

Annual Audit Report 2022 – Cardiff and Vale University Health Board

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Summary report

About this report

- 1 This report summarises the findings from my 2022 audit work at Cardiff and Vale University Health Board (the Health Board) 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 Health Board, 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 Health Board 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
 - 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 continued to respond to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. Health bodies were not only tackling the immediate challenges presented by the public health emergency but were also seeking to recover and transform services to respond to the significant numbers of people who are waiting for treatment and improve population health. My work programme, therefore, was designed to best assure the people of Wales that public funds are well managed. I have considered the impact of the current crisis on both resilience and the future shape of public services.
- 4 I aimed to ensure my work did not hamper public bodies in tackling the crisis, whilst ensuring it continued to support both scrutiny and learning. 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 safe and 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 As was the case in the previous two years, the delivery of my audit of accounts work has continued mostly remotely. The success in delivering it reflects a great collective effort by both my staff and the Health Board's officers.
- 6 I have adjusted the focus and approach of my performance audit work to ensure its relevance in the context of the crisis and to enable remote working. I have commented on how NHS Wales is tackling the backlog of patients waiting for planned care. My local audit teams have commented on how governance arrangements have adapted to respond to the pandemic, and the impact the crisis has had on service delivery.

- 7 This report is a summary of the issues presented in more detailed reports to the Health Board this year (see **Appendix 1**). I also include a summary of the status of work still underway, but not yet completed.
- 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 2022 Audit Plan.
- 9 **Appendix 3** sets out the audit of accounts risks set out in my 2022 Audit Plan and how they were addressed through the audit.
- 10 The Chief Executive and the Director of Finance have agreed the factual accuracy of this report. We presented it to the Audit and Assurance Committee on 7 February 2023. The Board will receive the report at a later Board meeting and every member will receive a copy. We strongly encourage the Health Board 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 Health Board's staff and members for their help and co-operation throughout my audit.

Key messages

Audit of accounts

- 12 I concluded that the Health Board's 2021-22 accounts¹ were properly prepared and materially accurate and I therefore issued an unqualified true-and-fair opinion on them. My work did not identify any material weaknesses in the Health Board's internal controls (as relevant to my financial audit).
- 13 However, I qualified my regularity opinion because the accounts include an accounting provision (and corresponding expenditure) of £2.193 million, which I deem to be irregular. The amount relates to the Health Board's estimated liability arising from a Ministerial Direction in 2019 to the Permanent Secretary of the Welsh Government. This matter also affected other Welsh health boards.
- 14 I found no other regularity matters of a material adverse nature. In terms of financial performance, the Health Board achieved financial balance for the three-year period ending 31 March 2022, against both its revenue and capital resource limits.
- 15 I reported eight audit issues, together with my audit recommendations, to officers and the Health Board's Audit and Assurance Committee. Officers formally accepted all the recommendations and agreed management actions and dates of

¹ I audit and certify the Health Board's Performance Report, Accountability Report and Financial Statements. 'Accounts' is a generic term.

implementation. I will review the Health Board's progress with the actions as part of my 2022-23 audit.

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

- 16 My programme of Performance Audit work has led me to draw the following conclusions:
- despite the additional investment in waiting-list recovery, the significant growth in the numbers of people waiting is likely to mean that waiting lists will not return to pre-pandemic levels for many years.
 - the Health Board has agreed quality and safety priorities at all levels of the organisation. Corporate and operational structures for quality governance are reasonably effective. However, there are opportunities to strengthen aspects of culture and quality improvement. Further investment is required to enable the Health Board to fully roll out and embed planned quality and safety improvements.
 - the Health Board has increased its strategic focus on the future configuration of its estate, but there is insufficient Board-level visibility of the condition of the existing estate.
 - generally, the Health Board's corporate arrangements support good governance and the efficient, effective, and economical use of resources in most areas. Plans to refresh the Health Board's long-term strategy present opportunities to strengthen these arrangements further by ensuring key structures, processes, and resources are fully aligned to strategic objectives and risks.
- 17 These findings are considered further in the following sections.

Detailed report

Audit of accounts

- 18 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.
- 19 My 2022 Audit Plan set out the key risks for audit of the accounts for 2021-22 and these are detailed along with how they were addressed in **Exhibit 4** in **Appendix 3**.
- 20 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 2021-22 accounts

- 21 I concluded that the Health Board’s accounts were properly prepared and materially accurate (true and fair) and I issued an unqualified audit opinion on them. My work did not identify any material weaknesses in the Health Board’s internal controls (as relevant to my financial audit).
- 22 I reported eight audit issues, together with my audit recommendations, to the officers and the Health Board’s Audit and Assurance Committee. Officers formally accepted all the recommendations and agreed management actions and dates of implementation.
- 23 I must report issues arising from my work to those charged with governance (the Members of Board), for their consideration before I issue my audit opinion on the accounts. My audit team reported these issues to the Board on 14 June 2022. **Exhibit 1** summarises the key issues set out in that report.

Exhibit 1: issues reported to the Board

Issue	Auditors’ comments
Uncorrected misstatements	There is one area of uncorrected misstatements. It relates to the value of the Health Board’s buildings, with their disclosed value as at 31 March 2022 being understated by £10.280 million. Three associated disclosures were also misstated, by amounts of £8.184 million, £2.096 million, and £331,000.

Issue	Auditors' comments
	I judge the four misstatements not to be material to my audit opinions on the 2021-22 accounts.
Corrected misstatements	I reported a number of important corrected misstatements, which mainly relate to accounting classifications and disclosures.
Other significant issues	I reported eight recommendations for improvement, with management's formal responses. The Health Board's Audit and Assurance Committee considered them on 6 September 2022.

- 24 I also undertook a review of the Health Board's Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Health Board's financial position at 31 March 2022 and the return was prepared in accordance with the Treasury's instructions.
- 25 My separate audit of the charitable funds' financial statements is currently ongoing. I am due to report my findings to the Health Board's Board of Trustees on 9 February 2023.

Regularity of financial transactions

- 26 I qualified my regularity opinion because the 2021-22 accounts include an accounting provision (and corresponding expenditure) of £2.193 million, which I deem to be irregular. The amount relates to the Health Board's estimated liability arising from a Ministerial Direction in 2019 to the Permanent Secretary of the Welsh Government. This matter also affected other Welsh health boards.
- 27 The Ministerial Direction covered the need for interim remedial action to address the impact of HM Treasury's changes to the tax arrangements on senior clinicians' pension contributions. I placed an explanatory narrative report alongside my audit report on the accounts.
- 28 The Health Board's financial transactions must be in accordance with authorities that govern them. The Health Board must have the powers to receive the income and incur the expenditure. Our work reviews these powers and tests that there are no material elements of income or expenditure which the Health Board does not have the powers to receive or incur.

- 29 Where a Health Board does not achieve financial balance, its expenditure exceeds its powers to spend and so I must qualify my regularity opinion. **Exhibits 2 and 3** show that the Health Board met both its revenue and capital resource allocations.
- 30 Except for the £2.193 million, I found no material financial transactions that were not in accordance with authorities nor used for the purposes intended. In terms of financial performance, the Health Board achieved financial balance for the three-year period ending 31 March 2022. Since the introduction of the National Health Services Finance (Wales) Act 2014, this outcome is the first time that the Health Board achieved a three-year financial balance, across both revenue and capital resource limits.

Exhibit 2: financial performance against the revenue resource allocation

	2019-20 £'000	2020-21 £'000	2021-22 £'000	Total £'000
Operating expenses	1,025,612	1,205,955	1,213,676	3,445,243
Revenue resource allocation	1,025,670	1,206,045	1,213,908	3,445,623
Under (over) spend against allocation	58	90	232	380

Exhibit 3: financial performance against the capital resource allocation

	2019-20 £'000	2020-21 £'000	2021-22 £'000	Total £'000
Capital charges	58,070	95,343	70,948	224,361
Capital resource allocation	58,159	95,447	70,989	224,595
Under (over) spend against allocation	89	104	41	234

Source: audited 2021-22 accounts

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

- 31 I have a statutory requirement to satisfy myself that the Health Board 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 Health

Board over the last 12 months to help me discharge that responsibility. This work has involved:

- undertaking a high level review of how NHS Wales is tackling the planned care backlog;
- reviewing the effectiveness of the Health Board's quality governance arrangements;
- undertaking a follow-up review of the recommendations made in my 2017 review of the Health Board's arrangements for managing its estates; and
- undertaking a structured assessment of the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically.

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

Tackling the planned care backlog in Wales

33 In May 2022, I published a report that set out the extent of the planned care backlog in NHS Wales, and the key actions the system needs to take to start to tackle the backlog. My report highlighted the continued growth of the overall waiting list numbers month on month, whilst noting the rate of growth was slowing. It also noted that the inevitable drop in referrals seen during the pandemic would likely result in this latent demand eventually coming back into the system. Taking these and other factors into account, my work estimated that it could be as much as seven years before overall waiting list numbers in Wales returned to pre-pandemic levels.

34 The Welsh Government has produced a national recovery plan for planned care with key milestones for health boards to achieve, including an initial focus on those patients facing very long waits. However, those milestones are already proving difficult to achieve.

35 In line with the key actions I set out in my report, the Health Board, along with others in Wales, will need to both build and protect capacity for planned care, and continue to maintain a focus on efficiency and productivity.

36 The Health Board will also need to ensure that it actively manages the clinical risks to patients that are facing long waits for treatment, and enhance its systems for communicating with patients to help them manage their condition whilst they are waiting and inform them of what to do if their condition deteriorates.

Quality governance arrangements

37 My review examined whether the organisation's governance arrangements support delivery of high quality, safe and effective services. The review focused on both the operational and corporate approach to quality governance, organisational culture and behaviours, strategy, structures and processes, information flows and reporting.

- 38 My work found **that the Health Board has agreed quality and safety priorities at all levels of the organisation. Corporate and operational structures for quality governance are reasonably effective. However, there are opportunities to strengthen aspects of culture and quality improvement, and further investment is required to enable the Health Board to fully roll out and embed its planned quality and safety improvements. Arrangements for clinical audit need significant improvement and there is scope to enhance the effectiveness of the Quality, Safety and Experience Committee by ensuring it provides greater oversight of risks related to quality and safety.**
- 39 Although the Health Board has agreed quality and safety priorities at all levels of the organisation, we found they were not sufficiently aligned with each other. We also found that the Health Board's arrangements for monitoring and reporting on their delivery need to be strengthened. There is effective collective responsibility for quality and safety amongst Executive Leadership, and corporate and operational structures and processes for quality and safety are improving.
- 40 There are reasonable corporate and operational arrangements in place for monitoring and managing risk. However, there is scope to ensure the corporate Quality, Safety, and Experience Committee maintains greater oversight of risks overseen by other committees where there is a clear quality and safety impact. Agendas for corporate and operational quality and safety meetings provide a wide coverage of quality and safety issues for discussion. However, the agenda of corporate Quality, Safety, and Experience Committee meetings could be more dynamic to reflect new and emerging quality risks and issues.
- 41 The Health Board produces sufficient information to support scrutiny and assurance at both corporate and clinical board levels. The Health Board's use of quality data is maturing, and its arrangements for monitoring mortality and morbidity are developing. The Health Board has effective arrangements to monitor and track progress with complaints, where it consistently achieves performance targets. Its arrangements for capturing patient experience are reasonably effective. However, arrangements for clinical audit require significant improvement.
- 42 The Health Board has a well-established values and behaviour framework, which is embedded in workforce processes. However, it needs to ensure that staff feel able to raise concerns.

Estates Follow-up Review

- 43 My work considered the Health Board's progress in implementing the recommendations arising from my 2017 review of the Health Board's arrangements for managing its estates. I found **that the Health Board has made reasonable progress against the recommendations made in my 2017 report. The Health Board has increased its strategic focus on the future estate but there is insufficient Board-level visibility of the condition of the existing estate.**

- 44 In 2017, we made seven recommendations. My follow-up review found that the Health Board had implemented two recommendations, two had been superseded, and one was ongoing. No progress had been made against two recommendations. My follow-up review made three recommendations, designed to enable the Health Board to address outstanding issues.
- 45 Specifically, I found the Health Board has commenced work to develop a new estate strategy, which will be linked to the Health Board's refreshed ten-year strategy and capital plan. However, there is little Board level oversight and scrutiny of issues related to the condition of the existing estate.
- 46 The Health Board has implemented structural and process changes to enable more effective estate service delivery, but local and national workforce shortages and pay differentials present significant and immediate risks to maintaining a safe and effective service. In the longer term, this presents potential risks to the Health Board's ability to sustain its existing estate while it delivers on its programme of replacement and redevelopment.

Structured assessment

- 47 My 2022 structured assessment work took place at a time when NHS bodies were not only continuing to tackle the challenges presented by COVID-19 but were also seeking to recover and transform services to respond to the significant numbers of people who are waiting for treatment and improve population health.
- 48 My team focussed on the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically, with a specific focus on the organisation's governance arrangements; strategic planning arrangements; financial management arrangements; and arrangements for managing the workforce, digital assets, the estate, and other physical assets. Auditors also paid attention to progress made to address previous recommendations.

Strategic planning arrangements

- 49 My work considered the Health Board's strategic planning arrangements, with a particular focus on the organisation's:
- vision and strategic objectives;
 - integrated medium-term plan;
 - planning arrangements; and
 - arrangements for implementing and monitoring the delivery of corporate strategies and plans.
- 50 My work found **that the Health Board's approach to planning is generally effective and inclusive, with good Board-level oversight and stakeholder involvement. Refreshing its long-term strategy and producing an approvable IMTP must remain key priorities for the Health Board.**

51 The Health Board has a well-established vision and long-term strategy, underpinned by a clear programme for transforming clinical services. However, it recognises the vision and strategy need to be refreshed to reflect current opportunities, and challenges. The Health Board's planning arrangements are generally effective, with good evidence of stakeholder involvement and engagement in the development of corporate plans and strategies. There is also evidence of good Board-level oversight of the Health Board's planning arrangements. However, the Health Board has been unable to produce a financially balanced and Welsh Government approved Integrated Medium Term Plan (IMTP) for 2022-2025. The Health Board has taken positive steps to improve its arrangements for implementing corporate plans and strategies and monitoring their delivery. This should provide the needed assurances at Board level.

Governance arrangements

52 My work considered the Health Board's governance arrangements, with a particular focus on:

- Board and committee effectiveness;
- the extent to which organisational design supports good governance; and
- key systems of assurance.

53 My work found **that the Health Board is generally well led and well governed with maturing systems of assurance, an appropriate organisational structure, and a stable executive team. Plans to refresh governance structures and align them to revised strategic objectives provide opportunities to further enhance Board and committee effectiveness and systems of assurance.**

54 The Health Board's systems of assurance continue to mature at a corporate level, and work is underway to strengthen arrangements at an operational level. However, there is scope to make greater use of the Board Assurance Framework to shape Board and committee business. Whilst the Board and its committees provide good oversight of the Health Board's performance, reports do not always provide sufficient assurances that appropriate action is being taken to sustain or improve performance.

55 The Health Board has good arrangements in place to conduct Board business effectively and transparently. There is a full Executive Team in place which now appears stable following a period of operating with interim appointments. The organisational structure remains stable and appropriate; however, it will need to be kept under constant review as the Health Board refreshes its long-term strategy, and rolls-out new clinical and workforce models.

Managing financial resources

- 56 My work considered the Health Board's arrangements for managing its financial resources, with a particular focus on the organisation's:
- arrangements for meeting key financial objectives;
 - financial controls; and
 - arrangements for reporting and monitoring financial performance.
- 57 My work found **that there are adequate arrangements in place to support financial planning, management, and control. Whilst finances are well scrutinised, improving its longer-term financial position must remain a key priority.**
- 58 The Health Board achieved its financial duties for 2021-22. However, it failed to produce a financially balanced IMTP for 2022-2025. It also risks not achieving its financial duty to break even at the end of 2022-23 due to the need to manage its underlying deficit and address growing cost pressures.
- 59 The Health Board's arrangements for financial management and control are adequate. It has taken positive steps to enhance public transparency by ensuring detailed papers on counter fraud and procurement are discussed in public, rather than in private Audit and Assurance Committee meetings, where this is appropriate.
- 60 Financial reports are regularly scrutinised by the Finance Committee, and provide a clear and open overview of the Health Board's financial performance, challenges, and risks.

Managing the workforce, digital resources, the estate, and other physical assets

- 61 My work considered the Health Board's arrangements for managing its wider resources, with a particular focus on the organisation's:
- arrangements for supporting staff wellbeing;
 - arrangements for managing its digital resources; and
 - arrangements for managing its estate and other physical assets.
- 62 My work found **that whilst there is good Board-level oversight of matters relating to the workforce and digital resources, there is scope to increase the Board's focus on matters relating to the current estate and physical assets.**
- 63 There is good Board-level oversight of the arrangements in place to support staff wellbeing. However, the Board receives little assurance on the impact of the Health Board's staff wellbeing initiatives. The Health Board recognises this and is in the process of developing a way of effectively measuring and reporting the impact of wellbeing activities.
- 64 The Health Board has a clear Digital Strategy which is aligned to its current long-term strategy. There are good arrangements in place for ensuring Board-level

oversight of digital matters. However, a lack of detailed delivery plans, limited funding, and staffing challenges is hampering the Health Board's pace in implementing its digital priorities.

Appendix 1

Reports issued since my last annual audit report

Exhibit 4: reports issued since my last annual audit report

The following table lists the reports issued to the Health Board in 2022.

Report	Date
Financial audit reports	
Audit of Financial Statements Report	June 2022
Opinion on the Financial Statements	June 2022
Audit of Financial Statements Report Addendum	August 2022
Charitable Funds (2020-21 Accounts)	January 2022
Performance audit reports	
Tackling the Planned Care Backlog in Wales	May 2022
Review of Quality Governance Arrangements	June 2022
Estates Follow-up Review	November 2022
Structured Assessment 2022	December 2022
Other	
2022 Audit Plan	March 2022

My wider programme of national value-for-money studies in 2022 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 5: performance audit work still underway

There are a number of performance audits that are still underway at the Health Board. These are shown in the following table, with the estimated dates for completion of the work.

Report	Estimated completion date
Orthopaedics	February 2023
Unscheduled care – patient flow out of hospital	March 2023
Primary Care Services – Follow-up Review	June 2023
Review of workforce planning arrangements	June 2023
Unscheduled care – access to unscheduled care services	September 2023

Appendix 2

Audit fee

My 2022 Audit Plan set out my fee estimate of £394,965 (excluding VAT, which is not chargeable). I will write to the Director of Finance soon to confirm the actual chargeable fee relating to the above fee estimate; and for the separate fee estimate and actual fee for my audit of the Health Board's 2021-22 charitable account (the audit is due to conclude in February 2023).

Appendix 3

Audit of accounts risks

Exhibit 6: audit of accounts risks

My 2022 Audit Plan set out the risks for the audit of the Health Board's 2021-22 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 240.31-33].</p>	<p>I will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; • evaluate the rationale for any significant transactions outside the normal course of business; and • add additional procedures to address any specific risks of management override which are not addressed by the mandatory work above. 	<p>I reviewed a number of the accounting estimates and a sample of transactions that included journal entries. My audit findings were materially satisfactory.</p>
<p>Under the NHS Finance (Wales) Act 2014, health boards ceased to have annual resource limits with effect from 1 April 2014. They instead</p>	<p>I will continue to monitor the Health Board's financial position for 2021-22 and the cumulative three-year position to 31 March 2022, for both the</p>	<p>As set out in this report, my audit confirmed that the Health Board met its three-year resource allocations for both revenue and capital.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>moved to a rolling three-year resource limit, with a limit for revenue and another limit for capital. The first three-year period ran to 31 March 2017.</p> <p>The Health Board has exceeded its rolling three-year revenue limit in the past five years, and I have therefore qualified my regularity opinion on the financial statements for those years.</p> <p>For 2021-22 and the three years to 31 March 2022, Health Board forecasts² to operate within its revenue and capital resource limits, subject to anticipated 2021-22 COVID-19 funding of £21.3 million from the Welsh Government. If the Health Board receives the anticipated funding, and maintains its forecast position, it would support an unqualified regularity opinion.</p> <p>Your current financial pressures do, however, increase the risk that management's judgements and</p>	<p>revenue and capital-resource limits.</p> <p>This review will also consider the impact of any relevant uncorrected misstatements over the three years.</p> <p>If the Health Board fails to meet the three-year resource limits for revenue and/or capital, I would expect to qualify my regularity opinion on the 2021-22 financial statements. I may also place a substantive report on the financial statements to explain the basis of the qualification and the circumstances under which it had arisen.</p> <p>I will focus some of my testing on areas of the financial statements which could contain reporting bias.</p>	

² Based on the Month 11 year-end forecast, which the Health Board has reported to the Welsh Government.

Audit risk	Proposed audit response	Work done and outcome
<p>estimates could be biased in an effort to achieve the financial duty.</p>		
<p>The implementation of the 'scheme pays' initiative in respect of the NHS pension tax arrangements for clinical staff is ongoing. Last year we included an 'emphasis of matter' paragraph in the audit opinion drawing attention to your disclosure of the contingent liability. Applications to the scheme will close on 31 March 2022, and if any expenditure is made in-year, I would consider it to be irregular as it contravenes the requirements of Managing Welsh Public Money.</p>	<p>I will review the evidence one year on around the take-up of the scheme and the need for a provision, and the consequential impact on the regularity opinion.</p>	<p>As set out in this report, for 2021-22, the Health Board provided for an estimated liability and costs of £2.193 million and, as advised in the 2022 Audit Plan, I qualified my regularity opinion accordingly.</p>
<p>While COVID-19 restrictions are due to be removed in Wales on 28 March 2022, there have been ongoing pressures on staff resource and of remote working that may impact on the preparation, audit and publication of the financial statements. There is a risk that the</p>	<p>I continue to discuss your closedown process and quality monitoring arrangements with the relevant officers.</p>	<p>I continued my discussions with officers and monitored the arrangements in place and I am pleased to report that no significant problems arose.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>quality of the accounts and supporting working papers may be compromised, leading to an increased incidence of errors.</p>		
<p>There continues to be increased funding streams and expenditure in 2021-22 to deal with the COVID-19 pandemic. They could have a significant impact on the risks of material misstatement and the shape and approach to our audit. Examples of issues include: fraud, error and regularity risks of additional spending; valuation (including obsolescence) of year-end inventory, including PPE; and the estimation of year-end annual leave balances.</p>	<p>I will identify the key issues and associated risks and plan my work to obtain the assurance needed for my audit.</p>	<p>I reviewed transactions and balances relating to COVID-19, and tested them where appropriate. My audit findings were satisfactory.</p>
<p>I audit some of the disclosures in the remuneration report to a far lower level of materiality, such as the remuneration of senior officers and independent members. The disclosures are therefore inherently more prone to material misstatement. In past audits I have identified</p>	<p>I will examine all entries in the remuneration report to verify that it is materially accurate.</p>	<p>I examined all entries and misstatements were corrected where necessary.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>material misstatements in the draft remuneration report submitted for my audit, which the Health Board had to correct. I therefore judge the 2021-22 disclosures to be at risk of misstatement.</p>		
<p>I also audit the disclosure of related party transactions and balances to a far lower level of materiality. Last year I identified a number of material disclosures that had been omitted and had to be added.</p>	<p>I will verify that all the necessary signed declarations have been received, evaluated, and disclosed appropriately and accurately. My examinations also include other means of testing, such as my review of Companies House records using data analytics.</p>	<p>I reviewed all the disclosures and undertook my intended tests for completeness. I found some anomalies that were corrected, and my overall testing was therefore satisfactory.</p>



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