

Audit of Accounts Report – Citizen Voice Body for Health and Social Care, Wales (Llais)

Audit year: 2023-24

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About Audit Wales

Our aims and ambitions

Assure



the people of
Wales that public
money is well
managed

Explain



how public
money is being
used to meet
people's needs

Inspire



and empower
the Welsh
public sector to
improve



Fully exploit
our unique
perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent
voice



Increase our
visibility,
influence and
relevance



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

Contents

Introduction	5
Your audit at a glance	6
Detailed report	
Financial statements' materiality	7
Ethical compliance	8
Proposed audit opinion	9
Issues arising during the audit	10
Recommendations	12
Appendices	
Appendix 1 –Proposed audit report	13
Appendix 2 – Letter of representation	17
Appendix 3 – Summary of corrections made	20
Appendix 4 - Recommendations	22
Audit quality	31
Supporting you	32

Introduction

I have now largely completed my audit in line with my Detailed Audit Plan 2024 dated July 2024.

This Audit of Accounts Report summarises the main findings from my audit of your 2023-24 Annual Report and Accounts. My team have already discussed these issues with the Director of Governance and Finance.

I am very grateful to your officers for their support in undertaking this audit.



Adrian Crompton

Auditor General for
Wales

Your audit at a glance



Audit opinions

We are proposing to give an unqualified opinion on the accounts.

We have nothing to report under the other sections of my report, ie those relating to going concern; other information; other matters; or matters I report by exception.



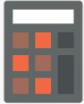
Significant issues

There is one uncorrected misstatement within the accounts of £55,559.

We identified one significant issue:

- Corroborating audit evidence not always sufficient

Financial statements' materiality



Materiality £143,000

My aim is to identify and correct material misstatements, ie those that might otherwise cause the user of the accounts to be misled.

Materiality is calculated using:

- 2023-24 gross expenditure of £7.17 million
- Materiality percentage of 2%

I apply the materiality percentage to gross expenditure to calculate materiality.

I will report to you any misstatements above £7,000, calculated as 5% of materiality (called the 'trivial level').



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts. We set lower materiality levels for these as follows:

- Remuneration report – remuneration £5,000 banding, pension disclosures £1,000
- Related party disclosures – personal interests £1,000

Ethical compliance



Compliance with ethical standards

We believe that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves;
- our objectivity has not been comprised; and
- we have no relationships that could undermine our independence or objectivity.

Proposed audit opinion



Audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 1**.



Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is specified as being necessary by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 2**.

Issues arising during the audit



Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

We set out below a misstatement we identified in the accounts, which has been discussed with management but remains uncorrected.

Our sample testing identified an accrual for £55,559 which related to the provision of a service in 2024-25, and hence should not have been classed as 2023-24 expenditure. We extended our sample testing of accruals with specific focus on expenditure cut-off and identified no further errors. We are satisfied the remaining population of accruals does not contain material misstatement.

Management have decided to not correct the accounts for this error. The value is not material. This reason for non-correction has been included within the Letter of Representation at **Appendix 2**.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. These are set out in **Appendix 3**.

We also recommended additions, amendments and deletions to disclosures within the accounts to ensure completeness, clarity, accuracy and consistency throughout, and to comply with best practice as set out in the FReM. We have not identified all these separately, as not regarded as material to the financial statements, but have included the more significant amendments in **Appendix 3**.



Other significant issues

In the addition to misstatements identified during the audit we also report other significant issues to you.

The following significant issue was identified during the audit.

Exhibit 1: significant issues arising from the audit

Corroborating audit evidence not always sufficient

Our audit identified that corroborating evidence to support narrative and financial information within the Annual Report and Accounts was not always sufficient.

For example, working papers did not reconcile to the figure being queried, lack of third-party evidence provided in support of expenditure, and no evidence of quality review of information provided.

A similar recommendation arose from our 2022-23 audit.

Also, we experienced delays in the receipt of working papers/audit evidence that should have been readily available on request, earlier in the audit cycle, for example, declarations of interest, payslips and contracts of employment for senior officers and members, exit payments documentation, support for intangible assets.

We accept that 2023-24 was a steep learning curve for officers as Llais became fully operational and new staff in post have been helpful in responding to our audit requests on a timely basis during the final audit.

Inevitably, the above resulted in audit inefficiencies and additional audit fees incurred.

We have made a detailed recommendation at **Appendix 4** for management to address in 2024-25.

Recommendations

We have made recommendations during the course of the audit, which are set out in **Appendix 4** along with management's responses to the recommendations.

We will monitor progress against the recommendations during next year's audit. Where any recommendations are not fully implemented, we will report to you as part of next year's Audit of Accounts Report.

Appendix 1

Proposed audit report

The Certificate and report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of the Citizen Voice Body for Health and Social Care, Wales (known as Llais) for the year ended 31 March 2024 under the Health and Social Care (Quality and Engagement) (Wales) Act 2020.

The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Taxpayer's and related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the state of Llais' affairs as at 31 March 2024 and of its net expenditure, for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Health and Social Care (Quality and Engagement) (Wales) Act 2020.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

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 certificate.

My staff and I are independent of the body 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 opinions.

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 Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for Llais is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises the information included in the annual report other than the financial statements and parts of the remuneration report that are audited and my auditor's report thereon. The Accounting Officer is responsible for the other information in 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.

Opinion on other matters

In my opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Health and Social Care (Quality and Engagement) (Wales) Act 2020.

In my opinion, based on the work undertaken in the course of my audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Welsh Ministers' directions made under the Health and Social Care (Quality and Engagement) (Wales) Act 2020; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the body and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit.
- proper accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed;

- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and financial statements as a whole are fair, balanced and understandable;
- ensuring the regularity of financial transactions;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing Llais' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Llais will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Care (Quality and Engagement) (Wales) Act 2020.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, Llais' head of internal audit, and those charged with governance, including obtaining and reviewing supporting documentation relating to Llais' 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: posting of unusual journals and management override of controls;
- Obtaining an understanding of Llais' framework of authority as well as other legal and regulatory frameworks that the Llais 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 Llais; and

- Obtaining an understanding of related party relationships.

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, the Audit and Risk Assurance Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; 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 members 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 Llais' 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.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Adrian Crompton
Auditor General for Wales
[Date]

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Appendix 2

Letter of representation

Auditor General for Wales
Audit Wales
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

[Date]

Representations regarding the 2023-24 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of the Citizen Voice Body for Health and Social Care, Wales (known as Llais) for the year ended 31 March 2024 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

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

As Chief Executive and Accounting Officer I have fulfilled my responsibility for:

- preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
 - observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
 - prepare them on a going concern basis on the presumption that the services of Llais will continue in operation;
- ensuring the regularity of any expenditure and other transactions incurred; and
- the design, implementation and maintenance of internal control to prevent and detect 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 Llais 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; and
- our knowledge of all possible and actual instances of irregular transactions.

Financial statement representations

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

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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 uncorrected misstatement of £55,559 identified that remains uncorrected within the accounts. We agree with managements' decision to not adjust on the grounds of immateriality.

Representations by the Board

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 Board on XXXXXX.

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:

Alyson Thomas
Chief Executive

Date:

Signed by:

Medwin Hughes
Chair of Llais Board

Date:

Appendix 3

Summary of corrections made

During our audit, we identified the following misstatement that has been corrected by management, but which we consider should be drawn to your attention.

Exhibit 2: details of correction made

Value of correction	Nature of correction	Reason for correction
£8,000	Reduction in rental under operating leases (Note 3) impacting total other operating expenditure (SOCNE).	To correct double counting of the interest payable on the ROU asset. An amendment to the cash flow statement was also required to remove the interest from operating activities into financing activities section.

During our audit, we recommended additions, amendments and deletions to disclosures within the accounts to ensure completeness, clarity, accuracy and consistency throughout, and to comply with best practice as set out in the FReM. We have not identified all of these the separately, as not regarded as material to the financial statements, but have included the more significant amendments in **Exhibit 3**.

Exhibit 3: summary of disclosure amendments made

Disclosure Note	Nature of amendment
Performance and Accountability Reports	Various narrative and clarification points made, including: <ul style="list-style-type: none">- clarification of the finance review section;- insertion of staff turnover percentage disclosures; and- insertion of statement confirming no compensation for loss of office incurred during the year.

Disclosure Note	Nature of amendment
Remuneration report	<p>Various narrative and clarification points made, including:</p> <ul style="list-style-type: none"> - making it clear what sections of the remuneration report are subject to audit; - 2022-23 comparatives added where applicable; - disclosure of appointment dates and full year equivalent salaries for the two strategic directors; - full year equivalent salary for the Chair; - amendment to disclosure the correct pay band for one director; and - insertion of table summarising the cost of exit packages incurred.
Note 1.14	Insertion of an accounting policy for accounting standards issued but not yet adopted.
Note 4	Insertion of further disclosures required to comply with IFRS16 Leases, relating to maturity analysis of lease liabilities, and amounts recognised within the SOCNE and Statement of cash flows.
Note 5	Transfer in of property plant and equipment to be shown gross (ie cost and accumulated depreciation) as at 1 April 2023.
Note 11	Insertion of a financial instruments note.
Various disclosure notes	A number of narrative and disclosure amendments, not identified separately in this table, as not regarded as material to the financial statements.

Appendix 4

Recommendations

We set out below recommendations from our audit along with your management's response to them.

Exhibit 4: matter arising 1

Matter arising 1 – Improvements are required to audit evidence provided to corroborate the information contained within the Annual Report and Accounts	
Findings	<p>Our audit identified that corroborating evidence to support narrative and financial information within the Annual Report and Accounts was not always sufficient.</p> <p>For example, working papers did not reconcile to the figure being queried, lack of third-party evidence provided in support of expenditure, and no evidence of quality review of information provided.</p> <p>A similar recommendation arose from our 2022-23 audit.</p> <p>We accept that 2023-24 was a steep learning curve for officers as Llais became fully operational and new staff in post have been helpful in responding to our audit requests on a timely basis during the final audit.</p>
Priority	High
Recommendation	<p>Using our experience from this year, we will revise the list of working papers required to be provided for each audit phase in 2024-25.</p> <p>Llais officers will need to ensure appropriate working papers and corroborating evidence is provided in support before we commence our audit work.</p> <p>Evidence will need to be reconciled to the figures in the financial statements and notes, and be third-party in nature where appropriate.</p> <p>We propose that the Annual Report and Accounts and working papers are quality reviewed by a senior officer prior to submission for audit.</p> <p>These recommendations also apply to audit evidence provided in response to audit sample testing and ad hoc queries as the audit progresses.</p>

Matter arising 1 – Improvements are required to audit evidence provided to corroborate the information contained within the Annual Report and Accounts

Benefits of implementing the recommendation	Implementation will improve the quality of the evidence provided for audit purposes which will in turn increase the efficiency of audit procedures and lessen the audit burden on officers.
Accepted in full by management	Yes
Management response	A lessons learned exercise will be carried out post finalisation of audit. The Director of Governance and Finance will lead this, which will incorporate the recommendations above.
Implementation date	31 March 2025

Exhibit 5: matter arising 2

Matter arising 2 – management should strengthen year end closedown procedures to incorporate a review of significant expenditure pre/post year end to ensure it has been classified within the correct financial year.

Findings	<p>Our sample testing identified an accrual for £55,559 which related to the provision of a service in 2024-25, and hence should not have been classed as 2023-24 expenditure.</p> <p>This remains an unadjusted misstatement within the 2023-24 account, as reported above.</p> <p>The value of the error resulted in a significant further testing (original sample of 3, plus extended sample of 7) of year end accruals with a focus on expenditure cut-off to be satisfied that the remaining untested population of accruals contained no material misstatement.</p>
Priority	High

Matter arising 2 – management should strengthen year end closedown procedures to incorporate a review of significant expenditure pre/post year end to ensure it has been classified within the correct financial year.

Recommendation	We recommend that year end closedown procedures include a review of significant expenditure pre/post year end to ensure it has been classified within the correct financial year. This will reduce the risk of material misstatement within the accounts.
Benefits of implementing the recommendation	To ensure expenditure is classified within the correct financial year and is compliant with financial reporting standards. To ensure in year financial performance is materially correct.
Accepted in full by management	Yes
Management response	Agreed. A lessons learned exercise will be carried out post finalisation of audit. This will include a review of documents, information flow and planning for an audit, to ensure improvements are incorporated in next year's audit.
Implementation date	31 March 2025

Exhibit 6: matter arising 3

Matter arising 3 – management should review the property leases transferred into Llais for ongoing suitability and review the basis for estimating future dilapidations liabilities

Findings	<ol style="list-style-type: none"> Llais inherited a portfolio of property leases from Powys tHB, some of which have expired and are continuing a rolling basis. From an accounting perspective, these expired leases do not fall
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Matter arising 3 – management should review the property leases transferred into Llais for ongoing suitability and review the basis for estimating future dilapidations liabilities

	<p>under the scope of IFRS16 Leases and hence the right of use is not included within the accounts. In addition, there is a question as to whether these leases are cost effective.</p> <p>2. We identified that the dilapidations provision has been based on a rate per square meter as advised by the valuer for NHS Wales Shared Services Partnership, on transfer of the property leases from Powys tHB.</p> <p>We concluded this was a reasonable estimate of the provision required for 2023-24. However, the realisation of dilapidation costs in 2024-25 with the vacation of premises may indicate a more appropriate estimation basis for existing liabilities.</p>
<p>Priority</p>	<p>Medium</p>
<p>Recommendation</p>	<p>1. We recommend Llais undertake a review of their property leases for ongoing suitability and cost effectiveness. Any new leases will be accounted for in accordance with IFRS 16.</p> <p>2. We recommend that the costs of dilapidations work in 2024-25 is compared to the rate per square meter estimate applied to other leases to determine the most appropriate basis for estimation of future liabilities to be included within provisions, and to review on an annual basis thereafter.</p>
<p>Benefits of implementing the recommendation</p>	<p>1. To ensure the appropriateness of Llais property leases and ongoing costs.</p> <p>2. To ensure an appropriate method for estimating future dilapidations liabilities and recognition of those costs within the accounts.</p>
<p>Accepted in full by management</p>	<p>Yes</p>

Matter arising 3 – management should review the property leases transferred into Llais for ongoing suitability and review the basis for estimating future dilapidations liabilities

Management response	<p>Agreed.</p> <p>Llais inherited properties on establishment and a conscious decision was made not to renew some of the existing leases as they were not deemed fit for purpose or affordable considering the funding challenges in the public sector.</p> <p>During 2023/24, Llais commenced their review of the Estates strategy, which can be evidenced through formal engagement with the Board. This review led to a risk-based approach to renegotiating certain leases and/or relocating offices.</p> <p>This strategy has been delivered throughout 2024/25 and will continue into 2025/26.</p>
Implementation date	Ongoing

Exhibit 7: matter arising 4

Matter arising 4 – Management should consider eliminating manual adjustments when mapping costs from the trial balance to the accounts and notes

Findings	<p>The financial ledger incorporates a hierarchy of account codes from which the trial balance is produced. We identified manual adjustments which reclassified transactions for the preparation of the accounts and notes.</p> <p>Best practice is to input all adjustments through the general ledger.</p> <p>In turn, this will permit more efficient use of our data analytics application given we independently source ledger data from NHS Wales Share Services Partnership (who host Llais' general ledger).</p>
Priority	Medium

Matter arising 4 – Management should consider eliminating manual adjustments when mapping costs from the trial balance to the accounts and notes

<p>Recommendation</p>	<p>Management should consider eliminating manual adjustments to reclassify transactions and use system journals if required.</p> <p>We also request as part of 2024-25 working papers, a reconciliation is provided to support figures in the accounts that are not directly traceable to the trial balance/general ledger.</p>
<p>Benefits of implementing the recommendation</p>	<p>To accord with best practice and to improve the efficiency of audit procedures.</p>
<p>Accepted in full by management</p>	<p>Yes</p>
<p>Management response</p>	<p>Agreed</p> <p>The financial accounting system used by Llais is Oracle, which is hosted by NWSSP. The current system set up is restricted to and driven by the needs of health boards.</p> <p>Since the recruitment of a new Director of Governance and Finance at Llais, discussions are being held with NWSSP to drive improvements to processes and reporting, including coding structures which can align to Llais business needs. It is anticipated that this will remove the current requirement for manual adjustments.</p>
<p>Implementation date</p>	<p>31 March 2025</p>

Exhibit 8: matter arising 5

Matter arising 5 – Llais should consider strengthening governance and IT administration arrangements	
Findings	<p>Our IT auditor could not identify whether there is a Service Level Agreement (SLA) in place with NWSSP enablement team for the system administration duties it carries out on behalf of Llais for both Oracle FMS and Oracle ESR.</p> <p>It is not clear where the responsibilities for managing the access to the material financial applications lies.</p> <p>We also identified there is no regular review of users with access to both systems to deem whether their continued access and levels of access are appropriate.</p>
Priority	Medium
Recommendation	<p>Recommend a signed SLA is put in place which clearly sets out responsibilities of both organisations with regards systems administration.</p> <p>A quarterly review of access rights and privileges is undertaken for Oracle FMS and Oracle ESR users.</p>
Benefits of implementing the recommendation	To ensure responsibilities and arrangements are clear and limit the risk of unauthorised access to/use of the systems.
Accepted in full by management	Yes
Management response	<p>Agreed.</p> <p>The NWSSP Service Level Agreement was signed by Llais on 14 November 2024 and signed by NWSSP on 15 November 2024.</p> <p>Relationships are developing with Shared Services, since the recruitment of the Strategic Director of Corporate Services and the Director of Governance and Finance to aid improvements to managing access, licences etc.</p>

Matter arising 5 – Llais should consider strengthening governance and IT administration arrangements

	Audit recommendations will be incorporated within reviews by the finance team in liaison with the IT team.
Implementation date	November 2024

Exhibit 9: matter arising 6

Matter arising 6 – Procedures for the declaration of interests of members and senior employees require further improvement

Findings	<p>In 2022-23 we recommended that:</p> <ul style="list-style-type: none"> - the declaration of interest forms are updated to include consideration/disclosure of positions held by spouse/family members that may have an influence on the operations of Llais; and - that the exercise to collate declarations of interest is undertaken annually around year end, or at the very least positive, written affirmation is received from each member/senior employee that the register of interests is correct as at 31 March. <p>In 2023-24 we recognise the progress by management towards implementation of these recommendations, though there is room for further improvement.</p>
Priority	Low
Recommendation	<p>We recommend:</p> <ul style="list-style-type: none"> - management provide further guidance to members and officers as to what interests require disclosure and what significant control means in this context for proper completion of the form; and

Matter arising 6 – Procedures for the declaration of interests of members and senior employees require further improvement

	<ul style="list-style-type: none"> - management remind members and officers of the importance of signed and dated declarations annually at 31 March.
Benefits of implementing the recommendation	Improved procedures will reduce the risk of an unidentified/undisclosed conflict of interest and also result in the monitoring of these interests more efficient.
Accepted in full by management	Yes
Management response	<p>Developments were made to the process at the end of 2023/2024. A new form was introduced, and all board member declarations were updated.</p> <p>Further work will be undertaken to refine the approach during 2024/2025 with additional guidance produced for board members and staff. This will include the specific requirement of updating and confirmation of the position of individual declarations as at the 31 March each year.</p>
Implementation date	31 March 2025

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- Learning and development
- Leadership
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