

# Swansea Bay Health Board Funds Held on Trust – 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

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**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 16) 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.





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

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## Audit of financial statements

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

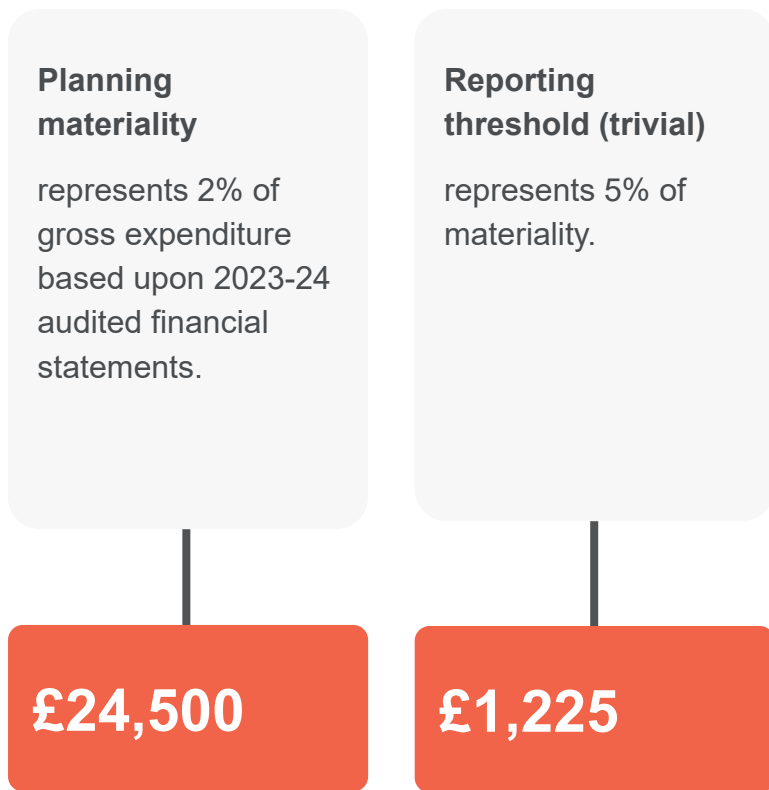
## Financial statements materiality

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 accounts 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 accounts 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 are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

**Related party disclosures**

£10,000 (Individuals)

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.

### 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; and
- evaluate the rationale for any significant transactions outside the normal course of business.

## Risk of fraud in revenue recognition

There is a risk of material misstatement due to fraud in expenditure recognition and as such is treated as a significant risk [ISA240.27].

### Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- substantively test income, and review it for completeness, to ensure that all income is recorded; and
- test income cut off to provide assurance that items are recorded in the correct year.

## 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.

### Investment balances

The investments balance contains a mix of investments which are complex to value and there is subjectivity in their valuation.

There is therefore a risk that the investments balances are materially misstated.

### Our planned response

My audit team will:

- agree the valuations to appropriate supporting documentation;
- review 'control assurance' reports from the relevant fund managers; and
- evaluate the risk of residual material misstatement and the need for additional audit procedures.

## Related party disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Health Board Charitable Fund and the other body/party.

The Health Board Charitable Fund has many relationships that could be considered a related party.

Where related party relationships arise via individual 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 requirements.

## 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><b>Planning</b></p> <p><b>June to July 2025</b></p>	<p>Planning meeting</p> <p>High level risk assessment procedures</p> <p>Fraud risk assessment</p> <p>Accounting estimates planning</p> <p>IT environment risk assessment</p> <p>Indicative audit fee</p> <p>Draft Audit Plan</p>
<p><b>Interim</b></p> <p><b>July to October 2025</b></p>	<p>Information flows</p> <p>Detailed risk assessment procedures</p> <p>IT controls review</p> <p>Develop testing strategy</p> <p>Early sample testing</p>
<p><b>Fieldwork</b></p> <p><b>November to December 2025</b></p>	<p>Update risk assessment</p> <p>Audit of financial statements</p> <p>Complete audit testing</p> <p>Evaluate audit findings</p> <p>Audit closure meeting</p>
<p><b>Reporting</b></p> <p><b>December 2025 to January 2026</b></p>	<p>Audit of Accounts Report</p> <p>Recommendations for improvement</p> <p>Present findings to those charged with governance</p> <p>Auditor General certification</p> <p>Annual audit summary</p> <p>Post project learning</p>

# Audit fee

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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 estimated total audit fee: £25,928**

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. **Exhibit 2** sets out a further breakdown of your estimated audit fee.

**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.
- The audit requirements of my individual performance audit projects are met by the audited body, or suitable alternative arrangements are put in place that satisfy the needs of my audit team.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

**Exhibit 2: breakdown of my estimated audit fee for 2025 (and 2024 for comparison)**

**Estimated fee for 2025 (£)<sup>1</sup>**

**Estimated fee for 2024 (£)**

Audit of  
financial  
statements

£25,928

Audit of  
financial  
statements

£25,495

<sup>1</sup> The fees shown in this document are exclusive of VAT.

# Audit team

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My audit team will continue to work and engage remotely using technology, but some on-site audit work will resume 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 3**.

## Exhibit 3: My local audit team

<b>Engagement Director</b>	Derwyn Owen <a href="mailto:derwyn.owen@audit.wales">derwyn.owen@audit.wales</a>
<b>Audit Manager</b>	Jason Blewitt <a href="mailto:jason.blewitt@audit.wales">jason.blewitt@audit.wales</a>
<b>Audit Lead</b>	Andrea Thomas <a href="mailto:andrea.thomas@audit.wales">andrea.thomas@audit.wales</a>

I can confirm that my team members are all independent of the Health Board and your officers.

## Staff secondment

One member of staff employed by the Wales Audit Office has been seconded to the Health Board. The staff member is a trainee accountant seconded as part of an initiative funded by the Welsh Consolidated Fund, designed to allow trainee accountants to broaden their skills and to gain experience of working across different parts of the Welsh public sector. The staff member was seconded to the Health Board for the period January to June 2024.

To safeguard against any potential threats to auditor independence and objectivity, the following restrictions apply in line with the FRC'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

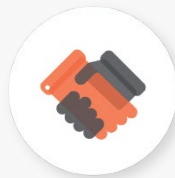
Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

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

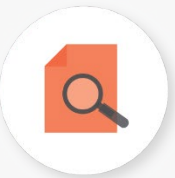
- Selection of right team
- Use of specialists
- Supervisions and review



## 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.