



## PWYLLGOR ARCHWILIO A SICRWYDD RISG AUDIT AND RISK ASSURANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	21 February 2023
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Financial Assurance Report
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Tim John, Senior Finance Business Partner (Accounting & Statutory Reporting)

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

Ar Gyfer Penderfyniad/For Decision

### 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 Hywel Dda University Health Board's (UHB) 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

<b>Amcanion: (rhaid cwblhau) Objectives: (must be completed)</b>	
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. 3.14 Approve the writing-off of losses or the making of special payments within delegated limits. 3.16 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: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Not Applicable

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
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 COVID-19 – Coronavirus COP – Confirmation of Payee ECN – Error Correction Notice

	<p>EOY – End of Year  ERs NI – Employers National Insurance  GGH – Glangwili General Hospital  HMRC – Her Majesty’s Revenue and Customs  HOLD – Invoices that cannot be paid, as there is a query with the price or quantity or validity  IFRS – International Financial Reporting Standards  NWSSP – NHS Wales Shared Services Partnership  NIC – National Insurance Contribution  PID – Patient Identifiable Data  PO – Purchase Order  POL – Probability of Loss  PPH – Prince Philip Hospital  PSPP – Public Sector Payment Policy  RTI – Real Time Information (transmitted to HMRC from the Payroll system)  SFI – Standing Financial Instructions  SLA – Service Level Agreement  STA – Single Tender Action  VAT – Value Added Tax  WGH – Worthybush General Hospital  WRP – Welsh Risk Pool</p>
<p>Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg:  Parties / Committees consulted prior to Audit and Risk Assurance Committee:</p>	<p>UHB’s Finance Team  UHB’s Management Team</p>

<b>Effaith: (rhaid cwblhau)</b>	
<b>Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Risk to our financial position affects our ability to discharge timely and effective care to patients.
<b>Gweithlu: Workforce:</b>	Overpayments are reported within this report.
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: Legal:</b>	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.
<b>Enw Da: Reputational:</b>	Adverse variance against the UHB’s financial plan will affect our reputation with Welsh Government, Audit Wales and with external stakeholders.
<b>Gyfrinachedd: Privacy:</b>	Not Applicable
<b>Cydraddoldeb: Equality:</b>	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**

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

# Financial Assurance Report

## 2.1 Scheme of delegation changes

There are no Scheme of delegation changes to report.

## 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 December 2022 and January 2023 there were a total of 146 breaches with a combined value of £415k. The cumulative position as at end of January 2023 was a total of 406 breaches with a combined value of £577k. This compares to the cumulative position of 365 breaches in total with a combined value of £420k as at the end of December 2022.

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:

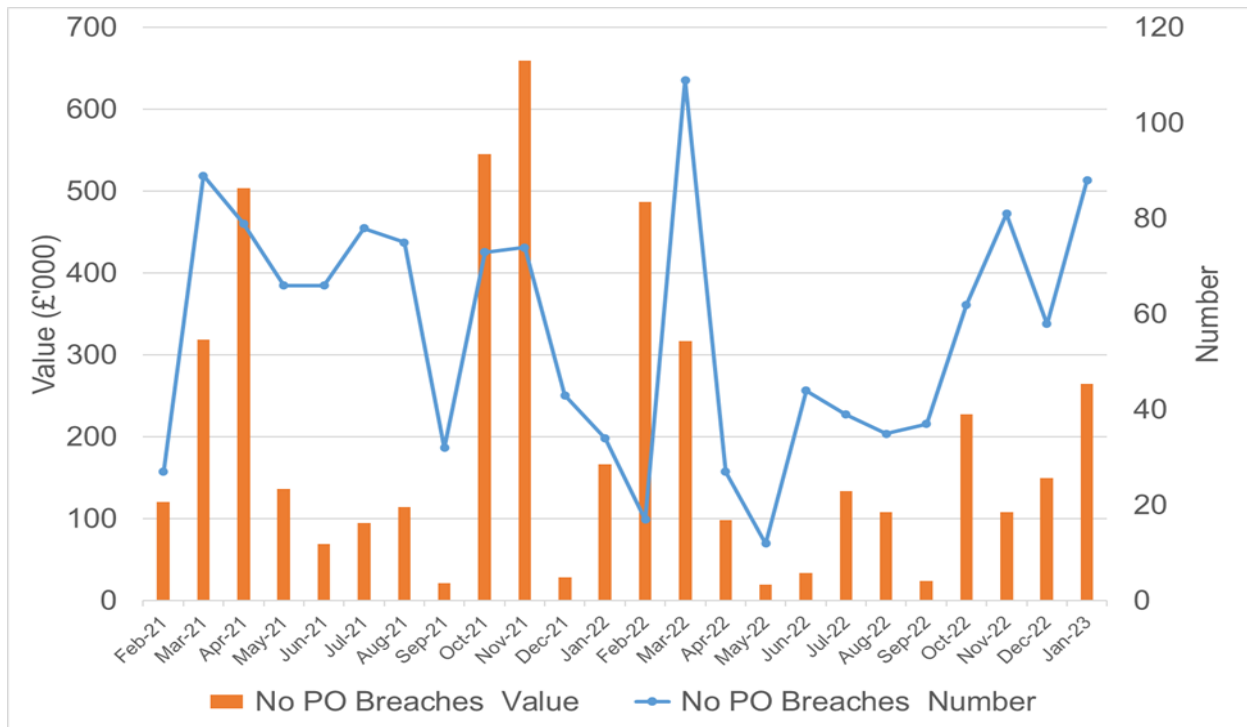
- Just Wales Ltd – failure to provide PO numbers
- Royal Mail – failure to provide PO numbers
- The Real Wrap Co Ltd – alternative incorrect goods supplied (126 invoices)
- Direct Healthcare Group – bariatric beds (matter now resolved)
- University of Wales Trinity St David's – non-compliance

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.

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.

# Financial Assurance Report

**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 January 2023 were 95% and 95.24% for NHS and Non-NHS invoices respectively.

The Health Board successfully achieved its' monthly PSPP target of paying 95% of its' non-NHS invoices in January 2023, with 97.06%. However, the Health Board failed to meet this target in December 2022 by 2.11%.

In addition, the Health Board failed to achieve its' monthly PSPP target of paying 95% of its' NHS invoices within 30 days for December 2022 and January 2023 by 0.07% and 3.97% respectively.

The failure to achieve the January NHS PSPP target, was mainly due to 22 invoices, relating to Northumbria Healthcare NHS Foundation Trust and Cardiff & Vale UHB, being paid after the 30-day target.

The Cardiff & Vale UHB invoices failed as a result of delays in the processing of pharmacy invoices. The Core Processing Team (CPT) have been working with the Pharmacy team around their internal processes to ensure they improve their compliance going forward.

Northumbria Healthcare NHS Foundation Trust invoices failed as a result of delays with Shared Services. CPT have queried this frequent failure of PSPP with Shared Services, and it is due to their lease car team not having a process in place to cover staff absence and ensure continuity of payment of these invoices.

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More generally, it should be noted that Health Board wide, there appears to be a growing problem with budget managers not approving invoices on a timely basis, which poses a risk to future compliance with PSPP targets and creates additional workload for CPT. CPT are actively pursuing the relevant budget managers to improve invoice approval times.

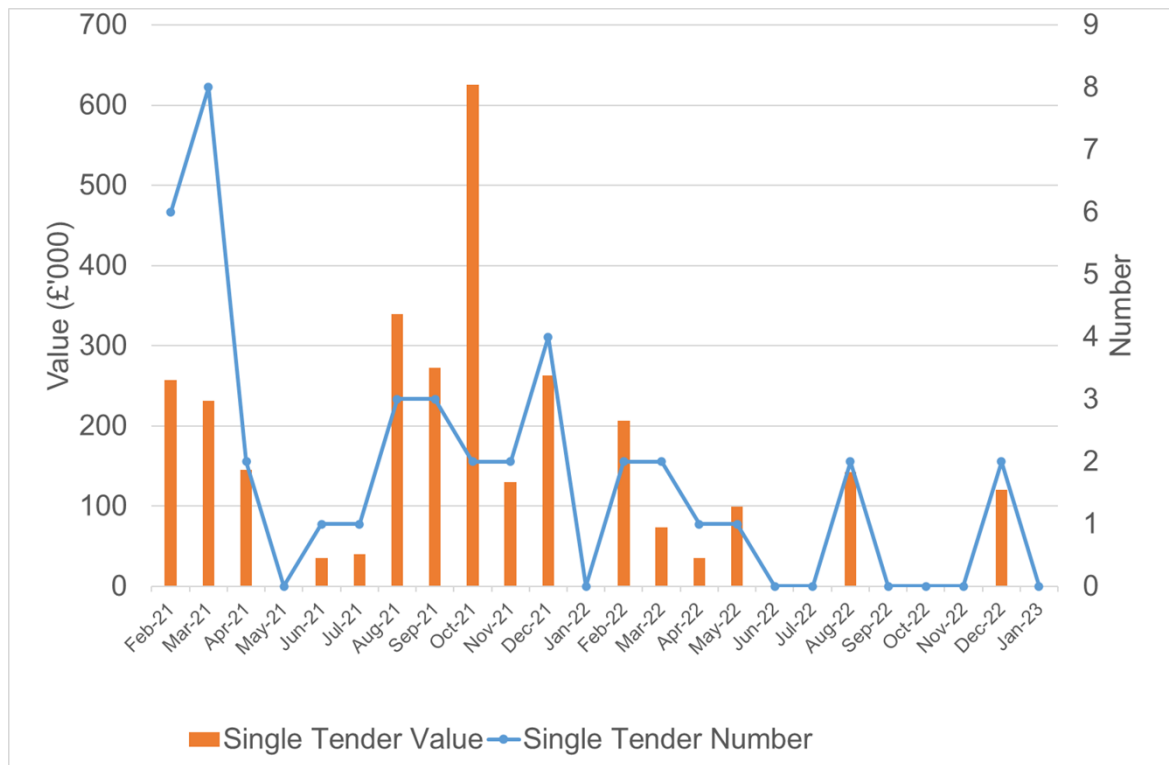
## 2.2.3 Single Tender Actions

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

There were two Single Tender Actions (in excess of £25,000) awarded during the period 1 December 2022 to 31 January 2023, totalling £119,785. These are detailed in Appendix 1.

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

**Figure 2: Numbers and value of Single Tender Actions**



## 2.2.4 Tenders Awarded

There were five contracts awarded, including direct awards through framework (in excess of £25,000) during the period 1 December 2022 to 31 January 2023, totalling £5,365,647, details of which can be seen in Appendix 2.

## 2.2.5 Consultancy contracts

There were two consultancy contracts awarded during the period 1 December 2022 to 31 January 2023, totalling £180,258, details of which can also be seen in Appendix 2.

# Financial Assurance Report

## 2.3 Compliance with Income to Cash

### 2.3.1 Overpayment of Salaries

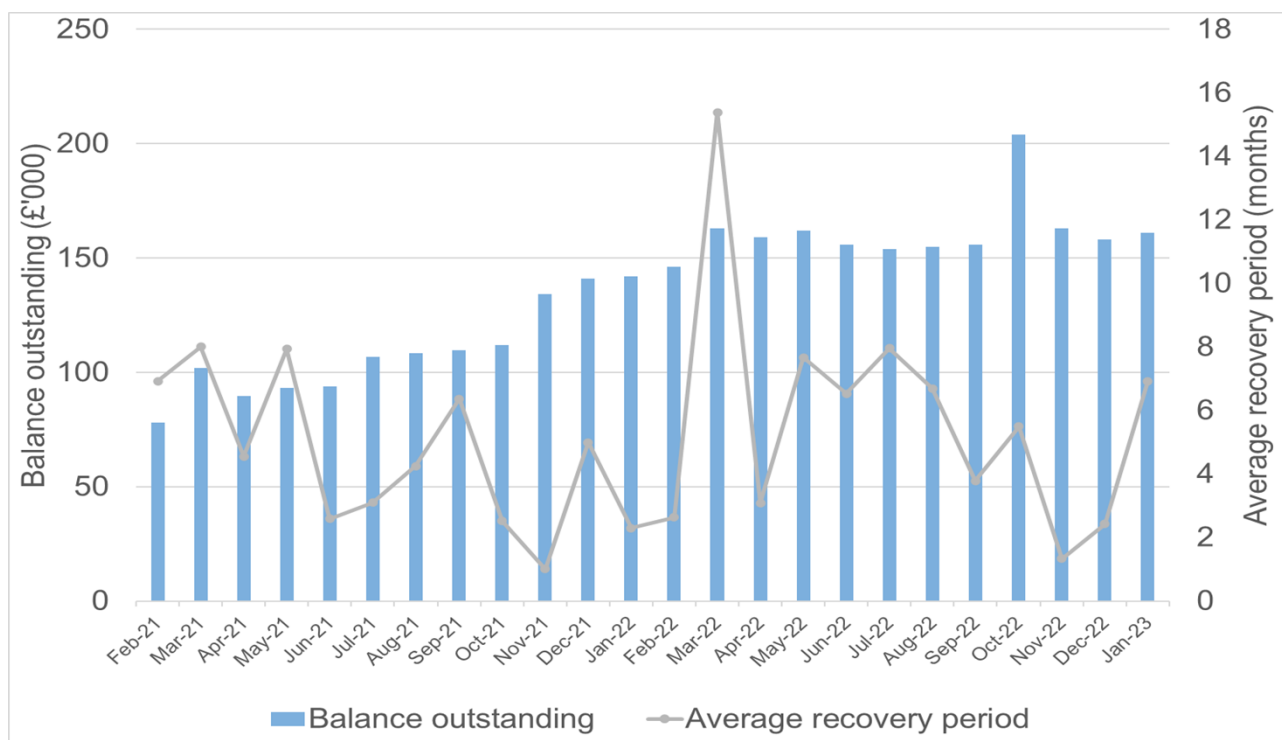
The Health Board has a duty to ensure that staff are paid appropriately, and that overpayments are not incurred.

Appendix 3 shows the volume and value of invoices raised in respect of overpayments for the period 1 December 2022 to 31 January 2023; 36 cases totalling £35,853.

The graph below (Figure 3) outlines the total balance outstanding against the average recovery period. The average recovery period reflects the number of debts settled in the current period only. Although the volume of invoices raised in the period 1 December to 31 January increased, the value of the invoices decreased, with the total value raised was £36k compared to £99k in the previous period.

The overall debt balance has decreased slightly to £161k in January 2023 compared to £163k at the end of November 2022, with the average recovery period increasing to seven months at the end of this period, compared to one month at the end of November 2022. This increase in average recovery period was as a result of two debts with recovery periods of 18 months and 46 months.

**Figure 3: Trend of aged overpayments and recoveries**



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

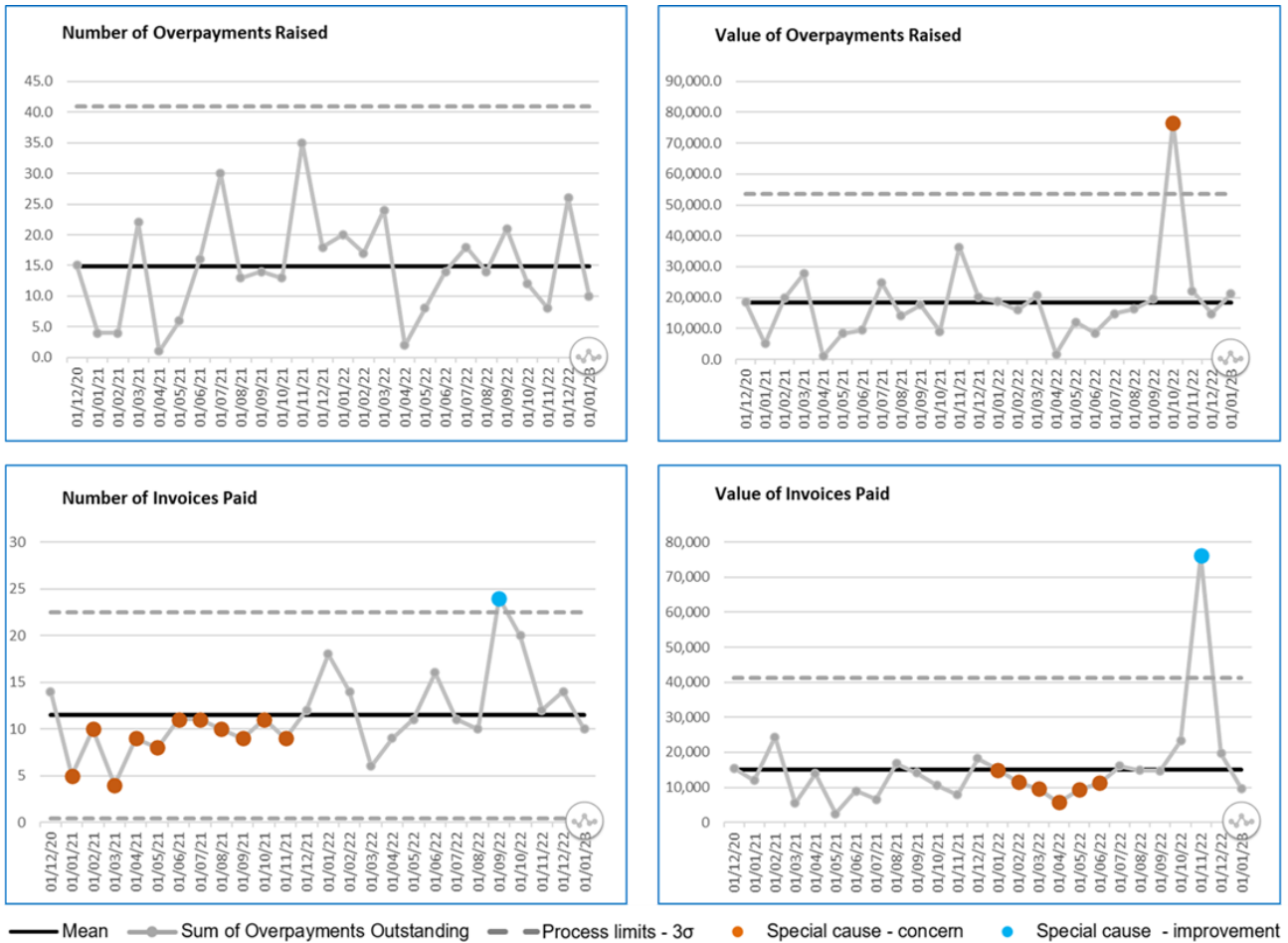
The four charts below show the number and volume of invoices raised by the Health Board in respect of the overpayment of salaries during the period December 2020 to January 2023.



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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 is £15k 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 £15k.



**2.3.2** The Overpayments Task & Finish group consists of representatives from Finance, Payroll, Workforce and Counter Fraud. The update on actions is highlighted below:

- Include in manager passport training – Counter Fraud (CF) will include a section on this issue within their Managers Passport input.

*Complete – Discussions with learning and development have confirmed that a Counter Fraud Session will be part of the programme and will be provided to the next cohort.*

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:

# Financial Assurance Report

- 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.

*February 2023 update from NWSSP: Funding from Welsh Government has been secured and discussions are afoot with potential partners, namely DHCW, Microsoft Centre of Excellence (COE) and a company called TPX (formerly Red Cortex).*

- In the interim, Hywel Dda UHB has simplified existing processes by allowing users to submit termination forms electronically via email. Management signatures will be reduced from two to one and electronic signatures will be accepted, negating the need for users to print, sign and scan documents. Once complete, the form will be attached to an email and sent to NWSSP Payroll. The email will provide confirmation of management approval.

*Complete/Actioned*

- Workforce have issued guidance to supervisors via the global messaging system, which has included information on the new over and underpayments policy, the need for accurate submission of termination forms and the need to conduct exit interviews. In addition, this message was reinforced by the CF team during International Fraud Awareness week (IFAW), which took place in November 2022. Actions undertaken included raising awareness of over/underpayments and their impact on the NHS by way of media releases, webinars and face to face presentations.

*Complete*

- The Counter Fraud Department will undertake two pro-active exercises during the forthcoming financial year, looking at overpayments associated with leavers and movers. The first will take place in Quarter 1 and the second in Quarter 3; any system weaknesses will be reported to the Committee.

*Complete – Final paper submitted to ARAC in December 2022*

## 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 December 2022 and January 2023 for underpaid salaries, the total of which was £26,805. Reasons for these underpayments included:

- 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

# Financial Assurance Report

## 2.3.4 Precisionpay - Barclaycard

Currently, the Health Board has purchase cards (similar in principle to credit cards) in circulation within various directorates, which facilitate the purchase of goods and services where it is not practical to use normal procurement channels. These purchase cards are currently provided via Barclaycard.

In order to improve governance and negate any risks associated with the potential fraudulent use of these purchase cards, the Director of Finance has indicated his desire to move away from the provision and proliferation of purchase cards.

Recognising that there is a benefit to purchase cards in terms of facilitating a swift payment process where the goods or service may be required urgently or the payment can only be made by means of purchase card, a suitable alternative has been sought and identified by a working group made up of members of the Finance and Procurement teams.

This alternative solution is called Precisionpay and is provided by Barclaycard. Broadly, Precisionpay is a virtual payment solution; a 'one time' electronic purchase card, and the main benefits are as follows:

- The purchase must be pre-approved by the budget holder, similar to authorising a requisition, compared to the existing system of post-approval
- No more or very limited number of physical cards in existence
- Tighter control/reduced risk as the electronic purchase card expires once the goods or service have been purchased.
- Purchases are pre-coded to the appropriate cost centre
- There are no additional bank charges – it falls within our existing charges and there are rebates on the spend

Precisionpay is currently being implemented by two other Health Boards in Wales.

We are awaiting confirmation from the Digital Department that there are no data protection/DPIA considerations and subject to no issues arising, we will proceed with the roll out of Precisionpay and the gradual withdrawal of existing purchase cards. It is hoped that implementation can commence on 1 April 2023.

## 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 losses or write-offs in excess of £5k during the period between 1 December 2022 and 31st January 2023.

Losses and write offs under £5k, as per requirement under FP02 – Income and Cash Collection, have been presented and approved by the Director of Finance and Chief Executive. In total these amounted to £34,663.

# Financial Assurance Report

## 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).

During the period covered by this report a project bank account was 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
<b>VAT treatment of supplies of agency doctors</b>	<p>In 2021, Hywel Dda UHB, together with a number of other NHS organisations across the UK, agreed to support an appeal to the Tax Tribunal regarding the VAT treatment of the supply of agency and locum doctors to the NHS. The appeal argues that the supply of doctors is and should have always been exempt from VAT, rather than subject to VAT at 20% as argued by HMRC and which is not recoverable for NHS organisations.</p> <p>The appeal was submitted on behalf of the NHS organisations by Berthold Bauer VAT Consultants. In response, HMRC applied to the Tribunal to have the appeal dismissed (“struck-out”) without a full hearing.</p> <p>In January 2023, the Tax Tribunal dismissed HMRC’s application to strike-out and decided that the NHS organisations’ appeal can proceed to a full hearing, potentially paving the way for a new decision on the supply of agency and locum doctors to be released by the Courts.</p> <p>The Health Board will keep the Committee updated at key points as the matter progresses.</p>
<b>BT PSBA network – VAT recovery non-statutory clearance request</b>	<p>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.</p>
<b>Capital Front of House Scheme (Bronglais Hospital)</b>	<p>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.</p>

# Financial Assurance Report

## 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. See Appendix 5 for further details.

**Quinquennial Valuation** – In line with accounting requirements, the Health Board's Estate was revalued at 1 April 2022; the previous full valuation exercise having taken place 5 years earlier. The valuation was commissioned on behalf of NHS Wales organisations by Welsh Government, with the Valuation Office undertaking the valuation, and the Health Board's valuation is summarised below:

	<b>NBV at 31/3/2022</b>	<b>Valuation at 1/4/22</b>	<b>Change</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Land	25.5	25.6	0.1
Buildings	214.0	249.1	35.1
Dwellings	6.5	8.2	1.7
Assets under construction	37.4	27.7	-9.7
Peppercorn leases	N/A	0.2	0.2
<b>Total</b>	<b>283.4</b>	<b>310.8</b>	<b>27.4</b>

The Health Board holds a number of assets under Peppercorn lease arrangements, whereby assets are held under lease for which no payment is made. Transition to IFRS 16 requires that these assets are now shown on the Health Board's Balance Sheet (where previously they were not), therefore a valuation for these was commissioned.

Except for the inclusion of Peppercorn Lease properties, the methodology for the revaluation was unchanged from the last valuation exercise.

**IFRS 17** – Insurance Contracts. HM Treasury has 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. The Exposure Draft will be discussed at the February meeting of the All-Wales Technical Accounting Group.

**Annual Accounts 2022/23** – We await confirmation of a submission date from Welsh Government for the draft and audited accounts. At present, Welsh Government have provided provisional submission dates of 29 April and 15 June for draft and audited accounts respectively.

## 3.1 Recommendations

The Committee is asked to:

- note the report

# Financial Assurance Report

## Appendix 1: Single tender actions awarded

Ref	Period covered by this report:		1 Dec 22	31 Jan 23	Justification
	Supplier	Value (£)	One-off or Period	Request submitted by/Dept:	
HDD-STA-622	BSI Assurance UK Limited, 5 x annual continuous assessment, planning and reporting, and extension of scope to certify the Health Board's Clinical Engineering team to ISO 13485 standards.	£90,000.00	5 Years 01-MAY-2023 to 31-APR-2028	Clinical Engineering	Medical devices are one of the most regulated sectors, which requires effective quality management systems (QMS) to meet the comprehensive requirements of a QMS. ISO 13485 provides a foundation to address regulations and responsibilities, as well as demonstrating commitment to the safety and quality of medical devices. Clinical Engineering is certified to ISO 13485 standards and as such, requires annual auditing to maintain this accreditation. The ISO ensures effectiveness, control, and maintenance of the QMS, critical to customers, stakeholders, patients and users, and regulatory agencies. Effective auditing provides significant benefits, including feedback on QMS, confidence in compliance with regulations, and valuable and recognised certification. It is essential to demonstrate how outputs from complaints feed into reviews, continuous improvement processes, technical documentation, and risk management. British Standards Institution (BSI) are accredited by the United Kingdom Accreditation Service (UKAS), the national accreditation body appointed by the Secretary of State for Business, Energy, and Industrial Strategy (BEIS). BSI has been appointed by the UK Government as the national standards body (codified in a Memorandum of Understanding); they have been assessed against internationally recognized standards and operate to the

# Financial Assurance Report

## Appendix 1: Single tender actions awarded – continued

Ref	Period covered by this report:		1 Dec 22	31 Jan 23	Justification
	Supplier	Value (£)	One-off or Period	Request submitted by/Dept:	
					highest levels of quality and service, providing further assurance that the certificates issued are both credible and impartial. It is imperative to patient safety that the Health Board's QMS and processes are compliant, and the output supports MHRA's post-marketing surveillance, notably the Yellow Card Scheme, for monitoring and reporting medical device incidents. Without the BSI certification, the Health Board would not be following regulatory requirements. BSI are the only national standards body for the UK who can provide support for:- 1. General Medical Devices 2. Active Implantable Medical Devices 3. In-vitro Diagnostics Medical Devices
HDD-STA-625	LinkedIn Ireland Unlimited Company, Head Hunting facility allows us to proactively search the open market to fill hard to fill positions	£29,785.00	One off Purchase	Workforce: Resourcing and Utilisation	LinkedIn is the only dedicated professional social media site that offers the connections to potential candidates in this truest form. It supports the Health Boards attraction and efficiency strategies and helps to raise the health board employer virtual profile (EVP).
	<b>TOTAL</b>	<b>£119,785.00</b>			

# Financial Assurance Report

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

	Period covered by this report:		1 Dec 2022	31 Jan 2023	
Tender/Contract Reference	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
<b>Direct Awards via Framework Agreement</b>					
HDD-DCO-22-35	Softcat - Allocate	£172,403.00	2 Years with 12 month extension	Medical Directorate	E-JOB PLANNING SOFTWARE LICENCES
HDD-DCO-22-38	Bright Sparks Ltd	£248,146.47	3 months	Estates	PV Solar at S.Pembs & Brynmair and Improvements at PV sites
HDD-RFQ-RA325184	Scp Construction Cost Consultants Limited	£45,750.00	One off - 31 Months	Estates	HDD-RFQ-RA325184 Provision of Construction PS Bronglais CDU QUANTITY SURVEYING
	<b>Total</b>	<b>£466,299.47</b>			
<b>Awarded post competitive tender process</b>					
HDD-MIN-51610	WSP	£29,347.50	8 months	Planning	Town Planning Consultant for new Hospital
HDD-OJEULT-50824	GOWER HEALTHCARE	£4,870,000.00	5 Years (Option to extend by 3 & 2 Years)	Primary Care	Provision of NHS Primary Care Personal Dental Services Ammanford
	<b>Total</b>	<b>£4,899,347.50</b>			
		<b>£5,365,646.97</b>			



# Financial Assurance Report

## **Appendix 2: Contracts awarded (including direct awards through framework) - continued**

### Consultancy Contract awarded:

		Period covered by this report:		1 Dec 2022	31 Jan 2023	
Tender/Contract Reference	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description	
HDD-DCO-22-33	ORS	£ 98,840.00	8 months	Planning	Support for Land Appraisal Consultation	
HDD-DCO-22-36	The Consultation Institute	£ 81,418.00	7 months	Strategic Planning	Support for A Healthier Mid and West Wales Programme Land Identification	
	<b>Total</b>	<b>£180,258.00</b>				

# Financial Assurance Report

## **Appendix 3: Overpayment of Salaries**

Period covered by this report: 1 Dec 2022 – 31 Jan 2023			
Ref	Reason for Overpayment	Value (£)	Number of invoices
1	Payment processed in error	£160.60	3
2	Overpayment of Shifts / Hours / Unauthorised Leave	£35,691.93	33
		<b>£35,852.53</b>	<b>36</b>

# Financial Assurance Report

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

	Period covered by this report:		1 Dec 2022 to 31 Jan 2023
Ref	Losses and Special Payments Category	Value (£)	Explanation
	<b>Total Losses (for approval)</b>	<b>£Nil</b>	

**Recommendation:** N/a.

# Financial Assurance Report

## **Appendix 5: IFRS 16 – Accounting for Leases**

Accounting standard IFRS 16 - Accounting for Leases was implemented by NHS Wales on 1 April 2022. As a consequence, the majority of leases now result in assets being brought onto the balance sheet, with exclusions for short term or low value leases and leases for software. Extensive work has been undertaken to review leases and contracts which contain leases such as managed service contracts, and as a result, leased assets with the following value have been brought on to the balance sheet at 1 April 2022:

	Value at 1 April 2022 £m
Buildings	9.3
Plant & Machinery	2.9
Transport	0.2
IT	0.5
<b>Total</b>	<b>12.9</b>

Early engagement has been sought with Audit Wales to review key work undertaken in bringing leased assets onto the balance sheet. In particular:

- The Health Board has a number of property leases where the lease term has expired, or no formal lease is in place, but where occupation is ongoing and not expected to end within the foreseeable future. In these circumstances, application guidance states that assumptions should be made regarding the expected length of tenure and the leased asset capitalised accordingly.
- The Health Board has a number of Managed Service contracts which contain implicit leases. The PACS contract in particular has a complex financial model which the Health Board has reviewed to establish the element of the contractual charges relating to leased assets, in order to capitalise these assets.

The Audit Wales team have not yet had an opportunity to review any of the above key assumptions and calculations, which remains a concern due to the short timescale before the production of the year end accounts.

It is crucial that any new leases are identified in a timely manner to ensure the approval of capital funding from WG. There is a risk that new leases are entered into which are not recorded centrally. To mitigate this risk the Finance team have provided training to key personnel in Procurement and Estates on IFRS 16. Members of the Senior Operational leadership team have also been made aware of the implications of the accounting standard and the requirement to ensure early identification of such arrangements. Finance Business Partners are regularly discussing possible lease arrangements with their directorates.