

Annual Audit Report 2022 – Hywel Dda University Health Board

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Summary report

About this report

- 1 This report summarises the findings from my 2022 audit work at Hywel Dda 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 using 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, Director of Finance and Board Secretary have agreed the factual accuracy of this report. We presented it to the Board on 26 January. 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 accounts were properly prepared and materially accurate and 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 audit). I brought one other issue to the attention of officers and the Audit Committee. As reported in 2021, the Health Board's system to collect year-end annual leave balances and calculate the year-end provision is not robust and should be improved.
- 13 I issued a qualified opinion on the regularity of the financial transactions within the Health Board's 2020-22 accounts for two reasons:
- the Health Board did not achieve financial balance for the three-year period ending 31 March 2022 or have an approved three-year Integrated Medium Term Plan in place for the period 2019-2022; and
 - the Health Board incurred expenditure on NHS Clinicians' pension tax liabilities, which I deem to be outside its powers to spend.
- 14 Alongside my audit opinion, I placed a substantive report on the Health Board's financial statements to highlight the failure to achieve financial balance and to have an approved three-year plan in place and the NHS Clinicians' pension tax liabilities issue.

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

- 15 My programme of Performance Audit work has led me to draw the following conclusions:
- the Health Board has good governance arrangements in place at a corporate level, with a clear strategic vision, improving systems of assurance, and a strong focus on staff and patients. But the Health Board has been unable to produce a Welsh Government approvable Integrated Medium Term Plan and is on track to deliver a significant financial deficit at the end of 2022-23. Further work is needed to streamline the Health Board's operational structure and performance management arrangements to support delivery.
 - 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.
- 16 These findings are considered further in the following sections.

Detailed report

Audit of accounts

- 17 Preparing annual accounts is an essential part of demonstrating the stewardship of public money. The accounts show the organisation’s financial performance and set out its net assets, net operating costs, gains and losses, and cash flows. My annual audit of those accounts provides an opinion on both their accuracy and the proper use (‘regularity’) of public monies.
- 18 My 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 **Appendix 3**.
- 19 My responsibilities in auditing the accounts are described in my [Statement of Responsibilities](#) publications, which are available on the [Audit Wales website](#).

Accuracy and preparation of the 2021-22 accounts

- 20 I concluded that the Health Board’s accounts were properly prepared and materially accurate and issued an unqualified audit opinion on them. My work did not identify any material weaknesses in the Health Board’s internal controls (as relevant to my audit). However, brought one other issue to the attention of officers and the Audit & Risk Assurance Committee about the continued need to improve the system to collect year-end annual leave balances and calculate the year-end provision.
- 21 Draft accounts were submitted for audit on time and the quality of working papers was good. No other material weaknesses were identified in internal controls.
- 22 I must report issues arising from my work to those charged with governance (the Audit & Risk Assurance Committee) for consideration before I issue my audit opinion on the accounts. My Financial Audit Engagement Lead reported these issues on 8 June 2022. **Exhibit 1** summarises the key issues set out in that report.

Exhibit 1: issues reported to the Audit Committee

Issue	Auditors’ comments
Uncorrected misstatements	<p>There is one misstatement in the accounts that is above our trivial level (£0.6 million) but lower than materiality (£11.6 million). This has been discussed with management, but in line with Welsh Government guidance remains uncorrected.</p> <p>NHS land and buildings are subject to full revaluations every five years by the District Valuer Services (DVS). In the intervening years, the value of these assets is indexed using indices advised by the DVS. In August</p>

Issue	Auditors' comments
	<p>2021, the DVS provided the rates to be used in 2021-22. The index quoted for buildings was 5%. In March 2022, due to increases in building costs, the DVS updated the buildings indexation rate to 7% for the last quarter of 2021-22.</p> <p>In line with all other Welsh health bodies and in compliance with instructions from the Welsh Government under Technical Update 7, the Health Board has not applied the latest rate in their calculation of indexation within the financial statements.</p> <p>This resulted in the following misstatements:</p> <ul style="list-style-type: none"> • An understatement of £4,657,000 in the indexation (cost) figures • An understatement of £712,000 in the indexation (accumulated depreciation) figures • An understatement of £3,758,000 in the indexation (NBV) figures • An understatement of £1,923,000 in the reversal of impairment figures credited to the Statement of Net Comprehensive Expenditure • An understatement of £2,023,000 in gains posted to the revaluation reserve • An understatement of £44,000 in depreciation charged to the Statement of Net Comprehensive Expenditure • An overstatement of £1,829,000 in the net operating costs for the financial year <p>Both individually and collectively, these unadjusted misstatements were not material to the financial statements. Therefore, the non-correction did not adversely affect my audit opinion.</p>
Corrected misstatements	There were initial misstatements in the accounts that were corrected by management.
Other significant issues	<p>The need to improve the Health Board's system to collect year-end annual leave balances to be able to calculate the year-end provision.</p> <p>Regularity opinion qualified because the Health Board did not achieve financial balance for the three-year period ending 31 March 2022; No approved three-</p>

Issue	Auditors' comments
	year integrated medium-term plan in place for the period 2019-2022; and incurred expenditure on NHS Clinicians' pension tax liabilities, which I deem to be outside its powers to spend.

- 23 I also undertook a review of the Whole of Government Accounts return. I concluded that the counterparty consolidation information was consistent with the Health Board's financial position on 31 March 2022 and the return was prepared in accordance with the Treasury's instructions.
- 24 My separate audit of the charitable funds financial statements is complete and reported to trustees. An unqualified audit opinion was given and there were no significant matters arising.

Regularity of financial transactions

- 25 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.
- 26 Where a Health Board does not achieve financial balance, its expenditure exceeds its powers to spend and so I must qualify my regularity opinion.
- 27 **The Health Board did not achieve financial balance for the three-year period ending 31 March 2022, and in addition incurred expenditure on NHS Clinicians' pension tax liabilities, which I deem to be outside its powers to spend, so I have issued a qualified opinion on the regularity of the financial transactions within the Health Board's 2021-22 accounts.**
- 28 For 2021-22, the Health Board failed to meet both the first and the second financial duty. The first financial duty gives additional flexibility to NHS bodies by allowing them to balance their income with their expenditure over a three-year rolling period. The three-year period being measured under this duty this year is 2019-20 to 2021-22.
- 29 The Health Board did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £2,996.3 million by £84.9 million. Where an NHS body does not balance its books over a rolling three-year period, any expenditure over the resource allocation for those three years exceeds the NHS body's authority to spend and is therefore classed as 'irregular'.

- 30 The second financial duty requires NHS bodies to prepare and have approved by the Welsh Ministers a rolling three-year Integrated Medium Term Plan. This duty is an essential foundation to the delivery of sustainable quality health services. A Health Board will be deemed to have met this duty for 2021-22 if it submitted a 2019-20 to 2021-22 plan approved by its Board to the Welsh Ministers who then approved it by 30 June 2019. This duty is unchanged from 2019-20 because due to the pandemic, the duty to prepare a new three-year plan for the period 2021-22 to 2023-24 was paused, leaving the previous year's duty in place. The Health Board did not meet its second financial duty to have an approved three-year Integrated Medium Term Plan in place for the period 2019-20 to 2021-22.
- 31 I also qualified the regularity opinion because the financial statements included a provision (and corresponding expenditure) of £941,000, relating to the Health Board's estimated liability arising from a Ministerial Direction in 2019. The Direction instructed payments to be made to clinical staff, if claimed, to restore the value of their pension benefits packages.
- 32 For NHS clinicians who opted to claim the financial offer to settle their annual allowance tax charges arising from their 2019-20 NHS pension savings, their NHS employers would meet the impact of those personal tax charges on their pension when they retire. Claims that were submitted by the deadline of 31 March 2022 were accounted for as expenditure within the 2021-22 financial statements. In my view, this expenditure is irregular and material by its nature.
- 33 **Alongside my audit opinion, I placed a substantive report on the Health Board's accounts to highlight the failure to achieve financial balance, the failure to have an approved three-year plan in place, and the NHS Clinicians' pension tax liabilities issue.**
- 34 I have the power to place a substantive report on the Health Board's accounts alongside my opinions where I want to highlight issues. Due to the issues set out above, I issued a substantive report setting out the factual details relating to the Health Board's financial duties and the NHS Clinicians' pension tax liabilities.

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

- 35 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 structured assessment of the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively, and economically; and

- undertaking a high-level review of how NHS Wales is tackling the planned care backlog.

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

Structured assessment

- 37 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.
- 38 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.

Governance arrangements

- 39 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.
- 40 **My work found that the Health Board generally has good governance arrangements in place at a corporate level, supported by a robust Board Assurance Framework and improving sources of assurance. However, further opportunities exist to refine operational structures and performance management arrangements to support the Health Board in addressing the significant challenges and risks it faces.**
- 41 The Health Board continues to have a very strong commitment to public transparency, with some minor opportunities to enhance transparency further by ensuring the website is updated. The Health Board's arrangements support the effective conduct of Board business and enable the Board and committees to work effectively. Good quality information is received to support effective scrutiny, assurance, and decision making, and there remains a strong commitment at Board to hearing from patients and staff. The Board continues to be stable and has a robust approach to learning, development, and continuous improvement. The Executive Team is also stable and the Corporate Governance Team, led by the Board Secretary, continues to support the Board well. However, the Health Board's operational structure remains complex, posing risks to confused and inconsistent governance structures. Changes to improve the structure are currently being considered.

42 The Health Board continues to have an effective Board Assurance Framework, and robust arrangements for managing risk. The Integrated Performance Assurance Report (IPAR) continues to be reported to the Board and committees. However, performance management arrangements at an operational level could be more streamlined to ensure there is sufficient grip and a joined-up approach. The Health Board's quality governance and information governance arrangements are improving, and effective arrangements continue to be in place for tracking audit and review findings and recommendations.

Strategic planning arrangements

43 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.

44 **My work found that the Health Board has a clear strategic intent supported by good stakeholder engagement and mechanisms for monitoring delivery, but it is not yet able to translate the longer-term vision into a Welsh Government approvable operational plan.**

45 The Health Board continues to have a clear vision for healthcare in West Wales supported by clear strategic objectives. Robust arrangements for ensuring plans are aligned, stakeholder engagement, and embedding value-based healthcare are in place. There are also robust processes for monitoring and scrutinising delivery of the Health Board's strategic and operational plans. However, the Health Board has been unable to produce a Welsh Government approvable Integrated Medium Term Plan, and is working to an Annual Plan, which is also unapproved by the Welsh Government at the time of writing. Steps are being taken to refine planning objectives which will allow a greater focus on expected outcomes, but implementation plans for underpinning strategies are not always visible or robust.

Managing financial resources

46 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.

47 **My work found that despite having appropriate financial controls and robust reporting, monitoring, and scrutiny mechanisms in place, the Health Board is**

not able to achieve financial balance and reporting a significantly worsening financial position.

- 48 The Health Board's arrangements for financial management and controls are appropriate and there are comprehensive financial reports in place which are regularly scrutinised at Board and committees. But the Health Board is unable to stay within its budgetary limits. In 2021-22, the Health Board failed its financial duties for revenue, ending the year with a financial deficit of £25 million. It will also fail to meet them in 2022-23, with a forecast deficit of £59 million and a cumulative three-year deficit of £108.9 million. The Health Board has been able to reduce its revised forecast deficit for the financial year and is on track to deliver required savings but much of these are non-recurring, and an updated longer-term financial plan is not yet in place.

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

- 49 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.
- 50 **My work found that the Health Board has robust arrangements to support staff wellbeing and manage its estate and physical assets. There are clear strategies for digital and estates, but limited capital funding is a significant challenge.**
- 51 The Health Board has taken significant action to improve staff wellbeing. It has put a detailed action plan in place, based on staff views and experiences. The Health Board uses a 'You said, we did' approach to feed back to staff the actions that have been taken. It is also proactively using a range of measures to demonstrate the impact of its staff wellbeing programme. Staff wellbeing is a clear priority and there are robust arrangements for oversight.
- 52 The Health Board has a clear digital vision, as set out in its Digital Strategy – 'Our Digital Response 2020-2025'. However, capital funding available to the Health Board is significantly reduced for 2022-23, and no digital developments have been able to be supported, unless additional funding becomes available. The Health Board has, however, been able to allocate £0.2 million to digital through its discretionary capital fund. There are clear arrangements for oversight but reporting on implementation of the digital strategy could be strengthened.
- 53 The Health Board has a clear estates vision within its long-term strategy and has submitted its Programme Business Case to the Welsh Government setting out its intention to make significant changes to its clinical estate. The Health Board is also in the early stages of developing a plan for its non-clinical estate, reflecting the shift in hybrid working seen because of the pandemic. Due to the significant reduction in

capital funds, the Health Board has only been allocated £31 million for 2022-23, compared to the average of £44 million per year over the next ten years that it identified as being needed to maintain business continuity with respect to its estates and assets. There are robust arrangements in place for maintaining oversight of capital projects and programmes, and the condition of the estate and physical assets. Comprehensive information is reported and there is a clear process for prioritisation of funding.

Tackling the planned care backlog in Wales

- 54 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.
- 55 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.
- 56 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.
- 57 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.

Appendix 1

Reports issued since my last annual audit report

Exhibit 2: reports issued since my last annual audit report

The following table lists the reports issued to the 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 Charitable Funds Report	January 2023
Performance audit reports	
Tackling the Planned Care Backlog in Wales	May 2022
Structured Assessment 2022	December 2022
Other	
2022 Audit Plan	April 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 3: performance audit work still underway

There are several 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
Review of governance arrangements in mental health	February 2023
Unscheduled care – patient flow out of hospital	March 2023
Workforce planning	April 2023
Follow-up review of primary care services	July 2023
Unscheduled care – access to unscheduled care services	September 2023
Review of operational governance arrangements	September 2023

Appendix 2

Audit fee

The 2022 Audit Plan set out the proposed audit fee of £373,181 (excluding VAT). My latest estimate of the actual fee, on the basis that some work remains in progress, is in keeping with the fee set out in the audit plan.

Appendix 3

Audit of accounts risks

Exhibit 4: 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>We 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; and• evaluate the rationale for any significant transactions outside the normal course of business.	<p>Work undertaken as proposed and no matters arising in respect of management override.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>There is a significant risk that you will fail to meet your first financial duty to break even over a three-year period. The position at month 10 shows a forecast year-end deficit of £25 million. This, combined with the outturns for 2019-20 and 2020-21, predicts a three-year deficit of £84.9 million.</p> <p>Where you fail this financial duty, we will place a substantive report on the financial statements highlighting the failure and qualify your regularity opinion.</p> <p>Your current financial pressures increase the risk that management judgements and estimates could be biased to achieve the financial targets set by the Welsh Government.</p>	<p>We will focus our testing on areas of the financial statements which could contain reporting bias.</p>	<p>Work undertaken as proposed and no matters arising in respect of reporting bias, but our regularity opinion qualified in respect of failure to meet this financial duty.</p>

Audit risk	Proposed audit response	Work done and outcome
<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, we would consider it to be irregular as it contravenes the requirements of Managing Welsh Public Money.</p>	<p>We 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>My team satisfied themselves that the provisions disclosure made in the accounts was appropriate, however, I qualified the regularity opinion as I concluded that this expenditure is irregular and material by its nature and I placed a substantive report on the Health Board's accounts to highlight the NHS Clinicians' pension tax liabilities issue.</p>
<p>Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resource and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>	<p>Work undertaken as proposed. No matters arising in respect of closedown processes, quality monitoring arrangements or the accounts preparation process.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>There continues to be increased funding streams and expenditure in 2021-22 to deal with the COVID-19 pandemic. These could have an impact on the risks of misstatement and the shape and approach to our audit. Examples of issues include accounting for field hospital decommissioning and their associated costs; fraud, error and regularity risks of additional spending; valuation (including obsolescence) of year-end inventory including PPE; and estimation of annual leave balances.</p>	<p>We will identify the key issues and associated risks and plan our work to obtain the assurance needed for our audit.</p>	<p>Work undertaken as proposed and one matter arising in respect of the lack of a robust system to collect annual leave balances that contribute to the year-end annual leave provision.</p>
<p>Introduction of IFRS 16 Leases has been deferred until 1 April 2022. There may be considerable work required to identify leases and the COVID-19 national emergency may pose additional implementation risks. The 2021-22 accounts will need to disclose the potential impact of implementing the standard.</p>	<p>We will review the completeness and accuracy of the disclosures.</p>	<p>My team satisfied themselves that the disclosures were materially complete and accurate.</p>

Audit risk	Proposed audit response	Work done and outcome
<p>In 2020-21 we identified weaknesses in the Health Boards' systems to capture annual leave balances for the calculation of the year-end annual leave accrual. The annual leave accrual balance is likely to be material again for 2021-22.</p>	<p>We will review the work undertaken by the Health Board to improve the systems to capture year-end annual leave balances and undertake detailed testing of the related balances and disclosures in the accounts.</p>	<p>Work undertaken as proposed.</p> <p>No improvements made to the Health Board's underlying annual leave systems, and so the recommendation from 2020-21 stands.</p> <p>My team undertook additional audit work to satisfy themselves that the annual leave balances used in the calculation of the annual leave accrual in the accounts was not materially misstated.</p>



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