



PWYLLGOR ARCHWILIO A SICRWYDD RISG AUDIT AND RISK ASSURANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	18 April 2023
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Assurance Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Tim John, Senior Finance Business Partner (Accounting & Statutory Reporting)

**Pwrpas yr Adroddiad (dewiswch fel yn addas)
Purpose of the Report (select as appropriate)**

Er Sicrwydd/For Assurance

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

The Audit & Risk Assurance Committee (ARAC) requires assurance on a number of financial areas as outlined in the body of the report.

Cefndir / Background

The Standing Orders require that ARAC provides assurance to the Board that the University Health Board's assurance processes are operating effectively. Critical to this is Financial Assurance, which cannot be measured only by the UHB's main finance report and requires further information in order to assess the control environment in place; the risk assessment and management process; and the control activities.

Asesiad / Assessment

This report outlines the assurances which can be provided to the Committee.

Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to **DISCUSS** and **NOTE** the report

Amcanion: (rhaid cwblhau) Objectives: (must be completed)

Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	2.4 The Committee's principal duties encompass the following: 2.4.2 Seek assurance that the systems for financial reporting to Board, including those of budgetary control, are effective, and that financial systems processes and controls are operating.
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	3.13 Approve the writing-off of losses or the making of special payments within delegated limits. 3.15 Receive a report on all Single Tender Actions and extensions of contracts.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	BAF SO9-PR20 BAF SO10-PR33
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	6K_22 workforce, clinical service and financial sustainability
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on the Health Board's financial reporting system. Activity recorded in the AR and AP modules of the Oracle business system and activity recorded in the procurement Bravo system.
Rhestr Termiau: Glossary of Terms:	AP - Accounts Payable AR – Accounts Receivable BGH – Bronglais General Hospital BT PSBA – British Telecom Public Sector Broadband Aggregation CF – Counter Fraud COS – Contracted Out Service VAT EOY – End of Year ERs NI – Employers National Insurance GGH – Glangwili General Hospital HMRC – His Majesty's Revenue and Customs IFRS – International Financial Reporting Standards NWSSP – NHS Wales Shared Services Partnership PID – Patient Identifiable Data PO – Purchase Order POL – Probability of Loss PPH – Prince Philip Hospital PSPP – Public Sector Payment Policy

	SFI – Standing Financial Instructions SLA – Service Level Agreement STA – Single Tender Action VAT – Value Added Tax WGH – Withybush General Hospital WRP – Welsh Risk Pool
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	UHB's Finance Team UHB's Management Team

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	Risk to our financial position affects our ability to discharge timely and effective care to patients.
Gweithlu: Workforce:	Overpayments are reported within this report.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	The UHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
Enw Da: Reputational:	Adverse variance against the UHB's financial plan will affect our reputation with Welsh Government, Audit Wales and with external stakeholders.
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

Financial Assurance Report

1.1 Purpose

- The purpose of this report is to outline the financial assurances which the Audit & Risk Assurance Committee requires.
- The framework agreed is included below in Figure 1, and the remainder of the report is based on this.

Figure 1: Compliance requirements for the Audit and Risk Assurance Committee		
Compliance requirement	Reporting	Frequency
Scheme of delegation changes	<ul style="list-style-type: none">• Exception reporting for approval	As and when
Compliance with Purchase to Pay requirements	<ul style="list-style-type: none">• Breaches of the No PO, No Pay policy• Instructions for noting• Public Sector Payment Policy (PSPP) compliance• Tenders awarded for noting• Single tender action	Bi-monthly
Compliance with Income to Cash requirements	<ul style="list-style-type: none">• Overpayments of staff salaries and recovery procedures for noting	Bi-monthly
Losses & Special payments and Write offs	<ul style="list-style-type: none">• Write off schedule• Approval of losses and special payments	Bi-monthly
Compliance with Capital requirements	<ul style="list-style-type: none">• Scheme of delegation approval for capital	Following approval of annual capital plan
Compliance with Tax requirements	<ul style="list-style-type: none">• Compliance with VAT requirements• Compliance with employment taxes	Bi-monthly
Compliance with Reporting requirements	<ul style="list-style-type: none">• Changes in accounting practices and policies• Agree final accounts timetable and plans• Review of annual accounts progress• Review of audited annual accounts and financial statements	Annually

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2.1 Scheme of delegation changes

Other than those outlined under agenda item 2.6, there are no Scheme of Delegation changes to report.

In line with the agreed capital requisition approval process, the Director of Finance approved the uplift of the Assistant Director of Finance's Oracle approval limit above £1m on one instance during the 2022/23 financial year, purely to ensure that an order could be placed through the system following Board approval.

2.2 Compliance with Purchase to Pay Requirements

2.2.1 Breaches of the No PO, No Pay Policy

The Health Board has adopted the All Wales No PO, No Pay Policy, which will ensure that all non-pay expenditure (unless listed as an exception) is procured and receipted through the Oracle system.

Figure 1 below illustrates the numbers and value of breaches against the No PO, No Pay policy. For the months of February and March 2023 there were a total of 194 breaches with a combined value of £1.06m. The cumulative position as at end of March 2023 was a total of 420 breaches with a combined value of £1.15m. This compares to the cumulative position of 406 breaches in total with a combined value of £577k as at the end of January 2023.

This sharp spike in value of breaches is mainly due to one PO breach for the new Salary Sacrifice Home Tech Scheme, where a retrospective PO was set up after the invoice was received to ensure figures matched to the all-new salary sacrifice deductions. An alternative process to address this issue will be put in place before the next scheme closes. The increase in volume is on trend with the corresponding month in the last financial year 2021-22.

During this reporting period, the Core Processing Team, Business Partners and Procurement have been dealing with a number of issues in respect of purchase orders:

- Just Wales Ltd – failure to provide PO numbers
- Royal Mail – failure to provide PO numbers
- The Real Wrap Co Ltd – alternative incorrect goods supplied (126 invoices)
- Direct Healthcare Group – bariatric beds (matter now resolved)
- University of Wales Trinity St David's – failure by requisitioner to comply with No PO/No Pay process

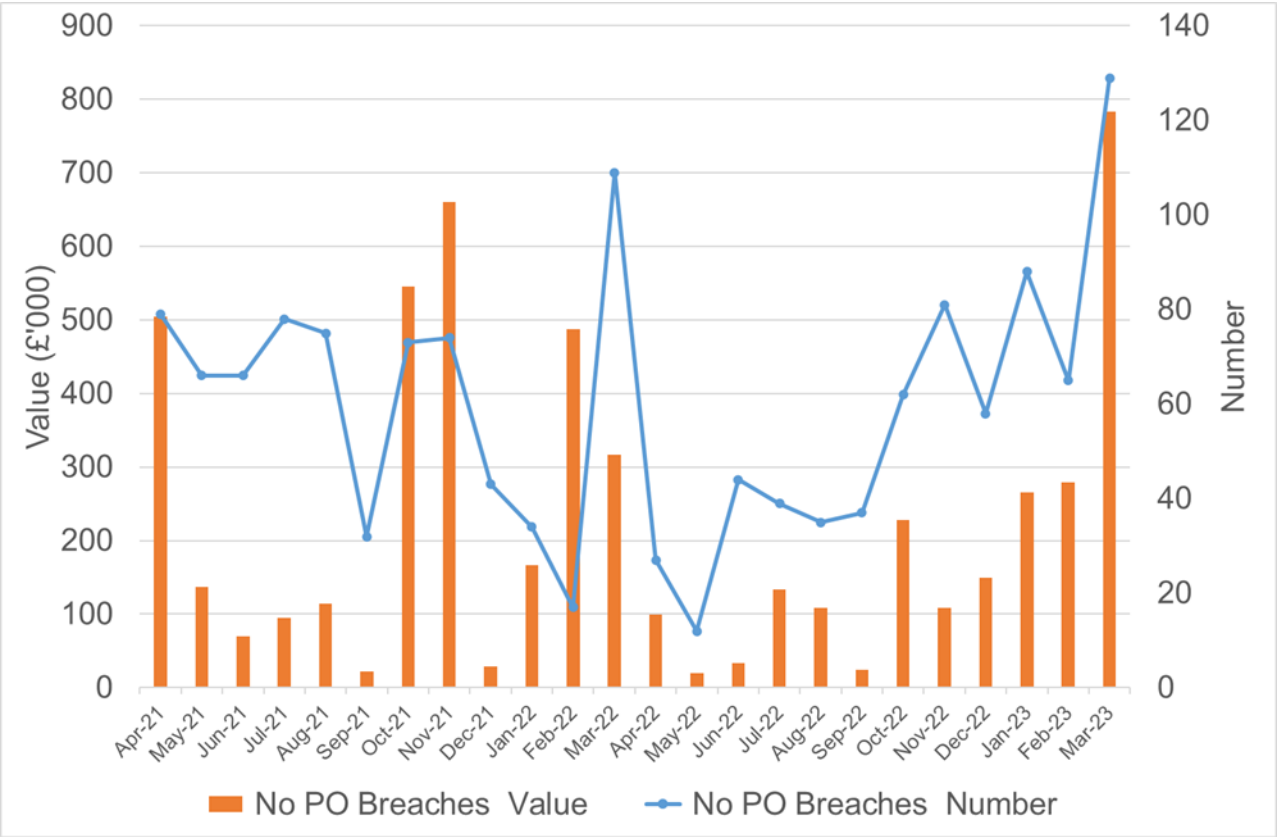
Due to these ongoing issues, a letter will be sent from the Director of Finance to all frequent offenders to remind them that we operate an All Wales No PO No Pay Policy and the requirement for them to comply with the Policy. This will be enacted from April 2023.

The local P2P (Procure to Pay) group have put in place measures to ensure that purchase order numbers are identified on the invoices and not created retrospectively and are also tracking non-compliance with suppliers and departments. This includes reminding requisitioners:

- to include PO numbers when processing invoices
- to raise orders at point of commitment and not when invoices are received and
- signposting to Purchase to Pay financial procedure

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Figure 1: No PO No Pay Breaches



2.2.2 Public Sector Payment Policy (PSPP) Compliance

On a cumulative basis, the Health Board is achieving its NHS and non-NHS PSPP targets of paying 95% of invoices within 30 days. The cumulative figures at 31 March 2023 were 95.55% and 95.61% for NHS and Non-NHS invoices respectively.

The Health Board successfully achieved its monthly PSPP target of paying 95% of its NHS invoices in February and March 2023, achieving 98.99% and 97.93% respectively.

In addition, the Health Board successfully achieved its monthly PSPP target of paying 95% of its non-NHS invoices for the same period, achieving 97.81% and 96.21% respectively.

Despite meeting Health Board targets, it should be noted that, Health Board wide, there continues to be a problem with budget managers not approving invoices on a timely basis. This poses a risk to future compliance with PSPP targets and creates additional workload for the Core Processing Team (CPT) in Finance. CPT are working with the frequent offenders to remind them of the importance of approving invoices on time and helping address the reasons why issues arise eg many senior managers regularly receive a number of low value invoices and CPT have worked with them in implementing changes to the approval hierarchy that allows these invoices to be authorised at a more appropriate level.

2.2.3 Single Tender Actions

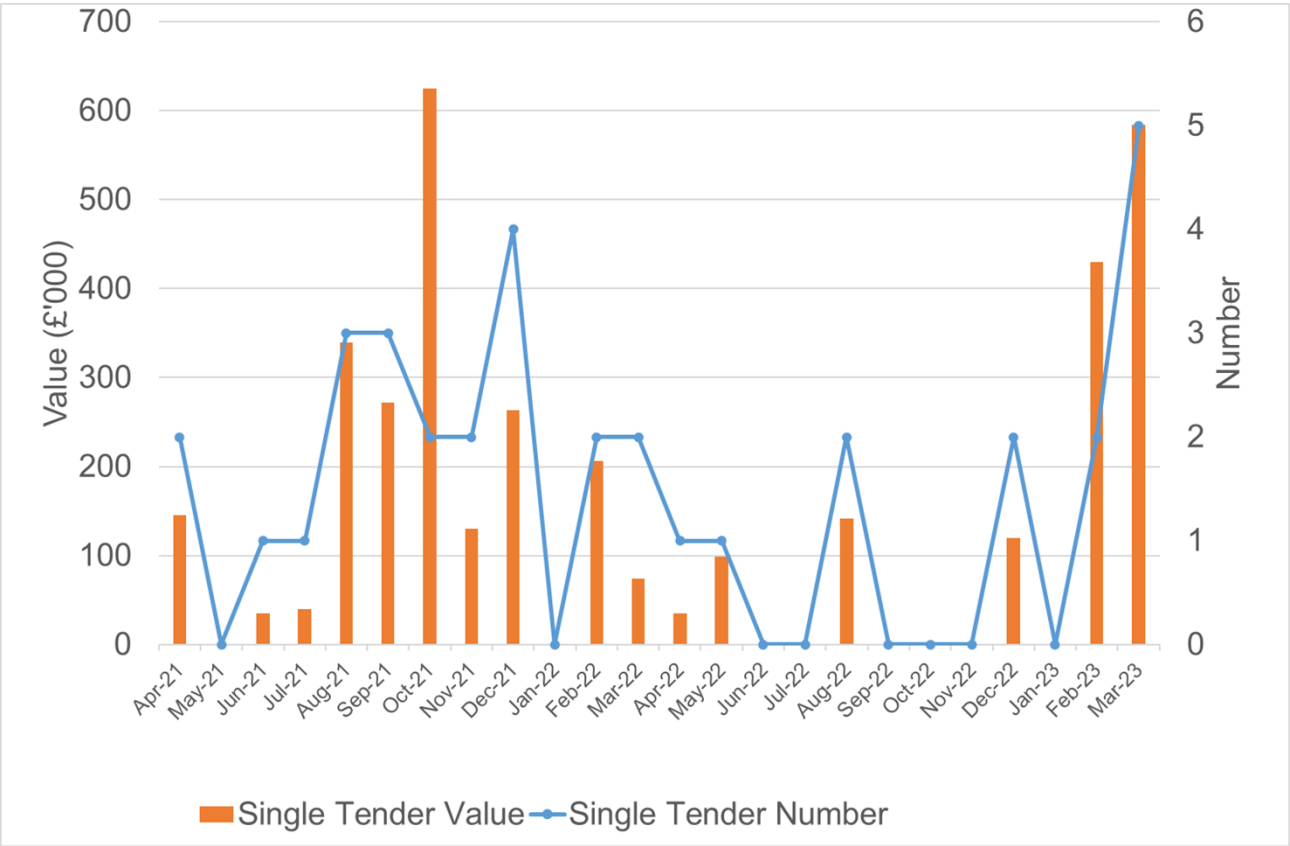
The use of single tender waivers is carefully managed and controlled by the Health Board.

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There were 7 Single Tender Actions (in excess of £25,000) awarded during the period 1 February to 31 March 2023, totalling £1,014,459. These are detailed in Appendix 1.

The graph below (Figure 2) shows the trend of all Single Tender Actions (STA) approved from 1 April 2021 to 31 March 2023.

Figure 2: Numbers and value of Single Tender Actions



2.2.4 Tenders Awarded

There were 23 contracts awarded, including direct awards through framework (in excess of £25,000) during the period 1 February 2023 to 31 March 2023, totalling £3,981,671, details of which can be seen in Appendix 2.

2.2.5 Consultancy contracts

There were two consultancy contracts awarded during the period 1 February 2023 to 31 March 2023 (one via the STA process), totalling £122,950, details of which can be seen in Appendices 1 and 2.

2.3 Compliance with Income to Cash

2.3.1 Overpayment of Salaries

The Health Board has a duty to ensure that staff are paid appropriately, and that overpayments are not incurred.

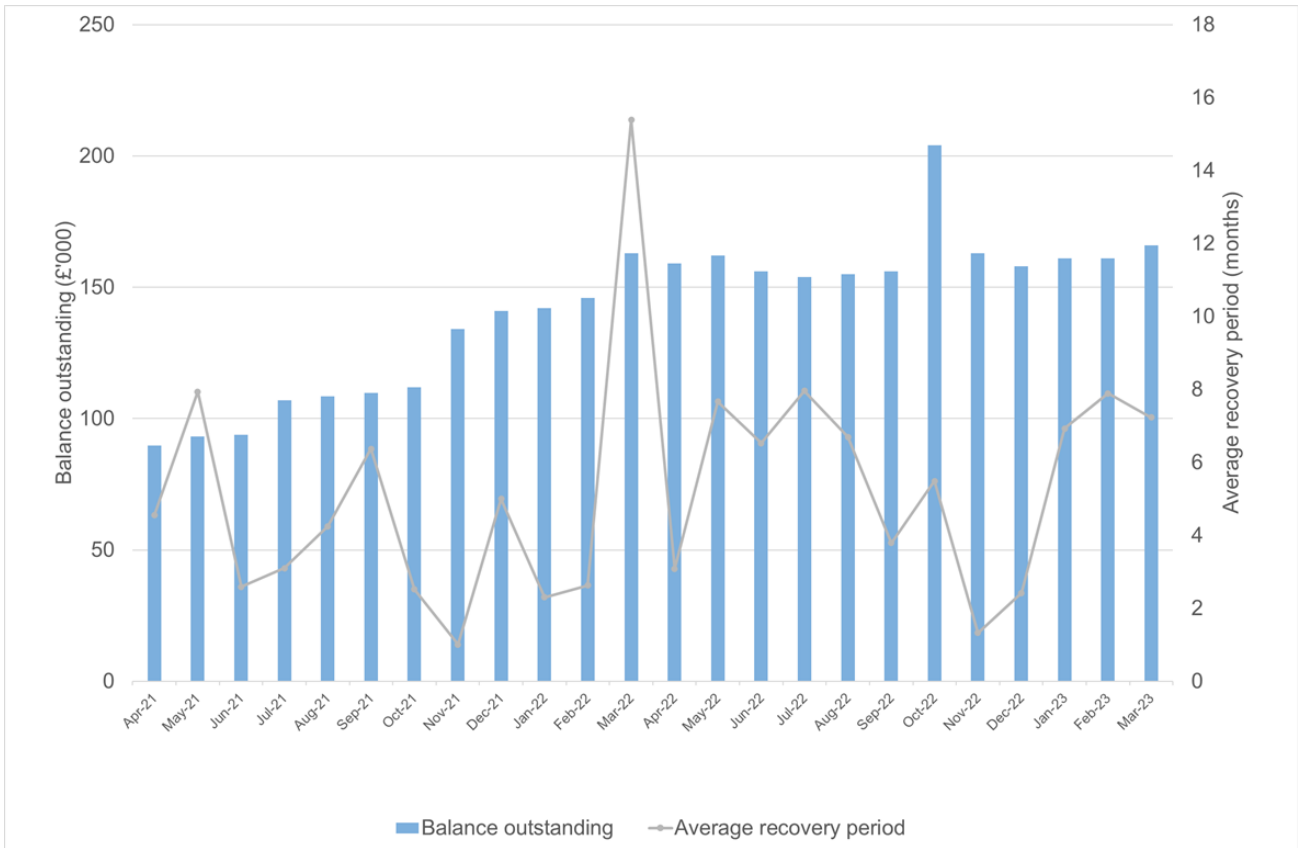
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Appendix 3 shows the volume and value of invoices raised in respect of overpayments for the period 1 February to 31 March 2023: 33 cases totalling £28,098.

The graph below (Figure 3) demonstrates the total balance outstanding against the average recovery period. The average recovery period reflects the number of debts settled in the current period only. The value of invoices raised in the period 1 February to 31 March 2023 has decreased, with the total value raised £28k compared to £36k in the previous period.

The overall debt balance has increased to £166k in March 2023 compared to £161k at the end of January 2023, with the average recovery period staying level at seven months at the end of this period, compared to the end of the previous period.

Figure 3: Trend of aged overpayments and recoveries



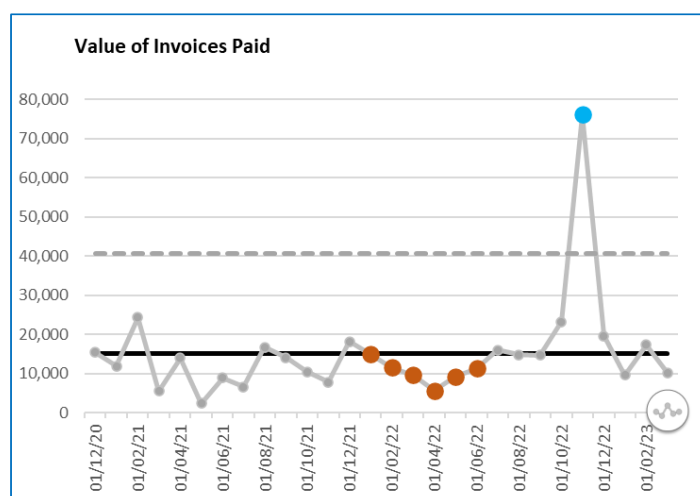
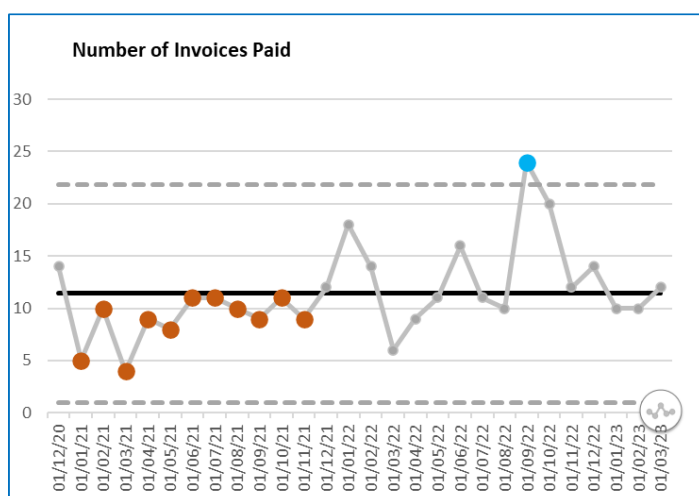
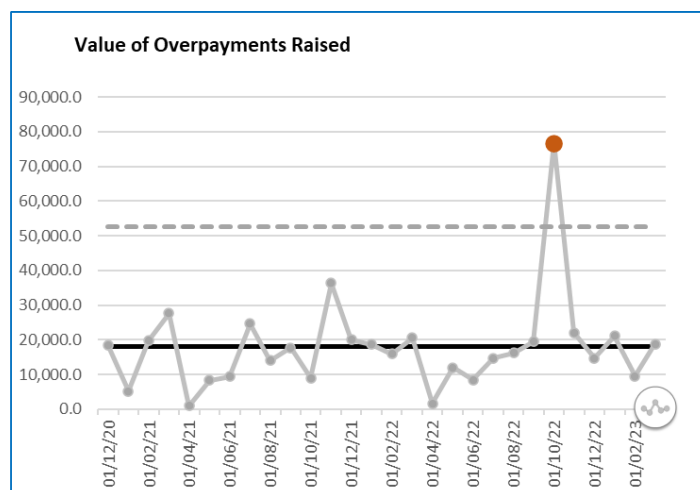
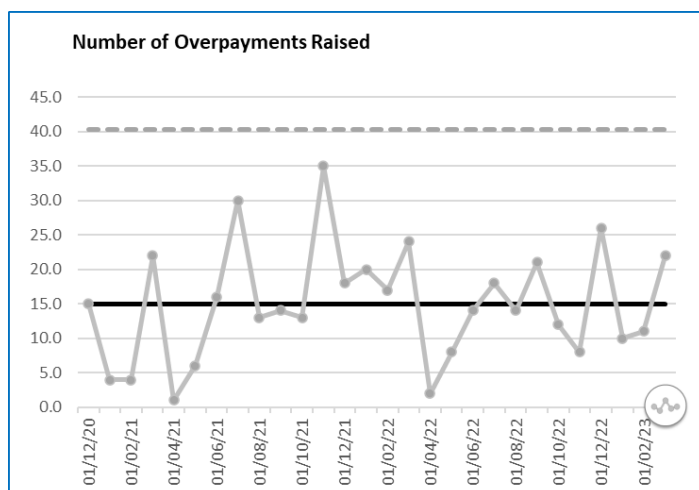
Further statistical analysis in respect of the overpayment of salaries is provided below:

The four charts overleaf show the number and volume of invoices raised by the Health Board in respect of the overpayment of salaries during the period December 2020 to March 2023.

The rate at which the invoices have been raised varies based on the information gathered by the Payroll Department, but the average number of invoices and value per month has remained at 15 and £19k respectively.

The rate at which the Health Board has successfully received payments for these invoices has also increased steadily over the last two years. On average 12 invoices are paid per month with an average value of £16k.

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2.3.2 The Overpayments Task & Finish group consists of representatives from Finance, Payroll, Workforce and Counter Fraud. The use of digitalisation in the process has also been considered and the update on that area is noted below:

Digitalisation of Payroll Forms

A review of the current progress into the digitalisation of commencement, change and termination forms was undertaken and the following identified:

- NWSSP Payroll have confirmed that it is their ambition to digitalise and improve the current processes associated with new starters, staff changes and leavers, with a goal of establishing one process for all Health Boards, automating a number of the processes, and making it easier for all concerned. NWSSP Payroll have undertaken a review and have commenced a tendering process to identify a supplier who can develop such a system. The specification has been agreed and is in the process of being sent out for tender.

April 2023 update: Progress has been slow to date but the project is now being progressed by Microsoft Centre of Excellence, DCHW and NWSSP.

NWSSP have advised that work on the project has commenced and that they hope to progress to a trial phase in the next 6 months, which will involve testing the new procedure at a Health Board level.

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2.3.3 Underpayment of salaries

As per the request made by ARAC members at the June 2022 meeting, details were sought regarding the underpayment of salaries. NWSSP have provided details of emergency payments requested and paid in February and March 2023 for underpaid salaries, the total of which was £10,449. Reasons for salary underpayments include:

- Late submission of appointment forms
- Employee returned from maternity leave/late notification received from manager
- Wrong bank account details provided
- Incorrect recording of sick leave
- Nurse bank shifts not verified
- Court order deduction error

2.4 Losses and Special Payments for Approval

2.4.1 General Losses and Special Payments

Losses and special payments require the Audit & Risk Assurance Committee's approval given their contentious nature. These are outlined in Appendix 4.

There were no write-offs in excess of £5k during the period between 1 February 2023 and 31 March 2023.

Losses and write offs under £5k, as per requirement under FP02 – Income and Cash Collection, have been presented and approved by Director of Finance and Chief Executive. In total these amounted to £62,596.05

2.5 Compliance with Capital Requirements

The Health Board is now required to make payments for new major capital schemes through a Project Bank Account (PBA).

There is one project bank account, set up by the supply chain partner IHP for the Glangwili Fire Precaution Phase 1 scheme.

2.6 Compliance with Tax Requirements

2.6.1 Compliance with VAT Requirements

Updates regarding existing matters are set out in the following table:

Key VAT issue	Update
BT PSBA network – VAT recovery non-statutory clearance request	The Health Board continues to await HMRC's conclusion on the recoverability of the VAT being incurred on the Health Board's service charges for the BT PSBA network. An update was received in January 2023 confirming that the matter is still under consideration. The Health Board continues to recover the VAT in question in full. VAT potentially repayable to HMRC amounts to circa. £140k.

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Key VAT issue	Update
Capital Front of House Scheme (Bronglais Hospital)	The Health Board continues to await HMRC's decision on whether to accept the Health Board's current VAT recovery position in respect of this scheme or raise a formal assessment for VAT which it believes has been over-claimed by the Health Board. Any VAT which may become repayable to HMRC has been fully provided.

2.6.2 Compliance with Employment Tax Requirements

No updates or issues to report.

2.7 Compliance with reporting requirements

IFRS 16 – Accounting for Leases. This Standard came into effect from 1 April 2022, the financial impact of which was detailed in February's report.

IFRS 17 – Insurance Contracts. HM Treasury issued an Exposure Draft for the application of IFRS 17. The Draft indicates that IFRS 17 is to be applied by HM Treasury in the Government Financial Reporting Manual from 1 April 2025.

Annual Accounts 2022/23 – Welsh Government have confirmed submission dates as follows for the draft accounts and associated reports:

- Friday 5 May 2023 for the draft accounts package and
- Friday 12 May 2023 for the Remuneration Report, Accountability Report and Performance Report

Audit Wales will commence the final audit on Tuesday 9 May 2023. Please note that Audit Wales have effectively rolled the interim audit into a protracted final audit process.

The Auditor General Wales will certify the final accounts on 31 July 2023.

Further details and copies of relevant correspondence between the Health Board and Audit Wales are contained in Appendix 5.

Pooled Budgets 2021/22 – details pertaining to pooled budgets between the Health Board and Carmarthenshire County Council and Ceredigion County Council are contained with Appendix 6 for information.

Money Transfers – WANLESS Enablement, Carmarthenshire County Council 2021-22 – details in respect of an Audit Wales qualification due to no signed Memorandum of Agreement in place are contained in Appendix 7.

3.1 Recommendations

The Committee is asked to:

- note the report

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Appendix 1: Single tender actions awarded

	Period covered by this report:		1 Feb 2023	31 Mar 2023		
Ref	Supplier	Value (£)	One-off or Period	Request submitted by/Dept:	Date Approved	Justification
HDD-STA-607	Mental Health Matters Wales, providing Independent Mental Capacity Advocate (IMCA) services	£399,999	01 April 2022 to March 2024 24 Months	Long Term Care/DoLS	20/02/2023	The current provider Mental Health Matters Wales have been providing Independent Mental Capacity Advocate (IMCA) services to HDUHB since 2013. There is a statutory duty, delegated from Welsh Government to HDUHB, for provision of these services under the Mental Capacity Act (MCA) 2005. IMCA services are also provided for our three local authorities under the current agreement. Welsh Government provide direct annual funding to HDUHB for these services. There are currently no other providers within the health board area who would be able to provide the level of service required at short notice. Due to recent increases in Deprivation of Liberty Safeguards (DoLS) activity within our area there has been a similar increase in demand for IMCA services. Additional funding has been made available by Welsh Government to cover costs of additional IMCAs. Post 01 April 2024 an AW Sourcing agreement will take this forward.

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HDD-STA-627	Arcus Consulting LTD, Professional Consultancy Services - The aim of the scope of work is to appraise the finance business partnering capabilities, roles and structures that are needed by leaders and understand the interactions with the finance teams from operational colleagues, including a maturity assessment.	BOARD APPROVAL FOR MAX SPEND UP TO £55,000 Contract Value: £29,700	1 Month – 21 February 2023 - 31 March 2023	Finance	16/02/2023	CONSULTANCY RELATED Arcus have been undertaking an All Wales Finance Business Partner development programme as part of a Finance Academy tendered contract. They are recognised as experts in the modern approach to business partnering across finance functions. With Hywel Dda UHB now in Targeted Intervention for Finance and Planning, an understanding as to the effectiveness of the current finance business partnering approach and the organisational interactions with the finance agenda has been proposed to aid the evidence of the appropriateness of our current model. As part of the All Wales work already undertaken, Arcus already understand the structures, functions and policies overarching to NHS Wales, and are able to continue their work, directly with Hywel Dda, without the need to incur additional effort in preparation having already undertaken this.
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HDD-STA-628	Echosens, Fibroscan 430 + M and Travel Case XL and Probe	£132,960	One off purchase	Hepatology, Medical Gastroenterology	31/03/2023	One off Capital Purchase - not available off a framework and no other scanner can be used for these procedures. This is the standard in HDD.
HDD-STA-629	IBEX Medical Analytics Ltd for Ibex AI Licensing, cloud hosting, support and professional services	£25,800	One off while AW contract put in place	Pathology	31/03/2023	IBEX AI used across Wales and Funded by WG but AW Contract delayed so all HBs doing an STA in interim. There are around 52,300 new prostate cancer cases in the UK every year and around 11,900 deaths from the condition. Digital Pathology have been allocated funding by Welsh Government to implement the equipment and software to improve diagnosis of the disease by digitising the process and introducing artificial intelligence. The technology will reduce the time taken to diagnose cancer and improve the accuracy of the diagnosis, which will support an important priority for the NHS in Wales. To access this funding the approval is required, and software implemented by the end of March at each Health Board. This is an interim measure before All Wales NWSSP Procurement undertake a national tender for award by April 2024. Similar technology will be introduced shortly for other tumour sites including colorectal and breast.

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HDD-STA-630	Action for Children, Carers Trust Crossroads West Wales, Gofalwr Ceredigion Carers (Credu in Ceredigion), Adferiad Recovery for the provision of Carers Community Outreach Services	£121,000	One off while a tender is undertaken for 2023/24.	Strategic Partnerships	31/03/2023	Continuity of service is essential, and this service cannot cease, but is on the condition a tender is undertaken for 2023/2024 onwards Applying a single tender action enables the Health Board to: build on existing SLA arrangements whilst working with the Procurement Team on open competitive tender (subject to RPB allocation of funding) and ensure continuity of support for unpaid carers is maintained demonstrate social value through the partnership working with local third-sector organisations who are based in the Hywel Dda area and employ local people to deliver the service demonstrate proactive action to support unpaid carers as care partners, facilitating timely discharge and contributing to the effective use of NHS resources (i.e. reducing bed days through minimising discharge delays).
HDD-STA-631	Carers Trust Crossroads West Wales, Gofalwr Ceredigion Carers (Credu in Ceredigion), Adferiad Recovery for the provision of Carers Community Outreach Services	£230,000	One off while a tender is undertaken for 2023/24.	Strategic Partnerships	31/03/2023	Continuity of service is essential, and this service cannot cease, but is on the condition a tender is undertaken for 2023/2024 onwards Applying a single tender action enables the Health Board to: build on existing SLA arrangements whilst working with the Procurement Team on open competitive tender (subject to RPB allocation of funding) and ensure continuity of support for unpaid carers is maintained demonstrate social value through the partnership working with local third-sector organisations who are based in the Hywel Dda area and employ local people to deliver the service demonstrate proactive action to support unpaid carers as care partners, facilitating timely discharge

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						and contributing to the effective use of NHS resources (i.e. reducing bed days through minimising discharge delays).
HDD-STA-632	Carers Trust Crossroads West Wales for the provision of Carers Community Outreach Services	£75,000	One off while a tender is undertaken for 2023/24.	Strategic Partnerships	31/03/2023	Continuity of service is essential, and this service cannot cease, but is on the condition a tender is undertaken for 2023/2024 onwards Applying a single tender action enables the Health Board to: build on existing SLA arrangements whilst working with the Procurement Team on open competitive tender (subject to RPB allocation of funding) and ensure continuity of support for unpaid carers is maintained demonstrate social value through the partnership working with local third-sector organisations who are based in the Hywel Dda area and employ local people to deliver the service demonstrate proactive action to support unpaid carers as care partners, facilitating timely discharge and contributing to the effective use of NHS resources (i.e. reducing bed days through minimising discharge delays).
	TOTAL:	£1,014,459				

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Appendix 2: Contracts awarded (including direct awards through framework)

	Period covered by this report:		1 Feb 2023	31 Mar 2023	
Tender/Contract Reference	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
Direct Awards via Framework Agreement					
HDD-DCO-22-29	Softcat	£110,332.10	One-off	IT	Provision of Fibre Ducting - PPH
HDD-DCO-22-43	Flogas	£457,558.30	6 Months	Estates	Flogas LPG Project
HDD-DCO-22-46	Softcat	£130,530.52	12 Months	Digital Services	Provision of Cyber Security Subscriptions
HDD-DCO-22-48	Phishing Tackle Ltd	£213,840.00	36 Months	Digital Services	Phishing Tackle Subscription
HDD-DCO-22-49	DrDoctor (ICNH Ltd)	£142,236.00	12 Months	Value Based Health Care	Provision of Patient Engagement Platform (DrDoctor)
HDD-DCO-22-50	Restore Digital Ltd	£499,870.00	12 Months	Medical Records, Corporate Operations	Provision of Health Record Scanning and Digitisation Services
HDD-DCO-22-51	DELL Computer Corporation LTD	£234,000.00	36 Months	Digital Services	Dell Endpoint Security
HDD-DCO-22-52	DELL Computer Corporation LTD	£27,218.00	One-Off	Digital Services	PowerEdge Servers
HDD-DCO-22-53	Deloitte & Touche LLP	£96,000.00	3 Months (2 Month extension)	Digital Services	Specialist Solution Support for ePMA Programme
HDD-DCO-22-54	British Red Cross	£47,892.48	2 months	Community	Patient Discharge Services
HDD-DCO-22-57	QA Ltd	£50,000.00	12 Months	Digital Services	IT Skills License Training
HDD-DCO-22-58	Insight Direct (UK) Ltd	£48,051.00	17 Months	Digital Services	Cyber Security Rubrik Upgrade
HDD-DCO-22-59	Insight Direct (UK) Ltd	£54,166.81	One-Off	Digital Services	CCTV Networking Switches

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HDD-DCO-22-60	Insight Direct (UK) Ltd	£29,298.99	31 Months	Digital Services	Falcon Horizon Security Licenses
HDD-DCO-22-61	NCC Group Security Services LTD	£38,500.00	12 Months	Digital Services	Cyber Incident Response Retainer
HDD-DCO-22-64	Deloitte & Touche LLP	£85,998.00	2 Months	Digital Services	Provision of Technical Services for Patient Flow and E-Observations
	SUB-TOTAL:	£2,265,492.20			
Awarded post competitive tender process					
HDD-ITT-51263	Cirrus Containments Ltd	£143,130.00	One off Purchase	Pharmacy	Negative Pressure Isolators
HDD-ITT-51433	Healios and Problem Shared	£1,200,000.00	2 Years and 3 Months	Value Based Health Care	Autism Diagnostic Assessments
HDD-ITT-51653	Papyrus Preventions of Young Suicide	£130,716.00	2 Years with 12-month extension	Primary Care	Suicide Prevention Services - North Ceredigion
HDD-ITT-51655	AFT Group (Wales) Ltd	£48,759.31	6 Weeks	Estates	Supply and Installation of Fire Compartmentation & Associated Works Dafen
HDD-MIN-52406	Trinity Fire and Security Systems Ltd	£125,779.59	Up to 31 March 2023	Health & Safety	Supply and Installation of Cloud CCTV
HDD-RFQ-51554	West Wales Domestic Abuse Service	£32,894.00	12 months	Corporate	Domestic Violence Advocate (DVA) role in the Emergency Department (ED)
HDD-RFQ-RA326969	Insight HRC	£34,900.00	12 months	Substance Misuse	Team & Individual Coaching
	SUB-TOTAL:	£1,716,178.90			
	TOTAL:	<u>£3,981,671.10</u>			

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Appendix 2: Contracts awarded - Consultancy

Consultancy Contract awarded:

	Period covered by this report:		1 Feb 2023	31 Mar 2023	
Tender/Contract Reference	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
HDD-DCO-22-45	The Consultation Institute	£93,250.00	1 Year (Option to extend for 6 months)	Paediatrics	Consultation support for Paediatrics
	TOTAL:	£93,250.00			

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Appendix 3: Overpayment of Salaries

	Period covered by this report: 1 Feb 2023 – 31 Mar 2023		
Ref	Reason for Overpayment	Value (£)	Number of invoices
1	Payment processed in error	£909.73	1
2	Overpayment of Shifts / Hours / Unauthorised Leave	£24,622.45	25
3	Overpayment of Sickness/Failure to Supply Medical Certificates	£1,539.99	3
4	Overtaken Annual Leave	£727.81	4
		£28,097.67	33

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Appendix 4: Losses and Special Payments over £5,000

	Period covered by this report:		1 Feb 2022 to 31 Mar 2023
Ref	Losses and Special Payments Category	Value (£)	Explanation
	Total Losses (for approval)	£Nil	

Recommendation: N/a

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

To:

NHS Audit Committee Chairs
NHS Directors of Finance
NHS Board Secretaries
The Chair of the NHS Technical Accounting
Group
Steve Elliot – NHS Director of Finance Welsh Government
John Evans – Welsh Government
Jacqui Salmon – Welsh Government

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info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

Reference: AC350/3415A2023

Date issued: 1 March 2023

Dear colleague

NHS – Audit of Accounts 2022-23

We are about to commence our accounts audit work for all NHS bodies in Wales and I am conscious that the closure of the 2022-23 NHS financial statements will be challenging to both Audit Wales and the NHS.

In the attached letter, my Executive Director of Audit Services provides some important information on the introduction of a new auditing standard. The new standard fundamentally impacts how we will undertake the 2022-23 audit and has implications for you and your teams. The letter gives more detail on the standard itself and its impact on fees and the 2022-23 audit certification deadline.

I am acutely conscious that the message is a difficult one, with our fee rates increasing and deadlines moving later, at a time when colleagues everywhere in the public service are under great pressure. It is for that reason that I wanted to write to you directly, to explain the drivers behind the changes and to give my assurance that Audit Wales will be doing all it can, in the coming years, to continue to provide high quality audit, delivered efficiently, and that we have a plan to bring deadlines forward. I would like to thank you for your continued communication and engagement, which are so vital if we are to deliver those things.

In respect of the certification deadlines, the introduction of the revised Standard, and a radically different audit approach, has implications for audit timetables and it is inevitable that the new approach will require additional time to implement. I am also conscious that there will be additional challenges for finance teams preparing accounts this year, including the introduction of IFRS 16 – Accounting for Leases and accounting adjustments resulting from the quinquennial valuation of the NHS estate. It is important that finance teams have sufficient time to reflect these changes accurately in draft accounts submitted for audit to ensure a smooth audit process.

Given the circumstances set out above, I feel I have no option but to extend the audit certification deadline to 31 July 2023 to ensure I build in sufficient time to deliver an audit that meets my high standard in terms of audit quality.

That said, it is essential I recover this position in future years. In terms of my proposed certification deadlines in 2023-24 and 2024-25, I have signalled to my colleagues at Audit Wales the importance of recovering the position and a continual and collaborative dialogue with NHS colleagues is crucial.

To help us achieve the proposed certification deadlines set out in the attached letter, my Engagement Director and audit teams will continue to liaise closely with you and your colleagues. Notwithstanding the ongoing dialogue taking place at a local level, I have asked my Executive Director of Audit Services to arrange discussions with key stakeholder groups across the NHS. I hope that this is a helpful update and I wish you all the very best for the forthcoming audit of accounts.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian Crompton', with a long horizontal flourish extending to the right.

ADRIAN CROMPTON
Auditor General for Wales

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

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[by-email]

Reference: 3415A2023

Date issued: 1 March 2023

To: NHS Directors of Finance
NHS Audit Committee Chairs
NHS Board Secretaries
The Chair of the NHS Technical Accounting Group
Steve Elliot – NHS Director of Finance Welsh Government
John Evans – Welsh Government
Jacqui Salmon – Welsh Government

Dear colleague

NHS – Audit of Accounts 2022-23

- 1 We are about to commence our accounts audit work for all NHS bodies. We are therefore taking the opportunity to write to you with some important information on the introduction of a revised auditing standard which fundamentally impacts on how we will undertake your 2022-23 audit.
- 2 Within this letter we consider:
 - the impact of the revised standard;
 - the resultant impact on audit fees; and
 - the timetable for the Audit of Accounts 2022-23 and for future years.

The impact of ISA 315

- 3 Our audits of NHS accounts for the year ended 31 March 2023 will be carried out under a revised auditing standard ([ISA 315 \(UK\) Identifying and Assessing the Risks of Material Misstatement \(Revised July 2020\)](#)).

- 4 This revised standard is effective for audits of accounts for periods beginning on or after 15 December 2021 and applies to the audit of all private and public sector entities across the UK, regardless of their nature, size or complexity.
- 5 The revised standard will have significant and far-reaching impacts on how auditors undertake audit risk assessments and our overall audit approach.
- 6 In planning our audit, we will be required to undertake more detailed and extensive risk assessment procedures to identify risks of material misstatement. The subsequent design and performance of our audit approaches will be responsive to each assessed risk.
- 7 **Appendix 1** outlines the key changes and the potential impact on your organisation in terms of information requests from our audit teams.
- 8 The standard has been amended to drive better quality, more effective risk assessments, as well as to promote greater exercise of professional scepticism. It also requires us to obtain a much more robust understanding of an organisation's IT systems. Financial reporting frameworks and governance structures are becoming increasingly complex, while technology continues to play a more advanced role in the control environment of entities. These changes require risk identification and assessment to be enhanced and rigorous audit processes.
- 9 The previous standard did not address automated tools and techniques, which are increasingly being used by auditors to inform risk assessment. All audits of 2021-22 NHS accounts incorporated elements of our Analytics Assisted Audit. The revised standard introduces specific considerations relating to the auditors' use of automated tools and techniques.

Impact on audit fees

- 10 As a result of the changes outlined above, we expect 2022-23 audits to take longer to complete. We will also be required to use more experienced CCAB qualified staff on audits to deal with the higher level of judgement necessitated by the standard.
- 11 In our August 2022 Consultation on Fee Scales, we indicated that our initial assessment of the impact of this richer skill mix on fees was a potential average increase in fee scales for our financial audit work of between 12% and 18%. This is consistent with expectations in other UK public audit bodies and the private sector audit firms.
- 12 We have now started more detailed risk assessment under the new audit approach and will be able to provide you with an updated assessment of the audit fee once we have completed that initial risk planning. Our initial estimate is

that audit fees will increase by 10.2% for ISA 315, in addition to the 4.8% inflationary increase set out in our Audit Wales [2023-24 Fee Scheme](#) . Your Engagement Director will discuss the proposed fee for your audit once that risk assessment has been completed.

Timetable for the Audit of Accounts 2022-23

- 13 The introduction of the revised Standard and a radically different audit approach has implications for audit timetables. We have worked closely with the other UK Public Audit Bodies to develop an audit methodology which, we believe, will add value to Audited Bodies whilst continuing to maintain the high-quality audit which we know you expect from us. However, it is inevitable that the new approach will require additional time to implement.
- 14 We are also conscious that there will be additional challenges for finance teams preparing accounts this year, including the introduction of IFRS 16 – Accounting for Leases and accounting adjustments resulting from the quinquennial valuation of the NHS estate. It is important that finance teams have sufficient time to reflect these changes accurately in draft accounts submitted for audit to ensure a smooth audit process.
- 15 We will be working closely with NHS finance teams over the next few weeks to agree the precise timings for submission of NHS draft accounts. There will also be logistical matters to consider, such as managing staff annual leave and potentially securing revised Audit Committee, Board and Annual General Meeting (AGM) dates. We are aware that Health Boards and Trusts must hold an AGM no later than 31 July each year as per Standing Orders.
- 16 From our discussions with Health Bodies, we are aware that a number of you are struggling to recruit experienced finance staff and that this may also impact audit timetables. We are facing similar challenges and know that this position is consistent with the National Audit Office (NAO), Audit Scotland and the Northern Ireland Audit Office. The NAO's recovery plan article is a useful reference in this context¹. In addition, a more recent report by the National Audit

¹ [The NAO: getting government accounts back on track | ICAEW](#)

² [Timeliness of local auditor reporting on local government in England](#)

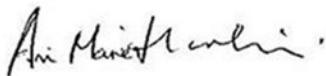
Office (January 2023) highlights how the delays to local government audit opinions are impacting elsewhere in the public sector, including the NHS, and describes plans to get back on track with the timetable for published audit opinions².

- 17 For information, reporting deadlines in England are slightly more complicated, with providers and commissioners having different dates and different requirements around annual reports. The NAO have just published in their opinion for the Department of Health and Social Care Annual Report and Accounts 2021-22 (page 264) that 25% of providers in NHS England and 20% of commissioners failed to meet the Department of Health and Social Care audited accounts deadline in 2021-22.
- 18 As the auditors of Local Government Bodies in Wales, we have been experiencing similar delays to those seen in England in completing our audit of the 21-22 accounts. These delays result mainly from a technical issue regarding the valuation of Local Government infrastructure assets, which resulted in the Welsh Government deferring the audit certification deadline to 31 January 2023 and have impacted our ability to commence our 2022-23 audits in line with previous year timetables.
- 19 Taking all of this into account and having discussed with colleagues in Welsh Government responsible for preparing the NHS Consolidated accounts, we are therefore proposing an audit certification deadline of **31 July 2023** for NHS Bodies in Wales.
- 20 We recognise that this is later than many bodies would like but we believe it is important to set realistic timescales we can all work to. Over the next three years our plan would be to revert to a 15 June deadline as follows:
 - Audit of Accounts 2022-23 – certification by 31 July 2023;
 - Audit of Accounts 2023-24 – certification by 30 June 2024; and
 - Audit of Accounts 2024-25 – certification by 15 June 2025.

- 21 You will note that by 2024-25, we are not intending to revert to the pre-covid 31 May deadline but will aim to certify accounts by 15 June. This will ensure that the time required for Health Boards and Trusts to circulate the requisite accounts and audit reports to the Audit Committee and the Board, does not compress the audit window to less than a month.
- 22 In respect of the Charitable Funds audit or the independent examination, we intend to complete these by the deadline set by the Charities Commission.
- 23 We value the constructive working relationship we have with your finance teams and will continue to work closely with you to bring forward the deadlines for future years.
- 24 We remain committed to working collaboratively with you to successfully navigate this challenge, building on our shared experiences. We will ensure we attend all the relevant NHS fora to discuss the content of this letter with you and will be arranging meetings with all NHS Directors of Finance and Audit Committee Chairs to provide you with an opportunity to meet with us all.

Thank you to you and your teams for working so well with us.

Yours sincerely



Ann-Marie Harkin
Executive Director Audit Services

Appendix 1 – the key changes to the standard and the potential impact on your organisation

Key change	Potential impact on your organisation
More detailed and extensive risk identification and assessment procedures	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> • information on your organisation's business model and how it integrates the use of information technology (IT); • information about your organisation's risk assessment process and how your organisation monitors the system of internal control; • more detailed information on how transactions are initiated, recorded, processed and reported. This may include access to supporting documentation such as policy and procedure manuals; and • more detailed discussions with your organisation to support the audit team's assessment of inherent risk.
Obtaining an enhanced understanding of your organisation's environment, particularly in relation to IT	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> • IT applications relevant to financial reporting; • the supporting IT infrastructure (e.g. the network, databases); • IT processes (e.g. managing program changes, IT operations); and • the IT personnel involved in the IT processes. <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>

Key change	Potential impact on your organisation
Enhanced requirements relating to exercising professional scepticism	Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.
Risk assessments are scalable depending on the nature and complexity of the audited body	The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.
Audit teams may make greater use of technology in the performance of their audit	Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Eich cyf / Your ref: DoF001

Ein cyf/Our ref:

Gofynnwch am/Please ask for: Abbi Davies

Rhif Ffôn /Telephone: 01267 239711

E-Bost/Email: abbigail.davies@wales.nhs.uk

Dyddiad/Date: 16th March 2023

Swyddfeydd Corfforaethol, Adeilad Ystwyth
Hafan Derwen, Parc Dewi Sant, Heol Ffynnon Job
Caerfyrddin, Sir Gaerfyrddin, SA31 3BB

Corporate Offices, Ystwyth Building
Hafan Derwen, St Davids Park, Job's Well Road,
Carmarthen, Carmarthenshire, SA31 3BB

Adrian Crompton
Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ
6 March 2023

Sent by email

Re: Audit of Annual Accounts 2022/2023

Annwyl Adrian,

Many thanks for your letter of 1 March, and the accompanying letter from Anne-Marie Harkin. I appreciate this is a challenging time for Audit Wales, and I note your explanation on the impact of ISA 315 on your work plan and fees. I believe this provides us with an opportunity to work together to deliver better public accountability and I am heartened that the intent is to improve audit quality through better risk assessments, a greater focus on our IT environment, more use of automated auditing techniques and enhanced professional scepticism.

Naturally the increased fee is a challenge for us in a resource constrained environment when we are facing a number of other budgetary issues.

I understand the issues and the challenges which we will face in concluding the audit before 31 July, and across the NHS we are concerned by the implications this will have on our compliance with our Standing Orders and the requirement to hold an AGM before this time. While we work with Welsh Government to understand the implications of this, I am concerned that there could be a perception amongst our public that the reason for any such delay relates to local governance concerns. I would be grateful for assurance that the Senedd's Public Accounts Committee in particular are clear on the issues. It's also important that we ensure that any external communications are clear.

We have worked well with colleagues from Audit Wales for a number of years, and this has built a relationship of mutual trust based on openness, transparency and professionalism. We want to

Swyddfeydd Corfforaethol, Adeilad Ystwyth,
Hafan Derwen, Parc Dewi Sant, Heol Ffynnon Job,
Caerfyrddin, Sir Gaerfyrddin, SA31 3BB

Corporate Offices, Ystwyth Building,
Hafan Derwen, St Davids Park, Job's Well Road,
Carmarthen, Carmarthenshire, SA31 3BB

Cadeirydd /Chair
Miss Maria Battle

Prif Weithredwr/Chief Executive
Mr Steve Moore

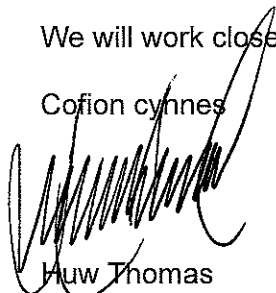
Bwrdd Iechyd Prifysgol Hywel Dda yw enw gweithredol Bwrdd Iechyd Lleol Prifysgol Hywel Dda
Hywel Dda University Health Board is the operational name of Hywel Dda University Local Health Board

Mae Bwrdd Iechyd Prifysgol Hywel Dda yn amgylchedd di-fwg Hywel Dda University Health Board operates a smoke free environment

make sure we build on that approach and maximise the added value which external audit can provide to our governance processes and public accountability. With that in mind, we would welcome working closely with Audit Wales to trial within our Health Board any new audit techniques and approaches which you would like to adopt.

We will work closely with Anthony over the coming weeks and months on our collective endeavour.

Cofion cynnes

A handwritten signature in black ink, appearing to be 'Huw Thomas', written over the text 'Cofion cynnes'.

Huw Thomas
Cyfarwyddwr Cyllid / Director of Finance

cc. Anthony Veale, Audit Director
Anne-Marie Harkin, Executive Director Audit Services
Steve Moore, CEO, Hywel Dda UHB
Joanne Wilson, Director of Corporate Governance, Hywel Dda UHB
Paul Newman, Chair of Audit and Risk Assurance Committee, Hywel Dda UHB

Mr Huw Thomas
Director of Finance
Hywel Dda UHB

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www.audit.wales / www.archwilio.cymru

Via email

Reference: AC/352/caf
Date issued: 21 March 2023

Annwyl Huw

Audit of Annual Accounts 2022/2023

Thank you very much for your letter. I recognise your description of the positive working relationship between Audit Wales and your team and thank you for your leadership in that regard. Please be assured we will continue to work with you in that way.

I recognise too your concern about the risks posed by not completing the audit before the end of July. We will be alert to avoid any misunderstanding of the reasons for later completion and will ensure that the Public Administration and Public Accounts Committee is properly advised of the issue.

Cofion cynnes



ADRIAN CROMPTON
Auditor General for Wales



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Year end Audit 2022/23

Adding value. Today. Tomorrow. Together.
Creu gwerth gyda'n gilydd. Heddiw ac i'r dyfodol.

Content

- Audit Wales
- Key items affecting the accounts
- Timetable

Adding value. Today. Tomorrow. Together.
Creu gwerth gyda'n gilydd. Heddiw ac i'r dyfodol.

- **International Standards on Auditing (ISA) 315** – identifying and assessing the risks of material misstatement
- **Objective**
 - *Identify and assess the risks of material misstatement [...] thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement (ISA135.11)*
- **Why**
 - Increased complexity + Corporate audit failures => New ISA 315 to identify and assess risks of material misstatements in accounts
- **When**
 - Effective for audits of financial statements for periods beginning on or after 15 December 2021
 - Applies to all entities regardless of their nature, size or complexity

- What it means for Audit Wales?



Risk assessment

- More detailed & extensive risk identification & assessment procedures
- Tailored responses to every risk



IT

- Enhanced review of the info tech environment



Prof. scepticism

- Enhanced professional scepticism focusing on contradictory as well as confirmatory evidence

Slide from Audit Wales

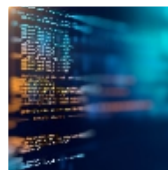
Adding value. Today. Tomorrow. Together.
Creu gwerth gyda'n gilydd. Heddiw ac i'r dyfodol.

• What it means for us?



Risk assessment

- More enquiries at planning including on:
 - business model & use of IT
 - our risk assessment process & SIC
 - how transactions are initiated, processed and reported
 - discussions to support inherent risk assessment



IT

- More enquiries on IT environment:
 - relevant IT applications
 - IT infrastructure
 - IT processes
 - IT personnel
 - Operation of IT controls
- Information requests in a different format to facilitate use of automated tools on the audit



Prof. scepticism

- Additional enquiries where auditors identify information which appears to contradict previous evidence

Slide from Audit Wales

Adding value. Today. Tomorrow. Together.
Creu gwerth gyda'n gilydd. Heddiw ac i'r dyfodol.

- **Impact on audit plans**

- Outline audit plans in March and April
- Detailed plans in April and May
- Holistic audit approach (performance and financial audit)

- **Impact on audit fees**

- Higher level of auditor judgement
- Richer skill mix
- Increase in audit fees

- **Impact on timing of accounts audit work**

- More planning time
- Interim audit testing reduced
- More audit time needed at final accounts

Adding value. Today. Tomorrow. Together.
Creu gwerth gyda'n gilydd. Heddiw ac i'r dyfodol.

- IFRS 16 – accounting for leases
- Quinquennial valuation
- Provisions – clinical negligence and other
- Accruals and cut off
- Senior officer remuneration and related party transactions
- Regularity opinion (scheme pays etc)

Identified by Audit Wales in preliminary audit risk assessment but would be the areas highlighted by Hywel Dda

- Areas of judgement
- Dental contracts underperformance

- 05 May 2023 - Submission of draft accounts
- 09 May 2023 – Audit of accounts commences
- 11 May 2023 – Review of draft accounts by ARAC
- 26 July 2023 – Sign off of final accounts by ARAC (TBC)
- 27 July 2023 – Approval of accounts by the Board (TBC)
- 31 July 2023 – Audit General certification of accounts

Next Steps

- Completion of the draft accounts by 5 May 2023
- Review of draft accounts by ARAC 11 May 2023

Adding value. Today. Tomorrow. Together.

Creu gwerth gyda'n gilydd. Heddiw ac i'r dyfodol.

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Covering sheet for claims or returns certified under the Auditor General's arrangements

Auditor's certificate re

(name of the funder's grant programme and, if applicable, project name)

The enclosed document

(form number or if unnumbered, type of claim or return)

for the project/financial year ended 31 March (year)

has been certified on the request of

(the grant receiving body)

This certificate is provided by an auditor working under the Auditor General's arrangements in accordance with the Statement of Responsibilities of grant-paying and receiving bodies, the Auditor General for Wales and the auditors who work for him in relation to grant claims and returns using CI which was agreed with you.

(CI number)

You are asked to deal promptly with this certified document, taking account of any amendments and/or qualification letter noted below.

Your queries should normally be addressed to the grant receiving body because the claim or return read with the auditor's qualification letter should enable you to resolve outstanding issues. If exceptionally it is essential to address a query to the auditor, please address your query to Audit Wales at the above address, enclosing this form for identification purposes, together with the certified document if appropriate.

Please note: Auditor to indicate by a tick if the option(s) applies

Agreed amendments incorporated in the attached claim

- ☐ none (the claim entries are those originally made by the grant receiving body).
- ☐ the document replaces or amends the original and incorporates amendments made by the grant receiving body with auditor agreement which

* have no overall effect on entitlement

* increase the amount payable by (name of party) by £

* decrease the amount payable by (name of party) by £

* delete as appropriate

Other matters for your attention

- ☐ none
- ☐ a qualification letter is attached setting out the other matters arising and the value of the matters raised is £ Errors found in the samples tested and £ the extrapolated effect if further similar error(s) arose across the whole claim

Only an original of this covering sheet confirms that:

- the enclosed document and any qualification letter have been sent direct to you by the auditor;
- the auditor has sent the grant receiving body a copy of the enclosed certified document, and any qualification letter in respect of it.

Auditor

(Signature)

Date

CF2 ref

Audit Wales /Firm and sequential no.

CF2 (5/16)

CFN issued

Agreed amendments incorporated in the attached claim

Cells or lines amended	Reason for the amendment	Amount of amendment £	Basis of adjustment Actual / Extrapolated	Increase / Decrease

The effect of these amendments on the amount payable is shown on the front page.
However, for complex claims or returns, the table above does not show all of the consequential amendments arising on cells related to those originally mistated.

☐ See supplementary sheet for further amendments.

POOLED FUND MEMORANDUM ACCOUNT for the period 1st April 2021 to 31st March 2022

Carmarthenshire Integrated Community Equipment Stores (CICES)

	£	£
Gross Funding		
Carmarthenshire County Council	247,653.00	
Hywel Dda Local Health Board	408,940.00	
		656,593.00 A
Expenditure		
Gross Expenditure	1,138,311.50	
less Miscellaneous Income	-481,718.50	
Net Expenditure		656,593.00 B
Net overspend		0.00 B-A

CERTIFICATE OF CHIEF FINANCE OFFICER

I certify that the above pooled fund memorandum account accurately discloses the income received and receiveable and expenditure incurred in accordance with the partnership agreement, as amended by any subsequent agreed variations, entered into under section 33 of the National Health Service(Wales) Act 2006.

Signed..........Date.....12/10/22.....
Chief Financial Officer

Certificate of the Auditor General for Wales

The Statement of Responsibilities of grant-paying and receiving bodies, the Auditor General for Wales and auditors who work under his arrangements for certifying claims and returns sets out the respective responsibilities of these parties. It also sets out the limitations of the responsibilities of the Auditor General for Wales and the auditors working under his arrangements.

We have examined the entries in this form and the related accounts and records of the receiving body in accordance with Certification Instruction A01, and have carried out the tests in Certification Instruction number **HLG01(21-22)** and obtained such evidence and explanations as we consider necessary.

Except for the matters raised in the attached qualification letter dated 20/03/2023

we have concluded that nothing has come to our attention to indicate that the claim or return:

- is not fairly stated; and
- is not in accordance with the relevant terms and conditions.

Signature



Name (block capitals) JASON BLEWITT
(on behalf of the Auditor General for
Wales)

Date

20/03/2023

CF1 (5/16)

Mr Huw Thomas
Director of Finance
Hywel Dda University Local Health Board
Hafan Derwen
Jobswell Road
Carmarthen
SA31 3BB

24 Cathedral Road / 24 Heol y Gadeirlan
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info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Date issued: 20 March 2023

Dear Huw,

Carmarthenshire County Council – Pooled Budgets (HLG01) 2021-22

I have certified the enclosed annual return in accordance with Certification Instruction (CI) HLG01 subject to the following matters:

The Partnership Agreement in place is historic and is out of date

Certification Instruction Test 2 requires us to confirm that there is a signed Partnership Agreement in place. We have been provided with a Partnership Agreement from 2007 which was made between Carmarthenshire County Council, Carmarthenshire NHS Trust and Carmarthenshire Local Health Board which are now Hywel Dda Local Health Board. This has been signed by the officers in place at that time, dated 4th October 2007. There is no evidence that the Partnership Agreement has been received or updated since this date.

In addition, the agreement is out-of-date. For example, it refers to an historic budget as well as capital contributions from Welsh Government and the Red Cross which we have been informed are no longer applicable as they related to initial set-up costs.

We have been informed that a review of the Partnership Agreement was started in 2019, but due to the Covid pandemic it was put on hold and that there is currently a wider review of all integrated arrangements being undertaken.

Certification Instruction Test 10 requires us to confirm that only expenditure in respect of the approved Partnership Agreement has been included in the Annual Return. We can confirm that the expenditure included in the Annual Return is in line with the 2007 Partnership Agreement.

Contributions are not in lien with the Partnership Agreement

Certification Instruction Test 6 requires us to confirm that the Gross Funding (including contributions) on the Annual Return agrees with the terms outlined in the agreement (and any subsequent agreed changes).

As noted above, the Partnership Agreement is out-of-date, and includes historic budget and contributions figures. The gross funding and contributions on the Annual Return vary from those in the Partnership Agreement, therefore we are unable to confirm that Test 6 of the Certification Instruction has been met.

Certification Instruction Test 7 requires us to confirm that all budget amendments, whether to changes in contributions or to project expenditure have been given prior written approval. As the contributions from the year vary from those included in the Partnership Agreement, and we have not seen any minutes to confirm the approved budget and contributions for the 2021-22 year, then we are unable to confirm that Certification Instruction Test 7 has been met.

You are invited to consider the facts stated above and consider what action, if any, you choose to take.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Blewitt', with a stylized flourish at the end.

Jason Blewitt

Audit Manager

Certificate of the Auditor General for Wales

The Statement of Responsibilities of grant-paying and receiving bodies, the Auditor General for Wales and auditors who work under his arrangements for certifying claims and returns sets out the respective responsibilities of these parties. It also sets out the limitations of the responsibilities of the Auditor General for Wales and the auditors working under his arrangements.

I have examined the entries in this form (~~which replaces or amends the original submitted to me / us by the receiving body dated _____~~)* and the related accounts and records of the receiving body in accordance with Certification Instruction A01, and have carried out the tests in Certification Instruction number HLG01 and obtained such evidence and explanations as I consider necessary.

~~(Except for the matters raised in the attached qualification letter dated _____)*~~

I have concluded that nothing has come to our attention to indicate that the claim or return:

- is not fairly stated; and
- is not in accordance with the relevant terms and conditions.

Signature



Name (block capitals)

JASON BLEWITT

(on behalf of the Auditor General for Wales)

Date 9-3-22

**Delete as necessary*

CF1 (5/16)

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Covering sheet for claims or returns certified under the Auditor General's arrangements

Auditor's certificate re

(name of the funder's grant programme and, if applicable, project name)

The enclosed document

(form number or if unnumbered, type of claim or return)

for the project/financial year ended 31 March (year)

has been certified on the request of

(the grant receiving body)

This certificate is provided by an auditor working under the Auditor General's arrangements in accordance with the Statement of Responsibilities of grant-paying and receiving bodies, the Auditor General for Wales and the auditors who work for him in relation to grant claims and returns using CI which was agreed with you.

(CI number)

You are asked to deal promptly with this certified document, taking account of any amendments and/or qualification letter noted below.

Your queries should normally be addressed to the grant receiving body because the claim or return read with the auditor's qualification letter should enable you to resolve outstanding issues. If exceptionally it is essential to address a query to the auditor, please address your query to Audit Wales at the above address, enclosing this form for identification purposes, together with the certified document if appropriate.

Please note: Auditor to indicate by a tick if the option(s) applies

Agreed amendments incorporated in the attached claim

- ☐ none (the claim entries are those originally made by the grant receiving body).
- ☐ the document replaces or amends the original and incorporates amendments made by the grant receiving body with auditor agreement which

* have no overall effect on entitlement

* increase the amount payable by (name of party) by £

* decrease the amount payable by (name of party) by £

* delete as appropriate

Other matters for your attention

- ☐ none
- ☐ a qualification letter is attached setting out the other matters arising and the value of the matters raised is £ Errors found in the samples tested and £ the extrapolated effect if further similar error(s) arose across the whole claim

Only an original of this covering sheet confirms that:

- the enclosed document and any qualification letter have been sent direct to you by the auditor;
- the auditor has sent the grant receiving body a copy of the enclosed certified document, and any qualification letter in respect of it.

Auditor (Signature)

Date

CF2 ref

Audit Wales /Firm and sequential no.

CF2 (5/16)

CFN issued

Agreed amendments incorporated in the attached claim

Cells or lines amended	Reason for the amendment	Amount of amendment £	Basis of adjustment Actual / Extrapolated	Increase / Decrease

The effect of these amendments on the amount payable is shown on the front page.
 However, for complex claims or returns, the table above does not show all of the consequential amendments arising on cells related to those originally mistated.

☐ See supplementary sheet for further amendments.

Annex 2: Annual Account format as endorsed by Welsh Government**POOLED FUND MEMORANDUM ACCOUNT for the period 01/04/21 to 31/03/22****Ceredigion Integrated Community Equipment Services**

	Cash	2021/2022 Staff	Other
	£	£	£
Gross Funding			
Ceredigion County Council	376,000	157,445	218,555
Hywel Dda University Health Board	139,000	58,204	80,796
Total Funding	515,000	215,649	299,351
Expenditure			
Total Expenditure in accordance with above objective	542,093	171,632	370,461
Total Expenditure	542,093	171,632	370,461
Net underspend /overspend ()	-27,093	44,017	-71,110

CERTIFICATE OF CHIEF FINANCE OFFICER/ DIRECTOR OF FINANCE

I certify that the above pooled fund memorandum account accurately discloses the income received and expenditure incurred in accordance with the partnership agreement, as amended by any subsequent agreed variations, entered into under [section 33 of the National Health Service (Wales) Act 2006/section 166 of the Social Services and Well-being (Wales) Act 2014] *.

Signed  Date 

Chief Financial Officer/ Director of Finance

**Delete as necessary*

Certificate of the Auditor General for Wales

The Statement of Responsibilities of grant-paying and receiving bodies, the Auditor General for Wales and auditors who work under his arrangements for certifying claims and returns sets out the respective responsibilities of these parties. It also sets out the limitations of the responsibilities of the Auditor General for Wales and the auditors working under his arrangements.

I have examined the entries in this form (~~which replaces or amends the original submitted to me / us by the receiving body dated _____~~)* and the related accounts and records of the receiving body in accordance with Certification Instruction A01, and have carried out the tests in Certification Instruction number HLG03 and obtained such evidence and explanations as I consider necessary.

(Except for the matters raised in the attached qualification letter dated 30-3-23)*

I have concluded that nothing has come to our attention to indicate that the claim or return:

- is not fairly stated; and
- is not in accordance with the relevant terms and conditions.

Signature



Name (block capitals)

JASON BLEWITT

(on behalf of the Auditor General for Wales)

Date 30-3-23

**Delete as necessary*

CF1 (5/16)

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Covering sheet for claims or returns certified under the Auditor General's arrangements

Auditor's certificate re

(name of the funder's grant programme and, if applicable, project name)

The enclosed document

(form number or if unnumbered, type of claim or return)

for the project/financial year ended 31 March (year)

has been certified on the request of

(the grant receiving body)

This certificate is provided by an auditor working under the Auditor General's arrangements in accordance with the Statement of Responsibilities of grant-paying and receiving bodies, the Auditor General for Wales and the auditors who work for him in relation to grant claims and returns using CI which was agreed with you.

(CI number)

You are asked to deal promptly with this certified document, taking account of any amendments and/or qualification letter noted below.

Your queries should normally be addressed to the grant receiving body because the claim or return read with the auditor's qualification letter should enable you to resolve outstanding issues. If exceptionally it is essential to address a query to the auditor, please address your query to Audit Wales at the above address, enclosing this form for identification purposes, together with the certified document if appropriate.

Please note: Auditor to indicate by a tick if the option(s) applies

Agreed amendments incorporated in the attached claim

- ☐ none (the claim entries are those originally made by the grant receiving body).
- ☐ the document replaces or amends the original and incorporates amendments made by the grant receiving body with auditor agreement which

* have no overall effect on entitlement

* increase the amount payable by (name of party) by £

* decrease the amount payable by (name of party) by £

* delete as appropriate

Other matters for your attention

- ☐ none
- ☐ a qualification letter is attached setting out the other matters arising and the value of the matters raised is £ Errors found in the samples tested and £ the extrapolated effect if further similar error(s) arose across the whole claim

Only an original of this covering sheet confirms that:

- the enclosed document and any qualification letter have been sent direct to you by the auditor;
- the auditor has sent the grant receiving body a copy of the enclosed certified document, and any qualification letter in respect of it.

Auditor

(Signature)

Date

CF2 ref

Audit Wales /Firm and sequential no.

CF2 (5/16)

CFN issued

Agreed amendments incorporated in the attached claim

Cells or lines amended	Reason for the amendment	Amount of amendment £	Basis of adjustment Actual / Extrapolated	Increase / Decrease

The effect of these amendments on the amount payable is shown on the front page. However, for complex claims or returns, the table above does not show all of the consequential amendments arising on cells related to those originally mistated.

☐ See supplementary sheet for further amendments.

1 Capital Quarter
Tyndall Street / Stryd Tyndall
Cardiff / Caerdydd
CF10 4BZ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Mr Huw Thomas
Director of Finance
Hywel Dda University Local Health Board
Hafan Derwen
Jobswell Road
Carmarthen
SA31 3BB

**Money Transfers – WANLESS Enablement, Carmarthenshire County
Council 2021-22**

Date issued: 30 March 2023

Dear Huw

I have certified the enclosed annual voucher in accordance with Certification Instruction (CI)
HLG03 subject to the following matters:

There was no signed Memorandum of Agreement in place

CI paragraph 6 requires us to confirm that there is a signed Memorandum of Agreement (MoA) for each scheme listed in the Voucher, in the required format and valid for the period of the voucher.

There was no signed Memorandum of Agreement in place for 2021-22. A Service Level Agreement (SLA), signed by the Health Board only, was in place for the service in 2019-20. An email from the Health Board dated 8 June 2021 confirmed that the 2019-20 SLA remained extant for the 2020-21 year. The Council has stated that this email remained valid for the 2021-22 year but we have not seen evidence of this. The Council has provided us with an updated SLA on 17 March 2023, which is signed but not dated. This was provided after the completion of our audit and so we have not reviewed or tested this, and this was not in place for the period of the annual voucher.

We are further required to confirm that only expenditure allowed as eligible under the agreement have been included on the annual voucher. Given that there is no approved MoA

for 2021-22, this has not been possible. However, we can confirm that expenditure included on the voucher is in line with the 2019-20 SLA.

Contributions are not in line with the Memorandum of Agreement

CI test 6 requires us to confirm that the Gross Funding (including contributions) on the voucher agrees with the terms outlined in the agreement.

As noted above, there is no signed MoA for 2021-22 therefore we have not been able to agree the funding contribution to an agreement. The £451,517 Health Board contribution is 43.12% of the total eligible expenditure as in line with the 2019-20 SLA agreement, and is the amount invoiced and included on the annual voucher.

We also note that the SLA states that the funding contributions will be invoiced on a quarterly basis, in arrears. The funding contributions for 2021-22 were invoiced in full by the council on 13 September 2022.

You are invited to consider the facts stated above and consider what action, if any, you choose to take.

Yours sincerely



Jason Blewitt
Audit Manager

cc Chris Moore, Director of Corporate Services and s151, Carmarthenshire
County Council

SECTION 28A ANNUAL VOUCHER: FINANCIAL YEAR 2021/22

CARMARTHENSHIRE COUNTY COUNCIL

To be completed by 30th September of the following financial year

PART 1 STATEMENT OF EXPENDITURE FOR THE YEAR 31 MARCH 2022

(if the conditions of the payment have been varied, please explain what the changes are and why they have been made)

Scheme Ref. No. and title of Expenditure Project	Revenue Expenditure £	Capital Expenditure £	Total £
Wanless			
Enablement	451,517	0	451,517
	451,517	0	451,517

PART 2 STATEMENT OF COMPLIANCE WITH CONDITIONS OF TRANSFER

I certify that the above expenditure has been incurred in accordance with the conditions including any cost variations, for each scheme agreed by the Hywel Dda Health Authority in accordance with Directions made by the National Assembly for Wales under Section 28A of the NHS Act 1977 as substituted by Section 1 of the Health and Social Services Adjudication Act 1983 and amended by Section 29 of the Health Act 1999.

Signed:  Randal Hemingway
(Deputy S151)

Date: 13/12/22

Local Authority Chief Financial Officer (Section 151 Appointment) or
Chairman of Voluntary sector organisations, as appropriate (see paragraph 6(2)
of Directions).

Certificate of Auditor appointed by the Audit Commission

I/We have examined the entries in this form and the related accounts and records of the authority and have carried out the tests specified in Instruction No. prepared by the Audit Commission for its auditors and such other tests as I/we consider necessary and I/we have obtained such explanations as I/we consider necessary. (Subject to the observations in the attached report dated).

I am/We are of the opinion that:

- that the entries are fairly stated
- that the expenditure has been properly incurred in accordance with the Memorandum of Agreement signed by the Health Authority

Date.....

Auditor.....