity for the year ended 31 March 2022 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 2022 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 29, 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 University Local Health Board Charity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Cwm Taf Morgannwg University Local Health Board Charity'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;

- Obtaining an understanding of Cwm Taf Morgannwg University Local Health Board Charity's framework of authority as well as other legal and regulatory frameworks that the Cwm Taf Morgannwg University Local Health Board Charity 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 University Local Health Board Charity.

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;
- 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; and

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 University Local Health Board Charity'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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

**Adrian Crompton**  
**Auditor General for Wales**  
**27 January 2023**

**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 1: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£10,150	<b>Statement of Financial Activities – Income and Note 3 ‘Income from donations and legacies’</b> Reclassification of GP Speciality Scheme grant income from unrestricted to restricted.	To reclassify income in accordance with the Charities SoRP.
£10,070	<b>Statement of Financial Activities and Note 7 ‘Analysis of charitable activity’</b> Reclassification of GP Speciality Scheme expenditure from unrestricted to restricted.	To reclassify expenditure in accordance with the Charities SoRP.
£9,465	<b>Balance Sheet, Note 7 ‘Analysis of charitable activity’ and Note 16 ‘Analysis of liabilities’</b> Increase in expenditure relating to Staff education and welfare. Corresponding increase in accruals.	To correct expenditure omitted from the accounts.

Value of correction	Nature of correction	Reason for correction
£6,752	<b>Balance Sheet, Note 7 'Analysis of charitable activity' and Note 16 'Analysis of liabilities'</b> Increase in expenditure relating to Staff education and welfare. Corresponding increase in accruals.	To correct expenditure not re-charged to the Charity by the Health Board.
£2,000	<b>Note 3 'Income from donations and legacies'</b> Increase in grant income and corresponding decrease in donations income.	To reclassify income in accordance with the Charities SoRP.
£1,137	<b>Balance Sheet and Note 14 'Analysis of current debtors'</b> Decrease in prepayments and corresponding increase in expenditure	To correct the overstatement of a prepayment.
Various	A number of amendments were made to aid presentation and consistency.	These include: <ul style="list-style-type: none"> <li>• adjustment to ensure consistency of disclosures in the Trustees Annual report with the statement of accounts;</li> <li>• adjustments to correct presentational issues with Note 19; and</li> <li>• various other narrative amendments required for clarity.</li> </ul>

# Appendix 4

## Recommendations

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

### Exhibit 1: recommendations arising

Matter arising 1 – omitted expenditure	
<b>Finding</b>	Our testing of post year-end payments (payments after 31 March 2022) identified two invoiced amounts totalling £9,000, which relate to goods and services received in 2021-22 that had been overlooked and omitted from the 2021-22 accounts. We established that the Charity's review of post year-end payments only covered the month of April. The £9,000 misstatement relates to payments made in May 2022.
<b>Recommendation</b>	The Charity should extend its review of post year-end payments to include May.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	Further guidance will be provided to fundholders to inform the finance team of any expenditure which may have been paid in the subsequent year but should have been receipted in the financial year.
<b>Implementation date</b>	March 2023

**Matter arising 2 – omitted grant expenditure**

<b>Finding</b>	Our review of grant income identified a grant from Health Education and Improvement Wales where associated expenditure of £7,000 had been omitted from the accounts.
<b>Recommendation</b>	The Charity should review, and if necessary strengthen its process for monitoring and reporting spend against grant income and ensure that all grant conditions are complied with.
<b>Accepted in full by management</b>	Yes
<b>Management response</b>	We will work alongside the training team who deal with the grants to ensure that expenditure is appropriately coded.
<b>Implementation date</b>	Immediate

**Matter arising 3 – the Charity's donation form lacks clarity regarding the purpose of a donation**

<b>Finding</b>	The Charity's donation form is unclear regarding a donor's reason for giving money, which makes it difficult for officers to determine whether a donation is restricted or unrestricted.
<b>Recommendation</b>	The Charity should improve its donation form so that it clearly distinguishes between monies donated for any use by the Charity and monies given for a specific purpose.
<b>Accepted in full by management</b>	Yes

**Matter arising 3 – the Charity’s donation form lacks clarity regarding the purpose of a donation**

**Management response**

The donation form is controlled stationery, however we will review the adequacy of the form to ensure the designation of the donation is made clear. Where a general or designated fund has been named it will be made clear that this would be unrestricted.

**Implementation date**

July 2023







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