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Date: 3 April 2025

Dear Stacey,

Audit enquiries to management and those charged with governance

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter and the enclosed tables formally seek the documented consideration and understanding on a number of governance areas, which impact on our audit of the financial statements.

There is a section for management; a section for 'those charged with governance' (the Committee); and a section with background information.

The responses will inform our understanding of the Committee and its business processes; and support our work in providing an audit opinion on your 2024-25 financial statements.

The completed tables should be formally considered and communicated to us, on behalf of both management and those charged with governance, by 22 May 2025.

Yours sincerely,



Mark Jones
Audit Manager

Enquiries of management

General enquiries (including financial reporting) of management	
Question	Response
1. Are there significant matters and/or events that have occurred since 1 st April 2024 that could influence our audit approach or the NHS Wales Joint Commissioning Committee's financial statements?	<p>The risk of material misstatement due to fraud is considered very low for the NHS Wales Joint Commissioning Committee (NWJCC) given the commissioning nature of the organisation's activities. The vast majority of the NWJCC's expenditure is via contracts for services commissioned within the NHS and therefore subject to common NHS systems of internal control. The NWJCC has a set of Standing Financial Instructions, Scheme of Delegation and financial control procedures, which are known to and understood by the relevant employees and Officers.</p> <p>There were no significant matters and/or events that have occurred since 1 April 2024 that have impacted on the NWJCC's financial statements.</p>
2. What are your general views on the NHS Wales Joint Commissioning Committee's risk assessment process relating to financial reporting?	<p>The NWJCC has a strong risk assessment process with a good track record of producing high quality and accurate financial reports which are in full compliance with the reporting requirements of Welsh Government and Health Boards.</p>

General enquiries (including financial reporting) of management

Question	Response
3. Are you aware of significant transactions that are outside the normal trading activities of the NHS Wales Joint Commissioning Committee's business?	None to our knowledge
4. Have you consulted with any professional advisors (e.g. solicitors, consultants etc) during 2024-25? If so, please provide details of the consulted on and whether it may impact the preparation of the 2024-25 financial statements?	Blake Morgan solicitors were commissioned to act on CTMUHB (as hosted body for the NWJCC) in relation a judicial review matter concerning a decision made by the Joint Committee on the Emergency Medical Retrieval and Transfer Service (EMRTS). The cost of this will not impact on the preparation of the 2024-25 financial statements.
5. Are you aware of any transactions, events and conditions (or changes in these) that may or have given rise to recognition or disclosure of new significant accounting estimates in respect of 2024-25 that require significant judgement? If so, how have the accounting estimates been made, what is the nature of the data used and what degree of estimate uncertainty is inherent in the estimate?	The reporting deadlines for English providers and non-contract activities mean that estimates are required at the year-end. The activity profiles post pandemic continue to be inconsistent which makes projections subject to judgement.

General enquiries (including financial reporting) of management

Question	Response
6. Have there been any issues that may impact the preparation of the 2024-25 financial statements?	The Director of Finance and Value also undertook the role of interim Chief Commissioner during Q4 which presented a challenge for the team but the accounts were produced on time and the team were prepared for such an eventuality.
7. How do you ensure the compliance and completeness of narrative on critical accounting policies and judgements?	<p>The NWJCC ensures compliance and completeness of narrative on critical accounting policies and judgments through several key mechanisms:</p> <ul style="list-style-type: none">• Annual Report and Accounts - the NWJCC are required to produce an annual report and accounts, which must be fair, balanced, and understandable. This document includes an external audit opinion and is approved and signed by the CTMUHB Board, and the Chief Commissioner as the Accountable Officer (AO) for the NWJCC takes personal responsibility for its accuracy• External Audit - the NWJCC undergo an external audit to ensure that the NWJCC's financial statements and narratives comply with statutory requirements and accounting standards. These audits provide an independent assessment of the accuracy and completeness of the financial reports• Internal Controls and Governance – the NWJCC implement robust internal controls and governance frameworks to ensure accurate financial reporting. This includes regular reviews and updates of accounting policies and judgments to reflect changes in regulations and best practices.

General enquiries (including financial reporting) of management

Question	Response
8. Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the NHS Wales Joint Commissioning Committee's ability to continue as a going concern?	<p>There are no known going concern issues for the NWJCC. Following a Ministerial review the functions of WHSSC, EASC and the NCCU transitioned into the new NWJCC from 1 April 2024. A transition plan was agreed and the new financial governance framework (SFI's) were agreed by the 7 x HBs in March 2024 and the by the Joint Committee on 9 April 2024.</p> <p>The NWJCC has an agreed signed Annual Foundation Plan the 2025/26 financial year hence there are no issues for 2024/25 to report. The indications are positive for the role of the NWJCC.</p>
9. Are there any issues around the use of service organisations or common functions, including uncorrected misstatements from service organisations? This would include the NHS Wales Shared Services Partnership.	<p>No known issues related to either the NWJCC host or the NHS Wales Shared Services Partnership (NWSSP) – both of which continue to support THE NWJCC's activities.</p>
10. Have there been any new contingencies arising in respect of 2024-25 that require disclosure? Please provide information about	<p>No</p>

General enquiries (including financial reporting) of management

Question	Response
these new contingencies and the status of any disclosed contingencies from the prior year	
11. Are you aware of any guarantee contracts, warranties or indemnities that the NHS Wales Joint Commissioning Committee has entered into? Please provide details.	No
12. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? Please provide details.	No

Enquiries of management - in relation to fraud

Question	Response
13. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?	<p>The risk of material misstatement due to fraud is considered very low for the NWJCC given the commissioning nature of the organisation's activities. The vast majority of the NWJCC's expenditure is via contracts for services commissioned within the NHS and therefore subject to common NHS systems of internal control. The NWJCC has a set of Standing Financial Instructions, a Scheme of Delegation and financial control procedures, which all of the relevant employees and Officers are aware of and understand.</p> <p>NWJCC staff are aware of their obligations to report any suspected fraud to the LCFS. No evidence of any fraud has been found.</p>
14. Do you have knowledge of any actual, suspected or alleged fraud affecting the NHS Wales Joint Commissioning Committee?	<p>NWJCC staff are aware of their obligations to report any suspected fraud to the LCFS. No evidence of any fraud has been found.</p>
15. What is management's process for identifying and responding to the risks of fraud in the NHS Wales Joint Commissioning Committee, including any specific risks of fraud that management has identified or that have been brought to its attention?	<p>The NWJCC complies with the reporting procedures of the host body, Cwm Taf Morgannwg UHB (CTMUHB). This includes reporting any incidents of fraud to the LCFS for investigation and via LCFS to the CTMUHB Audit & Risk Committee, the chair of which would escalate any serious incidents of fraud to the Joint Committee and to the Audit & Risk Committee as required.</p>

Enquiries of management - in relation to fraud

Question	Response
16. What classes of transactions, account balances and disclosures, within the financial statements, have you identified as most at risk of fraud?	The vast majority of the NWJCC's financial activity is directly with NHS providers which inherently has a low risk of fraudulent transactions. The area technically most at risk of fraud are the transactions directly with the independent sector for patient placements and homecare packages. Both of these areas were previously been assessed by the counter fraud service under the predecessor organisations and no concerns were identified. The processes around patient placement are naturally very robust requiring prior approval and placement with approved providers which limits the technical fraud risk.
17. Are you aware of any whistleblowing or complaints by potential whistleblowers? If so, what has been the NHS Wales Joint Commissioning Committee's response?	As a hosted organisation under CTMUHB the NWJCC adhere to the CTMUHB whistleblowing policy. There were no incidents of whistleblowing reported or complaints by potential whistle-blowers made during the reporting period.
18. What is management's communication to those charged with governance (the Committee) regarding their processes for identifying and responding to risks of fraud?	The NWJCC complies with the reporting procedures of the host body, CTMUHB. This includes reporting any incidents of fraud to LCFS for investigation and via LCFS to the CTMUHB Audit & Risk Committee, the chair of which would escalate any serious incidents of fraud to the Joint Committee and to the Audit & Risk Committee as required.

Enquiries of management - in relation to fraud

Question	Response
19. What is management's communication to employees regarding their views on business practices and ethical behaviour?	All staff are required to adhere to the NHS Wales / CTMUHB Standards of Behaviour Policy (incorporating Declarations of Interest (DoI), Gifts, Hospitality and Sponsorship) which is accessible on the intranet and shared drive. In accordance with the Standing Orders (SO's) the Committee Secretary maintains a system for the declaration, recording and handling of NWJCC officers' interests in accordance with the Values and Standards of Behaviour Framework. The DOI register is reviewed annually and Joint Committee members and NWJCC officers Band 7 (and above) are required to confirm the accuracy and completeness of the register relating to their own interests.
20. Where the NHS Wales Joint Commissioning Committee provides services to other organisations, have you reported any fraud or potential fraud to any affected parties?	No incidents of fraud or potential fraud were identified during the reporting period.

Enquiries of those charged with governance - in relation to the control environment and IT systems

Question	Response
<p>21. What are your views on the NHS Wales Joint Commissioning Committee's control environment? How would you assess the process for reviewing the effectiveness of internal control?</p>	<p>The Joint Committee supported by its sub-committees exercises oversight of the NWJCC's management's processes and systems of internal control.</p> <p>The NWJCC is hosted by CTMUHB and there are two different sets of Accountable Officer (AO) responsibilities governing CTMUHB and the NWJCC. The Chief Commissioner as AO for the NWJCC is responsible for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the AO Memorandum issued by Welsh Government. The Memorandum stipulates that the Chief Commissioner has accountability for certain elements of their role, namely the propriety and regularity for public finances as delegated to them through the NWJCC from Local Health Boards. In addition, a separate Interface Agreement sets out the relationship between the Chief Commissioner as AO of the NWJCC and the Chief Executive and Accountable Officer of Cwm Taf Morgannwg University LHB.</p> <p>The NWJCC has produced an Accountability Report for the period 2024-2025 following advice received from Audit Wales stipulating that a two part Accountability Report (Annual Governance Statement) is required from CTMUHB to provide assurance and each part will be signed off by the respective AOs. Part 1 relates to CTMUHB and Part 2 relates to the NWJCC and provides assurance on the work of the NWJCC during 2024-2025.</p>

Enquiries of those charged with governance - in relation to the control environment and IT systems

Question	Response
	<p>The Accountability report outlines how the NWJCC has monitored and evaluated the effectiveness of its governance arrangements and brings together in one place all disclosures relating to governance, risk and systems of internal control.</p>
<p>22. If internal control deficiencies were reported in the prior year for the predecessor WHSSC and EASC Committees, please comment on the status of these under the successor NHS Wales Joint Commissioning Committee.</p>	<p>No internal control deficiencies were reported in the prior year for the predecessor WHSSC and EASC Joint Committees.</p>
<p>23. Have there been any changes to significant IT systems or applications in the period?</p>	<p>As a hosted body under CTMUHB, they provide all of the IT systems for the NWJCC. There have not been any changes to significant IT systems or applications in during the reporting period.</p>

Enquiries of management – in relation to laws and regulations

Question	Response
24. What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?	The NWJCC complies with the policies and procedures of the host body, CTMUHB, to identify applicable legal and regulatory requirements to ensure compliance. The NWJCC does have service specification policies for commissioned services which are monitored through the NWJCC policy group which provides assurance to the Joint Committee.
25. Have there been any new applicable legal and regulatory requirements introduced since 1 st April 2024?	The National Health Service Joint Commissioning Committee (Wales) Directions 2024 came into force in February 2024. The directions allow for the functions and membership of the NHS Wales Joint Commissioning Committee to be established from 1 April 2024.
26. Are you aware of any instances of non-compliance with laws or regulations? Has the NHS Wales Joint Commissioning Committee received any notice of any such known of possible instances of non-compliance?	The NWJCC are not aware of any instances of non-compliance with laws or regulations during the reporting period and have not received any notice of any such known possible instances of non-compliance.

Enquiries of management – in relation to laws and regulations

Question	Response
27. What policies and procedures are in place for identifying, evaluating and accounting for litigation claims and assessments?	The NWJCC complies with the policies and procedures of the host body, CTMUHB, for identifying, evaluating and accounting for litigation claims and assessments. The NWJCC has its own SFI's which also outline the financial governance framework to follow aligned to the CTMUHB Financial Control Procedures.
28. Have there been any examinations or inquiries performed by licensing, tax, or other authorities/regulators?	There were no examinations or inquiries performed by licensing, tax, or other authorities/regulators during the reporting period.
29. Has there been any significant communications with regulators?	There have not been any significant communications with regulators during the reporting period.
30. Where the NHS Wales Joint Commissioning Committee provides services to other organisations, have you reported any non-compliance with laws and regulations?	There were no reports of any non-compliance with laws and regulations during the reporting period.

Enquiries of management – in relation to regularity

Question	Response
31. What is your assessment of the risk of material irregularity, in respect of the 2024-25 financial statements?	Very low given the nature of the NWJCC's core business and transactions.
32. What is the process for responding to the risk of irregularity?	Any suspected issues would be escalated to the Director of Finance and Value and to the Committee Secretary for investigation and reported to the CTMUHB Audit & Risk Committee for hosted bodies appropriately.
33. What is your knowledge of actual, suspected, or alleged irregularity?	There were no instances of actual or suspected irregularity during the reporting period.
34. Where service organisations are used by the NHS Wales Joint Commissioning Committee, have any irregularities been reported to the Committee?	There is no knowledge of irregularities in the NWJCC's service organisations during the reporting period.

Enquiries of management in relation to related parties

Question	Response
35. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships?	The changes to the related parties are fully disclosed in the annual accounts.
36. What transactions have been entered into with related parties during the period? What is the purpose of these transactions?	Any transactions entered into with related parties are fully disclosed in the annual accounts.
37. What controls are in place to identify, account for and disclose related parties?	A fully comprehensive Declaration of Interest form is completed and returned by each Joint Committee member annually. This declaration is also returned if there are any changes in interests throughout the year and a leaver's form is issued for departing members. The completed forms for Joint Committee members are cross referenced with Health Board registers and with the Companies House register for assurance. In addition, any Joint Committee member may declare any change in their interests at the Joint Committee meetings. A central Register of Interests is maintained, copies of this central register together with the signed declarations are made available to Finance in order that all related party financial transactions are identified and incorporated in the Annual Accounts. These

financial transactions are then subject to Audit Wales and Audit and Risk Committee scrutiny.

The NWJCC commissions a large proportion of its services on a recurrent basis, mainly from NHS providers. Any additional services are commissioned on an arm's length basis.

All NWJCC employees (band 7 and above) are required to declare any interests annually.

38. What controls are in place to authorise and approve significant transactions and arrangements:

- with related parties; and
- outside the normal course of business?

The CTMUHB Audit & Risk Committee (ARC) on behalf of the Joint Committee considers related party disclosures as an integral element of its scrutiny of the Accountability Report (Annual Governance Statement (AGS)) and the annual accounts and underpinning processes and is assured through Standing Financial Instructions (SFIs) and underpinning Financial Procedures that there are effective internal controls.

There are no known related party transactions outside of normal commissioner/provider business.

Enquiries of those charged with governance

Enquiries of those charged with governance	
Question	Response
39. Do you have any knowledge of actual, suspected, or alleged fraud affecting the entity?	The NWJCC has no knowledge of actual, suspected, or alleged fraud during the reporting period.
40. What is your assessment of the risk of fraud within the entity, including those risks that are specific to the NHS Wales Joint Commissioning Committee's business sector?	The risk of material misstatement due to fraud is considered very low for the NWJCC given the commissioning nature of the organisation's activities. The vast majority of the NWJCC's expenditure is via contracts for services commissioned within the NHS and therefore subject to common NHS systems of internal control. The NWJCC has a set of Standing Financial Instructions, a Scheme of Delegation and financial control procedures, which are known to and understood by the relevant employees and Officers.
41. How do you exercise oversight of: <ul style="list-style-type: none"> Management's processes for identifying and responding to the risk of fraud in the 	The NWJCC complies with the reporting procedures of the host body, Cwm Taf Morgannwg UHB. This includes reporting any incidents of fraud to LCFS for investigation and via LCFS to the CTMUHB Audit & Risk

Enquiries of those charged with governance

Question	Response
<p>NHS Wales Joint Commissioning Committee; and</p> <ul style="list-style-type: none">• The controls to manage these risks?	<p>Committee, the chair of which would escalate any serious incidents of fraud to the Joint Committee.</p>
<p>42. What is the process for identifying and responding to the risks of fraud?</p>	<p>The NWJCC complies with the reporting procedures of the host body, CTMUHB. This includes reporting any incidents of fraud to LCFS for investigation and via LCFS to the CTMUHB Audit & Risk Committee, the chair of which would escalate any serious incidents of fraud to the Joint Committee and to the Audit & Risk Committee as required.</p>
<p>43. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the NHS Wales Joint Commissioning Committee?</p>	<p>The NWJCC are not aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the organisation.</p>
<p>44. Are you aware of any actual, suspected or alleged irregularity affecting the NHS Wales Joint Commissioning Committee?</p>	<p>The NWJCC are not aware of any actual, suspected or alleged irregularity affecting the organisation.</p>

Enquiries of those charged with governance

Question	Response
45. Are there any matters which those charged with governance consider require particular attention during the audit?	There are no matters which those charged with governance consider require particular attention during the audit.
46. Are there any other matters which those charged with governance consider may influence the audit of the financial statements?	There are no matters which those charged with governance consider may influence the audit of the financial statements.
47. Are those charged with governance aware of any significant communications with regulators?	Those charged with governance are not aware of any significant communications with regulators.
48. What arrangements are in place to oversee the effectiveness of internal control?	<p>The Joint Committee supported by its sub-committees exercises oversight of the NWJCC's management's processes and systems of internal control.</p> <p>The NWJCC is hosted by CTMUHB and there are two different sets of Accountable Officer (AO) responsibilities governing CTMUHB and the NWJCC. The Chief Commissioner as AO for the NWJCC is responsible for</p>

Enquiries of those charged with governance

Question	Response
	<p>the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the AO Memorandum issued by Welsh Government. The Memorandum stipulates that the Chief Commissioner has accountability for certain elements of their role, namely the propriety and regularity for public finances as delegated to them through the NWJCC from Local Health Boards. In addition, a separate Interface Agreement sets out the relationship between the Chief Commissioner as AO of the NWJCC and the Chief Executive and Accountable Officer of Cwm Taf Morgannwg University LHB.</p> <p>The NWJCC has produced an Accountability Report for the period 2024-2025 following advice received from Audit Wales stipulating that a two part Accountability Report (Annual Governance Statement) is required from CTMUHB to provide assurance and each part will be signed off by the respective AOs. Part 1 relates to CTMUHB and Part 2 relates to the NWJCC and provides assurance on the work of the NWJCC during 2024-2025.</p>

Background information

Matters in relation to fraud

International Standard for Auditing (UK) and Ireland) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management, and 'those charged with governance', which for NHS Wales Joint Commissioning Committee is the Committee. Management, with the Committee, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by the Committee.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures, we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- the intentional misappropriation of assets; or
- the intentional manipulation or misstatement of the financial statements.

We also need to understand how the Committee exercises oversight of management's processes. We are also required to make enquiries of both management and the Committee as to their knowledge of any actual, suspected, or alleged fraud and for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, (the Committee), is responsible for ensuring that the Fund's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements; and
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures, we are required to make inquiries of management and the Committee as to whether the Fund is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance, we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Matters in relation to related parties

International Standard for Auditing (UK and Ireland) 550 covers auditors' responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions, and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of NHS Wales Joint Commissioning Committee's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from NHS Wales Joint Commissioning Committee's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Regularity

Regularity is the concept that transactions that are reflected in the financial statements must be in accordance with NHS Wales Joint Commissioning Committee's framework of authorities.

Frameworks of authorities are external frameworks, specific to an audited entity, with which the audited entity's transactions must conform. These frameworks are set up by bodies able to issue and/or enforce the authorities for that entity and might include, for example:

- authorising legislation;
- regulations issued under governing legislation;
- parliamentary authorities; and
- government or related authorities (for example Managing Welsh Public Money, issued by the Welsh Government).

Further information is available in [Practice Note 10](#).

What are we required to do?

The Practice Note includes an overview, from page 56 of the Practice Note, of what we are required to do.