

# Annual Audit Report 2024 – Welsh Ambulance Services University NHS Trust

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

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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# Summary report

## About this report

- 1 This report summarises the findings from my 2024 audit work at the Welsh Ambulance Services University NHS Trust (the Trust) undertaken to fulfil my responsibilities under the Public Audit (Wales) Act 2004. That Act requires me to:
  - examine and certify the accounts submitted to me by the Trust, and to lay them before the Senedd;
  - satisfy myself that expenditure and income have been applied to the purposes intended and are in accordance with authorities; and
  - satisfy myself that the Trust has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.
- 2 I report my overall findings under the following headings:
  - audit of accounts; and
  - arrangements for securing economy, efficiency, and effectiveness in the use of resources.
- 3 This year's audit work took place at a time when NHS bodies were continuing to respond to a broad set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate. In addition, NHS bodies are still dealing with the legacy of the COVID-19 pandemic. My work programme, therefore, was designed to best assure the people of Wales that public funds are well managed.
- 4 We largely continued to work and engage remotely where possible through the use of technology, but some on-site audit work resumed where it was appropriate to do so. This inevitably had an impact on how we deliver audit work but has also helped to embed positive changes in our ways of working.
- 5 The audited accounts submission deadline was shortened by two weeks from the previous year to 15 July 2024. The financial statements were certified on 12 July 2024, meaning the deadline was met. This reflects a great collective effort by both my staff and the Trust's officers.
- 6 The focus and approach of my performance audit work continues to be aligned to the post-pandemic challenges facing the NHS in Wales and is conducted in line with INTOSAI<sup>1</sup> auditing standards.
- 7 This report is a summary of the issues presented in more detailed reports to the Trust this year (see **Appendix 1**). I also include a summary of the status of work still underway, but not yet completed.

<sup>1</sup> INTOSAI (International Organisation of Supreme Audit Institutions) is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

- 8 **Appendix 2** presents the latest estimate of the audit fee that I will need to charge to cover the costs of undertaking my work, compared to the original fee set out in the 2024 Audit Plan.
- 9 **Appendix 3** sets out the audit of accounts risks set out in my 2024 Audit Plan and how they were addressed through the audit.
- 10 The Chief Executive and the Executive Director of Finance and Corporate Resources have agreed the factual accuracy of this report. We will present it to the Audit and Risk Assurance Committee on 6 March 2025. The Board will receive the report at a later Board meeting and every member will receive a copy. We strongly encourage the Trust to arrange its wider publication. We will make the report available to the public on the [Audit Wales website](#) after the Board have considered it.
- 11 I would like to thank the Trust's staff and members for their help and co-operation throughout my audit.

## Key messages

### Audit of accounts

- 12 I concluded that the Trust's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in internal controls (as relevant to my audit) however, I brought some issues to the attention of officers and the Audit, Risk and Assurance Committee in my Audit of Accounts Report.
- 13 I identified no material financial transactions within the Trust's 2023-24 accounts that were not in accordance with authorities or not used for the purpose intended, and so I have issued an unqualified opinion on the regularity of the financial transactions within the Trust's 2023-24 accounts.
- 14 I placed no substantive report alongside my opinion this year as there were no issues to report.

### Arrangements for securing efficiency, effectiveness, and economy in the use of resources

- 15 My programme of Performance Audit work has led me to draw the following conclusions:
- the Trust exceeded its overall 2023-24 savings target and continues to enhance its arrangements for identifying, delivering, and monitoring efficiencies and sustainable cost savings. However, opportunities exist for the Trust to reduce its reliance on non-recurrent savings, strengthen financial capabilities across the organisation, and refine its savings reporting to Board.

- the Trust has made some improvements to its quality governance structures, including responding to the duties of quality and candour. However, there is scope for further improvements in some areas to strengthen assurance relating to the quality and safety of its service.
- the Trust's corporate arrangements generally support good governance and the efficient, effective, and economical use of resources. Positively, the Trust is transforming its clinical services to better manage operational pressures and demand and is making good progress in enhancing key systems of assurance to strengthen Board focus on strategic risks. The Trust has strong financial performance, supported by good financial planning, which enabled it to meet its financial duties for 2023-24 and the three-year period 2021-24.

16 These findings are considered further in the following sections.

# Detailed report

## Audit of accounts

- 17 Preparing annual accounts is an essential part of demonstrating the stewardship of public money. The accounts show the organisation's financial performance and set out its net assets, net operating costs, gains and losses, and cash flows. My annual audit of those accounts provides an opinion on both their accuracy and the proper use ('regularity') of public monies.
- 18 My 2024 Audit Plan set out the key risks for audit of the accounts for 2023-24 and these are detailed along with how they were addressed in **Exhibit 4, Appendix 3**.
- 19 My responsibilities in auditing the accounts are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

## Accuracy and preparation of the 2023-24 accounts

- 20 I concluded that the Trust's accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in internal controls (as relevant to my audit) however, I brought some issues to the attention of officers and the Audit, Risk and Assurance Committee.
- 21 The unaudited accounts were produced for audit in line with agreed timescales, however, a number of misstatements, both corrected and uncorrected were identified. These misstatements had no impact (individually or in aggregate) on the Trust's retained surplus position but took additional time to confirm and agree as part of the audit process.
- 22 I must report issues arising from my work to those charged with governance (the Audit, Risk and Assurance Committee) for consideration before I issue my audit opinion on the accounts. My Financial Audit Manager reported these issues on 10 July 2024. **Exhibit 1** summarises the key issues set out in that report.

**Exhibit 1: issues reported to the Audit, Risk and Assurance Committee**

Issue	Auditors' comments
<p>Uncorrected misstatements</p>	<p><b>Note 13 Property, plant and equipment</b></p> <p>Our audit identified an error in the depreciation charged in-year for an Information Technology asset. This was due to an incorrect asset life being applied. This resulted in an overcharge of depreciation of £513,000 to the Statement of Comprehensive Income.</p> <p>Our audit also identified an understatement of £158,000 in the depreciation charged in-year for 7 assets, as useful lives had not been allocated to these assets. This resulted in no depreciation being charged to the Statement of Comprehensive Income in respect of these assets.</p> <p>The net effect of these misstatements is an overcharge of £355,000 of depreciation to the Statement of Comprehensive Income. However, as depreciation is fully funded by Welsh Government this results in an overclaim of £355,000 of funding from the Welsh Government. However, management has informed us that Welsh Government is not expected to seek to recover this amount from the Trust, given the value and its immateriality. Therefore, this uncorrected misstatement has no impact on the Trust's retained surplus position at year end.</p>
<p>Corrected misstatements</p>	<p>Numerous amendments were made to the accounts, the most significant being in relation to the following notes:</p> <p>Property, Plant and Equipment, and Intangibles (Notes 13 and 14);  Capital commitments (Note 25);  Losses and special payments - analysis (Note 26.3).</p> <p>None of these misstatements resulted in an impact on the Trust's retained surplus position.</p>



Issue	Auditors' comments
Other significant issues	<p>Our audit this year has identified a number of misstatements, both corrected and uncorrected. These misstatements had no impact (individually or in aggregate) on the Trust's retained surplus position but took additional time to confirm and agree as part of the audit process.</p> <p>We will work with the Trust to plan for the audit of its 2024-25 accounts with the aim of making the process as efficient as possible. This will be particularly important given the intention for audit deadlines to be brought further forward for the 2024-25 financial year.</p>

- 23 I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Trust's financial position on 31 March 2024 and the return was prepared in accordance with the Treasury's instructions.
- 24 My separate independent examination of the charitable funds accounts is complete with the closing findings reported to the Charitable Funds Committee on 14 January 2025. The Auditor General certified the final accounts on 30 January, allowing the accounts to be filed by the Charity Commission's statutory deadline of 31 January.

## Regularity of financial transactions

- 25 The Trust's financial transactions must be in accordance with the authorities that govern them. It must have the powers to receive income and incur expenditure. Our work reviews these powers and tests that there are no material elements of income or expenditure which the Trust does not have the powers to receive or incur.
- 26 I identified no material financial transactions within the Trust's 2023-24 accounts that were not in accordance with authorities or not used for the purpose intended, and so I have issued an unqualified opinion on the regularity of the financial transactions within the Trust's 2023-24 accounts.
- 27 I placed no substantive report on the accounts alongside my opinion this year as there were no issues to report.
- 28 I have the power to place a substantive report on the Trust's accounts alongside my opinions where I want to highlight issues. Where the Trust fails one of its financial duties – to break even over a three-year period and to have an approved three-year plan in place – or my opinion is qualified, I will issue a substantive report.

29 The Trust met both of its financial duties reporting a surplus of £85,000 at the end of the financial year. The Trust also achieved its statutory financial duty to achieve break-even over a three-year rolling period for 2021-22 to 2023-24, reporting an overall three-year surplus of £222,000. As a result, my opinions were unqualified, so I did not issue such a report for these issues.

## Arrangements for securing efficiency, effectiveness, and economy in the use of resources

30 I have a statutory requirement to satisfy myself that the Trust has proper arrangements in place to secure efficiency, effectiveness, and economy in the use of resources. I have undertaken a range of performance audit work at the Trust over the last 12 months to help me discharge that responsibility. This work has involved:

- reviewing the effectiveness of the Trust's cost savings arrangements;
- assessing the extent to which the Trust has implemented my 2022 recommendations on quality governance; and
- undertaking a structured assessment of the Trust's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically.

31 My conclusions based on this work are set out below.

### Review of cost savings arrangements

32 My review examined whether the Trust has an effective approach to identifying, delivering, and monitoring sustainable cost savings opportunities. It considered the impact these arrangements had on the Trust's 2023-24 year-end position and highlighted where arrangements may need to be strengthened for 2024-25 and beyond.

33 My work found that the Trust exceeded its overall 2023-24 savings target and continues to enhance its arrangements for identifying, delivering, and monitoring efficiencies and sustainable cost savings. However, opportunities exist for the Trust to reduce its reliance on non-recurrent savings, strengthen financial capabilities across the organisation, and refine its savings reporting to Board.

34 The Trust has a good understanding of its cost drivers, which include pay, utilities, and service pressures. It makes appropriate use of data from various sources to identify cost-saving opportunities, such as internal reviews and benchmarking. Planning for savings is improving, with a focus on both efficiencies and income generation. The Trust uses a risk-based process to select its cost improvement schemes.

35 Whilst the Trust has a good track record of achieving its savings targets, it needs to reduce its reliance on non-recurrent savings. Furthermore, it needs to address any

gaps in the financial literacy, competencies, and expertise of staff if it is to maximise the identification and delivery of savings and efficiencies in 2024-25 and beyond.

- 36 The Trust has effective arrangements in place for overseeing delivery of savings, with regular reporting to the Board and Finance and Performance Committee. However, there is a need to ensure consistency in savings reports by using the same figures to avoid confusion. The Trust regularly reviews the risks associated with savings planning and delivery and proactively learns from its experiences to improve its savings processes.

## Quality Governance Follow up Review

- 37 My work considered the Trust's progress in implementing the recommendations we made in our 2022 quality governance review as well as the assurance provided to the Board that the Trust is taking steps to respond to the requirements of the Act.

- 38 My work found that whilst the Trust can demonstrate some progress in implementing the recommendations arising from the 2022 Review of Quality Governance Arrangements, it still had more to do to address the recommendations in full. Specifically, my review found that:

- delivery of the Trust's Quality Strategy for 2021-24 has continued to be slower than planned due to ongoing resourcing and capacity issues, and there is also a need to improve progress reporting on strategic delivery.
- the Trust approves the Clinical Audit Plan annually and provides regular updates on its progress to the Quality, Patient Experience and Safety (QuEST) Committee; however, the reporting of outcomes and learning from clinical audit work could be strengthened.
- whilst the Trust has implemented the new framework for mortality reviews, the timeliness of the completion of these reviews varies and there is scope for more consistent reporting of mortality review activity, outcomes, and learning.
- whilst PADR (Performance Appraisal and Development Review) completion rates have improved since the original review, they continue to be below the Trust's target rate.
- the Trust has a standard operating procedure for Board members conducting visits, however, the frequency and coverage of visits are variable. Furthermore, the Trust currently does not capture and report feedback and learning to the Board.
- compliance with the new national process for jointly investigating serious incidents with partners is strong with activity regularly monitored by the QuEST committee.
- the Trust continues to face challenges in reporting patient outcomes due to differing patient systems in place across NHS organisations. However, there is more the Trust can and should do to triangulate and identify themes and learning from this information.

39 The Trust has taken steps to implement the duties of quality and candour, however, there are weaknesses in the clarity of reporting progress and there is scope to improve training compliance and monitoring. Before the Health and Social Care (Quality and Engagement) Act 2020 came into effect in April 2023, the Trust assessed its readiness against the Welsh Government baseline. The Trust also held Board sessions to raise awareness of the new Act. Staff were supported via e-learning modules to help understand and respond to the new requirements. While training is in place for the Duties of Quality and Candour, technical difficulties has made it difficult for the Trust to monitor compliance which creates a risk that there is insufficient staff understanding of the new requirements. The Trust has developed an Implementation Plan and tracks its progress in implementing the requirements under the Duties of Candour and Quality using the Welsh Government roadmap. However, there is scope for the Trust to strengthen the assurance it provides within its progress reports to the QuEst Committee.

## Structured assessment

- 40 My 2024 structured assessment work took place at a time when NHS bodies were continuing to respond to a broader set of challenges associated with the cost-of-living crisis, the climate emergency, inflationary pressures on public finances, workforce shortages, and an ageing estate. In addition, NHS bodies are still dealing with the legacy of the COVID-19 pandemic. More than ever, therefore, NHS bodies and their Boards need to have sound corporate governance arrangements that can provide assurance to themselves, the public, and key stakeholders that the necessary action is being taken to deliver high-quality, safe and responsive services, and that public money is being spent wisely.
- 41 My team focussed on the Trust's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically, with a specific focus on: Board transparency, effectiveness, and cohesion; corporate systems of assurance; corporate approach to planning; and corporate approach to managing financial resources. Auditors also paid attention to progress made to address previous recommendations.
- 42 At the time of my structured assessment work, the Trust was subject to Level One status under the [Welsh Government's escalation and intervention arrangements](#)].

## Corporate approach to planning

- 43 My work considered whether the Trust has a sound corporate approach to planning. I paid particular attention to the organisation's arrangements for:
- producing and overseeing the development of strategies and corporate plans, including the Integrated Medium-Term Plan; and
  - overseeing the delivery of corporate strategies and plans.
- 44 My work found that the Trust continues to have a generally sound approach to producing strategies and corporate plans, including the development of an ambitious Clinical Model Transformation Programme. However, opportunities remain to strengthen Board oversight of the development and delivery of the Trust's Integrated Medium-Term Plan.
- 45 The Trust continues to pursue its long-term strategic framework, "Delivering Excellence, Our Vision for 2030", which focusses on altering its traditional service model to manage demand differently. The Trust has generally good arrangements for producing strategies and corporate plans. It has made good progress recently in developing an ambitious Clinical Model Transformation Programme to transform service delivery and its IMTP for 2024-27 was approved and submitted on time. Whilst the Trust was able to produce an approvable Integrated Medium-Term Plan for 2024-27 (IMTP 2024-27), the Board should have been more involved in scrutinising the draft version prior to approving the final plan before it was submitted to Welsh Government.

46 The IMTP 2024-27 contains clear objectives and outcome-based milestones, with a strong focus on delivery. Overall delivery of the IMTP is overseen by the Strategic Transformation Board, though specific relevant actions are monitored by the Clinical Model Transformation Board and the Integrated Strategic Planning and Development Group. Quarterly progress updates are provided to the Finance and Performance Committee and the Board. There is greater focus on the impact of plan delivery in progress reports, with good scrutiny provided by members. However, the Trust needs to urgently clarify to Board the impact of the Clinical Model Transformation Programme on wider delivery of the IMTP 2024-27.

### **Corporate systems of assurance**

47 My work considered whether the Trust has a sound corporate approach to managing risks, performance, and the quality and safety of services. I paid particular attention to the organisation's arrangements for:

- overseeing strategic and corporate risks;
- overseeing organisational performance;
- overseeing the quality and safety of services; and
- tracking recommendations.

48 My work found that the Trust continues to strengthen its corporate systems of assurance and is taking positive steps to enhance its Board Assurance Framework (BAF). However, opportunities remain to strengthen the Trust's framework for managing organisational performance and overseeing the quality and safety of services.

49 The Trust is in the third and final year of its risk management transformation programme. Part of the programme relates to enhancing the Trust's BAF to focus more explicitly on the risks to achieving the organisation's strategic objectives. The Trust continues to have reasonable performance management arrangements in place in line with its Quality and Performance Management Framework. However, the framework requires some updating, particularly in relation to key roles. The Trust continues to report performance against approved metrics via Monthly Integrated Quality and Performance Reports, with appropriate scrutiny and challenge provided by the Board. The Trust has also improved its systems for tracking and actioning audit recommendations, with regular reporting to the Audit, Risk, and Assurance Committee (ARAC).

### **Board transparency, effectiveness, and cohesion**

50 My work considered whether the Trust's Board conducts its business appropriately, effectively, and transparently. I paid particular attention to:

- public transparency of Board business.
- arrangements to support the conduct of Board business.
- Board and committee structure, business, meetings, and flows of assurance.

- Board commitment to hearing from staff, users, other stakeholders
- Board skills, experiences, cohesiveness, and commitment to improvement

- 51 My work found that recent changes to Board membership have been managed well and the Board has continued to conduct its business effectively. The Trust continues to demonstrate a strong commitment to public transparency and continuous improvement. The Trust remains committed to hearing from patients, staff, and other stakeholders; however, opportunities remain to enhance these arrangements further.
- 52 The Trust continues to hold in-person Board meetings which are open to the public to observe. The public can also submit questions to the Board, and we found that they receive comprehensive responses which are tracked via an action log. Committee Chairs determine whether meetings are held virtually only or using a hybrid approach, where members can join either in-person or online. The majority of the Trust's committees meet virtually, which is decided during agenda setting meetings. Board and committee meetings are well-chaired, with good quality information provided to support effective scrutiny and decision-making. The Trust plans to strengthen its reports further by including a greater level of analysis and trend information.
- 53 The Trust continues to have proper arrangements for conducting Board and committee business, including updating its Standing Orders and policies. In addition, the Trust has made significant progress in reviewing its policies.
- 54 The Trust uses patient and staff stories to inform Board business. However, staff stories do not currently follow the same process for patient stories, and it is not always clear how the Trust is using this intelligence to provide assurance or promote improvement. Furthermore, there is scope for the Trust to improve the process for feeding back intelligence from Board visits and patient experience reports.
- 55 The Trust has managed recent changes to Board membership well and put a supportive induction process in place for new members. The Board Development Programme continues to provide valuable learning and discussion opportunities. The Board and its committees continue to undertake effectiveness reviews. However, the response rates for some committees were low, particularly for the ARAC and People and Culture Committee. The ARAC is working to improve rates by completing its effectiveness review in stages throughout the year rather than as an annual exercise.

## Corporate approach to managing financial resources

- 56 My work considered whether the Trust has a sound corporate approach to managing its financial resources. I paid particular attention to the organisation's arrangements for:
- achieving its financial objectives;
  - overseeing financial planning;

- overseeing financial management; and
- overseeing financial performance.

- 57 My work found that the Trust continues to have strong financial performance supported by effective financial planning. However, the Trust needs to improve its arrangements for identifying and reporting recurrent saving schemes.
- 58 The Trust continued its good record of meeting its financial duties in 2023-24, recording a small revenue surplus of £85,000, and achieving breakeven over the rolling three-year period 2021-22 to 2023-24. The Trust is on course to meet its financial objectives for 2024-25.
- 59 The Trust has a clear approach to financial planning. It also has effective financial management arrangements and controls in place, with no significant concerns identified by internal audits. The Trust's financial statements for 2023-24 received a clean audit opinion.
- 60 The organisation's savings target for 2024-25 is £6.4 million. However, a significant portion (43%) comes from non-recurrent savings, which potentially creates a risk to organisational resilience and financial sustainability. The Trust has recently improved the clarity of its financial reports by specifying whether savings schemes are recurrent or non-recurrent. Oversight and scrutiny of financial performance by the Board and the Finance and Performance Committee is effective, with appropriate challenge and support. However, opportunities remain to strengthen the content and presentation of finance reports.



# Appendix 1

## Reports issued since my last annual audit report

### Exhibit 2: reports issued since my last annual audit report

The following table lists the reports issued to the Trust in 2024.

Report	Date
<b>Financial audit reports</b>	
Audit of Financial Statements Report	June 2024
Opinion on the Financial Statements	July 2024
Independent examination of the charitable funds' accounts	December 2024
<b>Performance audit reports</b>	
Review of Cost Savings Arrangements	August 2024
Quality Governance Follow up Review	September 2024
Structured Assessment 2024	October 2024
<b>Other</b>	
2024 Audit Plan	April 2024

My wider programme of national value-for-money studies in 2024 included reviews that focused on the NHS and pan-public-sector topics. These studies are typically funded through the Welsh Consolidated Fund and are presented to the Public Accounts Committee to support its scrutiny of public expenditure. Reports are available on the [Audit Wales website](#).

### Exhibit 3: performance audit work still underway

There are several performance audits that are still underway at the Trust. These are shown in the following table, with the estimated dates for completion of the work.

Report	Estimated completion date
Urgent and emergency care: Arrangements for Managing Demand	March 2024
Review of Digital Transformation	May 2024

# Appendix 2

## Audit fee

The 2024 Audit Plan set out the proposed audit fee of £200,483 (excluding VAT). My latest estimate of the actual fee is £210,483, which includes an increase of £10,000 in the audit of financial statements due to the numerous misstatements identified during our audit and the additional time taken to confirm and agree the correct figures.

In addition to the fee set out above, the audit work undertaken on the shared services provided to the Trust by the NHS Wales Shared Services Partnership cost £641.

# Appendix 3

## Audit of accounts risks

### Exhibit 4: audit of accounts risks

My 2024 Audit Plan set out the risks of material misstatement and/or irregularity for the audit of the Trust's 2023-24 accounts. The table below lists these risks and sets out how they were addressed as part of the audit.

Audit risk	Proposed audit response	Work done and outcome
<p>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].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for bias; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>	<p>Audit work over journal entries and accounting estimates found no evidence of management override of controls and provided assurance that the accounts were free from material error.</p>
<p>There is an inherent risk that you will fail to meet your first financial duty to break even over a rolling three-year period. However, your reported position at month 11 shows a year-to-date surplus of £108,000 and a forecast of break-even which is consistent with the Minister's</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for bias;</li> <li>• perform detailed testing on a sample of key transactions before and after year</li> </ul>	<p>The work was carried out as proposed. Our audit work provided assurance that the accounts were free from material error and that the year-end surplus position for 2023-24 was appropriate.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>published control total. This, combined with the outturns for 2021-22 and 2022-23, would result in a rolling three-year surplus of £137,000.</p> <p>While the financial position of the Trust is robust, the existence of such a financial duty increases the risk that management judgements and estimates could be biased in response.</p>	<p>end to ensure they are accounted for in the correct accounting period; and</p> <ul style="list-style-type: none"> <li>perform detailed testing on a sample of key year end balances to ensure they are appropriate and complete.</li> </ul>	
<p>Our 2022-23 audit identified £110,000 of transactions that had been recorded in the 2022-23 accounts, despite reflecting transactions arising from 2023-24.</p> <p>There is therefore an inherent risk that we could uncover similar transactions in our 2023-24 audit, which could be material in value and require amendment</p>	<p>My audit team will perform detailed testing on a sample of key transactions before and after year end to ensure they are accounted for in the correct accounting period.</p>	<p>The work was carried out as proposed. My team did not identify any issues.</p>
<p>From 1 December 2023, the Losses and Special Payments Register (LaSPaR) used to calculate the losses and many of the provisions balances in the accounts has been decommissioned.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>test the completeness and accuracy of data transfer from the LaSPaR system to the excel based spreadsheets;</li> </ul>	<p>The work was carried out as proposed. Our work in this area identified some misstatements which we reported to those charged with governance in the Audit Report. These were corrected by Management.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>For the remainder of 2023-24, a model Excel spreadsheet has been used to record losses and special payments and calculate year-end balances.</p> <p>There is a risk that transactions and balances related to losses and special payments are misstated due to:</p> <ul style="list-style-type: none"> <li>the data transfer between LaSPaR and the Excel model not being complete and accurate; and/or</li> <li>the Excel model miscalculating balances, due to formula errors and/or incorrect data entry.</li> </ul> <p>Furthermore, the subjective nature of estimating provisions for clinical negligence and personal injury claims (and the need for expert external input) gives rise to increased audit risk.</p>	<ul style="list-style-type: none"> <li>review the year-end Excel spreadsheet to ensure that there are no significant errors or issues;</li> <li>confirm Excel entries back to supporting evidence (e.g. Quantum reports) on a sample basis; and</li> <li>confirm the competence and objectivity of expert opinion informing the value of such estimates.</li> </ul>	
<p>The revised accounting standard for leases (IFRS 16) was adopted by the Financial reporting Manual (FrM) from 2022-23 onwards. IFRS 16 significantly changes</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>consider the completeness of the lease portfolios identified by the Trust needing to be</li> </ul>	<p>The work was carried out as proposed. One issue was reported to those charged with governance in the Audit Report which was corrected by Management.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>how most leased assets are accounted for and there are also significant additional disclosure requirements arising. As 2023-24 is the second year of adoption, there is a risk that the accounting and disclosure requirements will be incomplete as it will take time for IFRS 16 requirements to be fully embedded.</p>	<p>included in IFRS 16 calculations;</p> <ul style="list-style-type: none"> <li>• review a sample of calculated asset and liability values and ensure that these have been accounted for and disclosed in accordance with the Manual for Accounts and FReM; and</li> <li>• ensure that all material disclosures have been made appropriately.</li> </ul>	
<p>There is significant investment in capital projects and a risk that capital classified as Assets Under Construction is materially mis-stated:</p> <ul style="list-style-type: none"> <li>• Capital expenditure up to month 11 was reported at £10m, with a forecast of £23m at year end.</li> <li>• There is an element of judgement needed when determining the amount of costs to be capitalised on each project and the valuation of these assets at the end of the year.</li> </ul>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• understand the reasons for the peak in capital expenditure predicted in month 12 and assess impact on audit approach;</li> <li>• perform detailed testing on a sample of additions and capital accruals;</li> <li>• for vehicles under construction by third parties, review the contractual terms and assess whether the criteria for recognising the assets have been met; and</li> <li>• review and challenge whether any assets under</li> </ul>	<p>The work was carried out as proposed. Our work in this area identified some misstatements which we reported to those charged with governance in the Audit Report. These were corrected by Management.</p>

Audit risk	Proposed audit response	Work done and outcome
	construction require impairment.	
Senior Officer Remuneration is an area of complexity and significant interest in the accounts each year. As an area of specific interest for the audit, we apply a lower materiality level in our review of this area.	My audit team will review these disclosures in detail to ensure that they are reasonable and in line with legislative requirements.	The work was carried out as proposed. Audit work confirmed that the disclosures in this area of the accounts were materially complete and accurate.
Related Party Disclosures is an area with a lower materiality level in our review of this area as there are risks of incorrect or incomplete disclosures being made.	My audit team will review these disclosures in detail to ensure that they are reasonable, complete and in line with the FReM	The work was carried out as proposed. No issues were identified from the work completed.







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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.