



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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	19 April 2022
<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>	Huw Thomas, Director of Finance

**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; and
- Approve the write-off of Losses and Special Payments over £5k as detailed in Appendix 4.

### **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:
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	<p>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.</p> <p>3.14 Approve the writing-off of losses or the making of special payments within delegated limits.</p> <p>3.16 Receive a report on all Single Tender Actions and extensions of contracts.</p>
<p>Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:</p>	<p>BAF SO9-PR20 BAF SO10-PR33</p>
<p>Safon(au) Gofal ac Iechyd: Health and Care Standard(s):</p>	<p>Governance, Leadership and Accountability 7. Staff and Resources</p>
<p>Amcanion Strategol y BIP: UHB Strategic Objectives:</p>	<p>All Strategic Objectives are applicable</p>
<p>Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a></p>	<p>Improve efficiency and quality of services through collaboration with people, communities and partners</p>

### Gwybodaeth Ychwanegol: Further Information:

<p>Ar sail tystiolaeth: Evidence Base:</p>	<p>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.</p>
<p>Rhestr Termiau: Glossary of Terms:</p>	<p>AP-Accounts Payable AR –Accounts Receivable BGH – Bronlais 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 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 ICF – Integrated Care Fund IFRS – International Financial Reporting Standards NWSSP – NHS Wales Shared Services Partnership</p>

	<p>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 – Withybush General Hospital  WRP – Welsh Risk Pool</p>
<p>Partion / 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  Executive Team  Sustainable Resources Committee</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.

<b>Figure 1: Compliance requirements for the Audit and Risk Assurance Committee</b>		
<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 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>	Quarterly
Compliance with Income to Cash requirements	<ul style="list-style-type: none"> <li>• Overpayments of staff salaries and recovery procedures for noting</li> </ul>	Quarterly
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>	
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>	Quarterly
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

No changes to approve

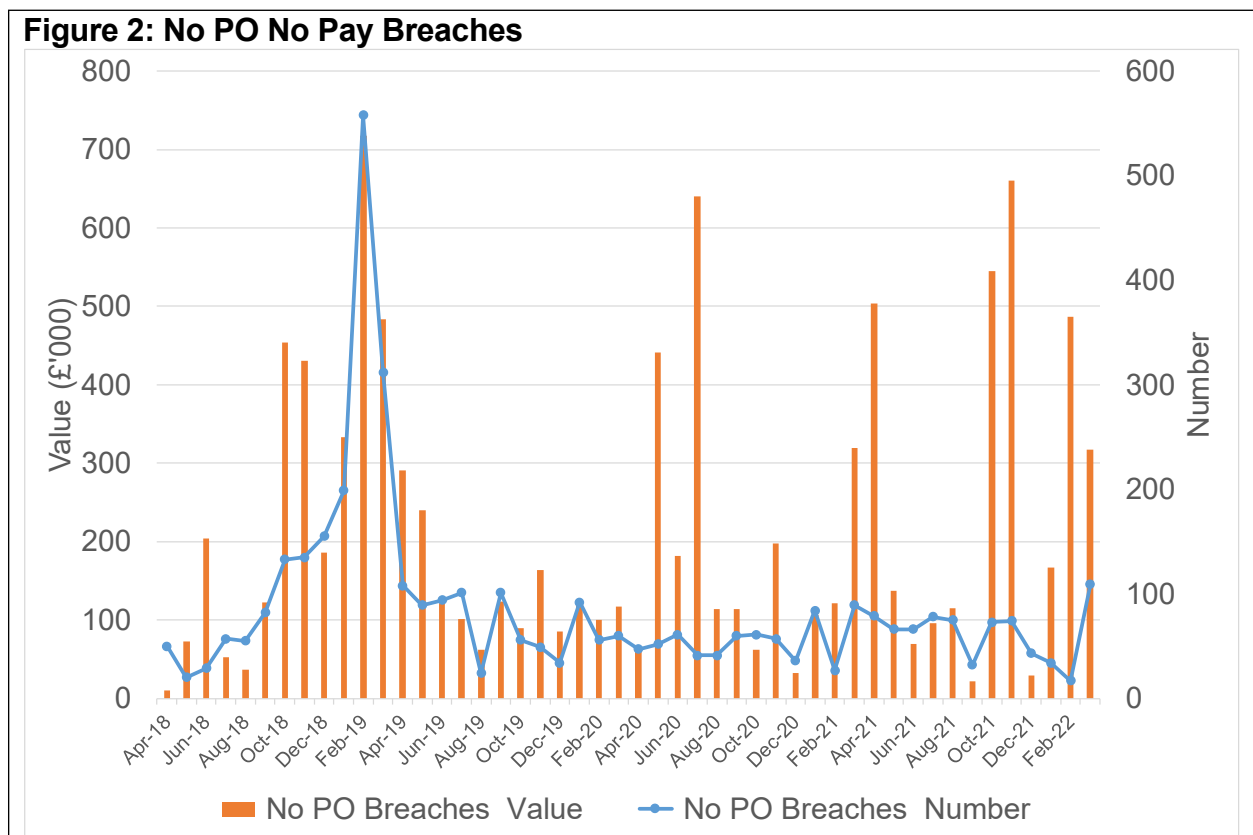
## 2.2 Compliance with Purchase to Pay Requirements

### 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 received through the Oracle system.

Figure 2 below illustrates the numbers and value of breaches against the No PO No Pay policy. This consisted of 126 breaches totalling £0.804m during the months of February and March 2022, the cumulative position as at end of March was 292 breaches, £0.438m in total (31<sup>st</sup> January cumulative was 258 breaches, £0.488m in total).

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.



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## 2.2.2 Public Sector Payment Policy (PSPP) Compliance

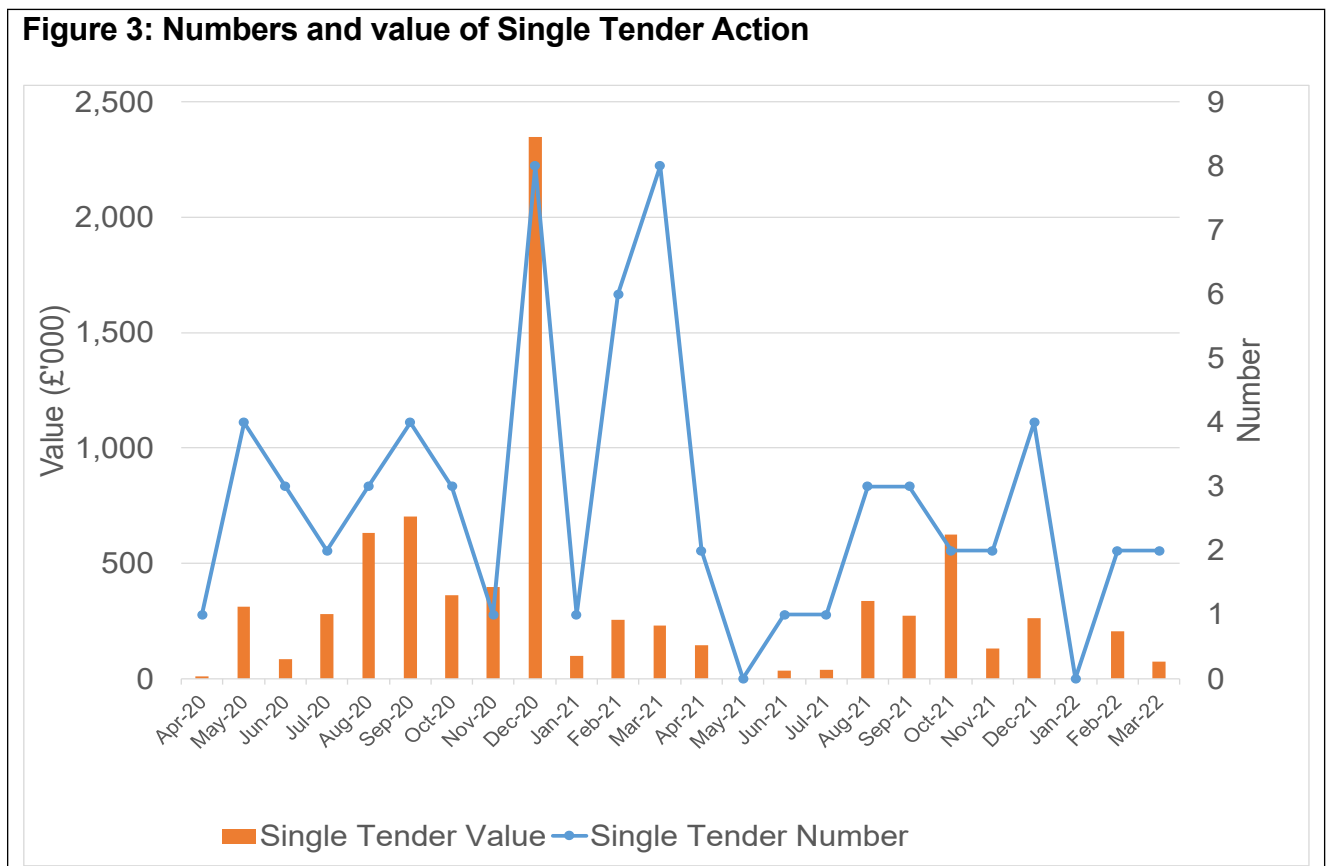
The Health Board achieved the PSPP target of 95% for 2021/22 by paying 95.2% of its non-NHS invoices within 30 days. It also achieved this for NHS invoices with 95.7%.

## 2.2.3 Single Tender Actions

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

There were 4 Single Tender Action (in excess of £25,000), approved in the period from 1<sup>st</sup> February 2022 to 31<sup>st</sup> March 2022, totalling £0.280m, as detailed in Appendix 1.

The graph below (Figure 3) shows the trend of all Single Tender Actions (STA) approved from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2022.



## 2.2.4 Tenders Awarded

There were 27 contracts awarded, including direct awards through framework (in excess of £25,000) during the period from 1<sup>st</sup> February 2022 to 31<sup>st</sup> March 2022, totalling £8.1m, details of which can be seen in Appendix 2.

## 2.2.5 Consultancy contracts

There were 6 consultancy contracts awarded from 1<sup>st</sup> February 2022 to 31<sup>st</sup> March 2022, totalling £1.3m, details of which can also be seen in Appendix 2.

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## 2.2.6 Transfer of Title documents

Transfer of title documents are completed when a company is unable to meet its contractual obligation of delivering/installing equipment before the financial year end.

The accounting treatment, in line with the NHS Wales Manual for Accounts, is that where the order, invoice date and payment are made by year end, the asset has not been delivered but a transfer title document is in place, it is likely that the purchaser controls the asset from the point of payment and the asset may be capitalised.

The Health Board had a number of transfer of title documents transacted in 2021/22 totalling £8m. In the main, these were for radiology (CT scanners secured through all Wales procurement solution) and pharmacy robots.

## 2.2.7 Credit cards

The Director of Finance authorised the issue of 3 additional credit cards to the Recruitment Team within Workforce due to increased activity volumes and the requirement for certain types of spend to be purchased in this way, namely:

- Certificate of Sponsorships (Medical & Dental Recruitment)
- Certificate of Sponsorships (Agenda for Change)
- Campaign Advertising
- Ad hoc accommodation for overseas arrivals
- International Registered Nurse recruitment

Whilst the Health Board policy is to limit the use of cards and require for purchase orders to be raised there are certain circumstances where this is not possible. The cards will be issued as summarised in the table below.

Team	Annual Budget	Monthly Budget	Comments
Medical & Dental Recruitment	£450k	£70k	With a single transaction limit increased from £3,000 to £5,500 to cater for 5 year Certificate of Sponsorship. Note that this spend is allocated to the service receiving the candidate.
Agenda for Change Recruitment	£150k	£50k	With a single transaction limit increased from £3,000 to £5,500 to cater for 5 year Certificate of Sponsorship. Note that this spend is allocated to the service receiving the candidate.
Campaigns	£100k	£15k	This spend is part of the recruitment advertising budget.
International Recruitment	£550k	£100k	This spend is part of the Once for Wales work.

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## 2.3 Compliance with Income to Cash

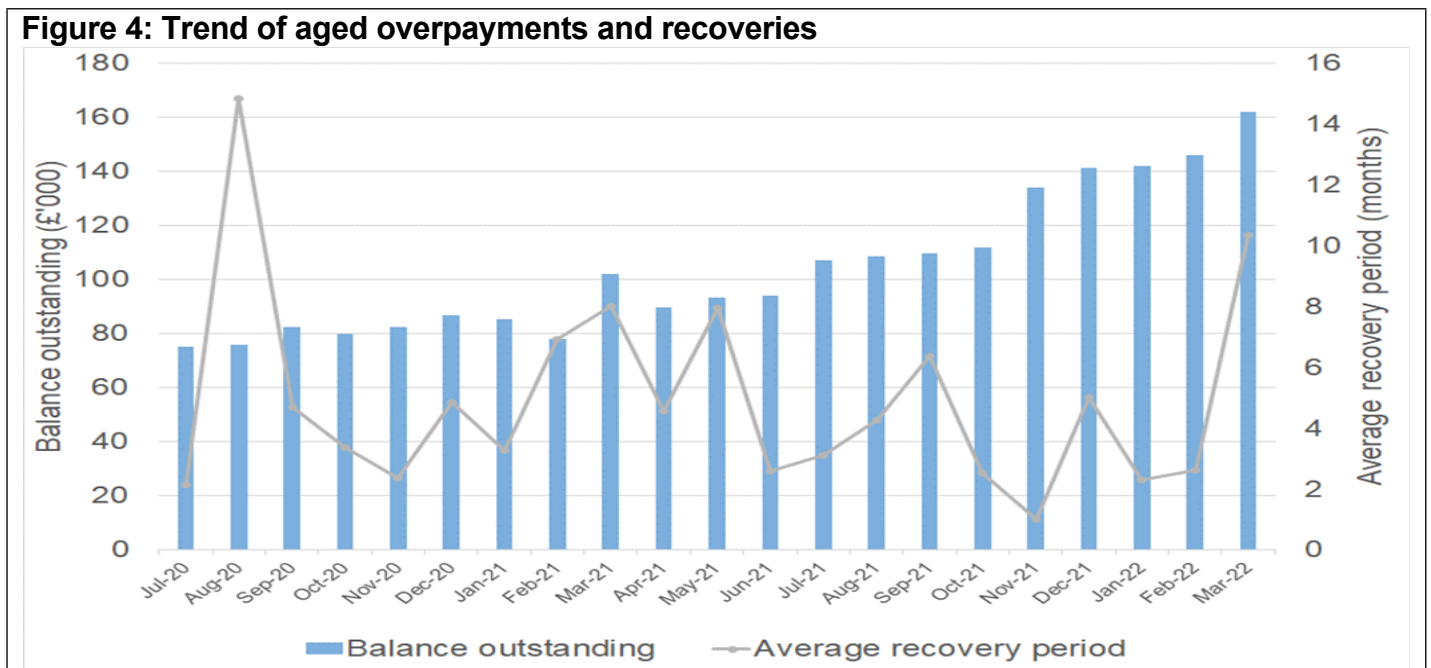
### 2.3.1 Overpayment of Salaries

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<sup>st</sup> February – 31<sup>st</sup> March 2022; 41 cases totalling £49,414.

The graph below (Figure 4) 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 average recovery period has worsened in March due to the payment of a long-standing invoice from October 2018. The increase in balance in March is due to four overpayments in excess of £2.5k which relate to a period between 90 to 170 days.

The main reasons for this increase are COVID-19 related employees on fixed term contracts not terminated on ESR and late termination forms being sent to payroll for high-cost employees.



**2.3.2** The Overpayments Task & Finish group consists of representatives from Finance, Payroll, Workforce and Counter Fraud. The Task & Finish Group has convened once since the previous update. The key actions to minimise overpayments are summarised as follows:

- Workforce to liaise with specific managers where there are repeat overpayments (due to late submission) to raise awareness of the impact – encourage earlier completion of paperwork. Communications have been circulated to staff via the global messaging system via workforce and plans are underway to identify managers who continue to submit late



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submissions etc. resulting in payment errors/overpayments and assist them in developing processes/educating to prevent re-occurrence.

- Include in manager passport training – Counter Fraud will include a section on this issue within their Managers Passport input. The inclusion of more in-depth input from Workforce/Payroll was discussed; however, Workforce are planning to provide ‘bite-size’ awareness animations/videos to staff on key issues and disseminate throughout the year.
- Counter Fraud Team to provide updates to Workforce on lessons learnt from their cases – this has been agreed and updates will be provided on all overpayment cases as and when they are concluded.
- Raise overpayments at relevant groups/committees.
- Payroll to produce leavers overpayment report and employee overpayments report each month for managers and send together with overpayment letters for issue/discussion with their employees – an overpayment letter has been drafted and was discussed and agreed by Workforce and Payroll. It will be rolled out following approval of the new Policy.
- Payroll to produce covering email to managers from Payroll explaining their role in the recovery process and repayment parameters they can work within/when to refer to Finance Business Partner for escalation due to amount or repayment period – This has since been incorporated into a new Under and Overpayments Policy, which places a focus on Management actions, in particular discussing the overpayment with the employee concerned, explaining why the overpayment has occurred and agreeing a repayment plan, making line managers more accountable/involved in the process. (See below)
- Further review/refinement of overpayments/underpayments policy – an all-Wales policy is currently being produced by NWSSP; however, in the interim period, a fast track working group has been created and a revised Health Board Policy produced. This is now at the consultation stage, with implementation due in Quarter 1 2022/23.
- Communications on global email to encourage earlier submission of payroll changes – a global communication was issued by Workforce – Global messages have been issued to line managers, highlighting the importance of submitting accurate and timely employee change of circumstances or termination forms to Payroll. Additionally, Counter Fraud have raised awareness of the issue via the Health Board’s Team Brief.

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:

- The matter was reviewed as part of the initial Over/Underpayment task and finish group and an IT issue (associated with macros) was identified, limiting the ability to share information between HDdUHB and NWSSP Payroll, resulting in the need for the current system to remain in place, whilst the issue was addressed.
- Whilst options were being explored, the pandemic struck, which resulted in the roll out of Office365 to all employees.
- Office365 would potentially offer greater opportunities with regards to developing a new process, including one all-encompassing application/dashboard, that would provide managers with a host of different functions associated with new starters, current employees and leavers. This is currently being developed by IT and is progressing through validation checks. However, even with the new solution in place the manager will still need to complete a PowerApps form to initiate termination in ESR and then disablement of Active Directory account. If managers inform IT (via

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the new app) of someone leaving, they can process the data, ensuring accounts are disabled. However, it can be a challenge to match accounts across different systems when there is no common identifier.

- IT are in discussions with a Robotics Process Automation (RPA) provider (Northampton NHS Trust), who have undertaken a similar piece of work relating to both Oracle and ESR, with a view to establishing/identifying other means of automating the procedure.
- At the beginning of 2022, IT met with the NWSSP interim Head of Payroll and HDdUHB's Regional Payroll Manager to discuss current options. It was agreed that further work was required, as the current HDdUHB Office365 approach may not be compatible with NWSSP processes, due to licencing issues associated with various applications and the need for a co-ordinated national approach to developing a new solution. NWSSP Payroll advised IT that they would explore potential options. HDdUHB offered NWSSP access to their newly developed dashboard application, with a view to developing it further across Wales.
- NWSSP Payroll have since 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.
- In the interim, HDdUHB will explore the possibility of improving the systems currently in place; however, we cannot discount the fact that managers will still be required to submit relevant information associated with a change of circumstances or termination of an employee's employment to Payroll in a timely manner.
- The overriding issue remains that the required documents are not being completed and delivered to Payroll in a timely fashion, resulting in overpayments due to untimely adjustments to the employee's payroll user profile / account. In view of this, options to improve this element have been considered and:
  - a new reminder / notification process will be introduced, utilising the current finance dashboards (linked to budgets), with finance sending out a monthly email to all budget holders, reminding them to check their payroll spend and ensure that all those paid that given month are current employees, whose details are correct and up to date.
  - a reminder notification on the dashboard system itself will also be included, reminding managers that any adjustments to an employee's assignment, or details of any leavers / terminations need to be sent to Payroll ASAP.

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.

## 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 was one write-off in-excess of £5k during the period between 1<sup>st</sup> February 2022 and 31<sup>st</sup> March 2022. This relates to an additional revenue cost of £64,620 identified with the

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donation of Oxygen Concentrators to India. Welsh Government approval has been received for this additional cost.

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 £19,692.

## 2.5 Compliance with Capital Requirements

No issues to report.

## 2.6 Compliance with Tax Requirements

### 2.6.1 Compliance with VAT Requirements

Updates regarding existing matters and a new claim are set out in the following table:

Key VAT issue	Update
<b>Pembrokeshire field hospital VAT recovery clearance request</b>	In October 2021, the Health Board was informed by HMRC that it does not consider the VAT incurred on the Licence to Occupy agreement entered into with Bluestone Resorts Ltd to be recoverable. Based on the advice of its VAT advisors, the Health Board requested a reconsideration by an independent HMRC officer. This reconsideration is currently underway and the Health Board is due to respond to the first request for information by the beginning of May 2022. VAT incurred to date under the contract amounts to £1.030m, none of which has yet been recovered.
<b>Capital Front of House Scheme (Bronglais Hospital)</b>	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. Correspondence from HMRC on 28 <sup>th</sup> January 2022 stated that the matter is still under consideration and that HMRC has not yet reached a decision.
<b>Pharmacy rebates VAT reclaim</b>	The Health Board has instructed its VAT advisors to submit a claim to HMRC on the Health Board's behalf for the repayment of VAT which it had incorrectly accounted for on invoices raised to a pharmaceutical supplier for the purpose of requesting the payment of volume rebates. As the requesting of rebates is not considered a "supply" for VAT purposes, VAT was not accountable. The total amount of VAT being claimed is £96k. The claim will be submitted in April 2022.

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Key VAT issue	Update
<b>Home Technology Salary Sacrifice scheme output tax</b>	<p>The Health Board has, in March 2022, agreed a one-off “catch-up” balancing adjustment with HMRC in respect of the accounting of output VAT connected with this scheme in its current form.</p> <p>The Health Board had previously accounted for output VAT evenly over the 2-3 year salary sacrifice contract period, whereas it should have been accounted for and paid to HMRC up front at the beginning of each contract period. As this was an issue of timing rather than amount, no additional liability to VAT arose.</p> <p>This matter has now been closed.</p>
<b>HMRC 2018-19 COS VAT recovery review</b>	Data requested by HMRC for the purpose of this review was successfully transferred to HMRC in October 2020. The Health Board continues to await further correspondence from HMRC. The Health Board has a provision in place for potential liabilities arising from this review.
<b>BT PSBA network – VAT recovery non-statutory clearance request</b>	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. The Health Board’s initial request was submitted in May 2018. After being put on hold for approx. 18 months while HMRC’s policy in the relevant area was being reviewed and a further substantial delay due to the COVID pandemic, HMRC revisited this matter in August 2021. The Health Board continues to recover the VAT in question in full. VAT potentially repayable to HMRC amounts to circa. £120k, which is provided for.

## 2.6.2 Compliance with Employment Tax Requirements

No updates or issues to report.

## 2.7 Compliance with reporting requirements

**IFRS 17 – Insurance Contracts.** Following the deferred implementation of the standard, we await advice from Welsh Government. This will be issued once the IFRS 17 working group at Treasury reconvenes. There is no further update on this.

**IFRS 16 –** More detail regarding the process followed to prepare for IFRS going live from 1 April 2022 is provided in Appendix 5.

**Financial Control Procedures (FCPs)** – the work on developing a good practice guide for FCPs, with Hywel Dda Finance representatives leading and participating in this Finance Academy, Improving Financial Governance workstream project, has been signed off by the Finance Academy Board at its March 2022 meeting. The product will now be developed into an on-line tool that will be hosted on the Finance Academy Learning and Development platform.

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**Annual Accounts 2021/22** – Welsh Government have issued the dates for submission of the Annual Accounts for 2021/22. The Draft accounts are to be submitted on 29<sup>th</sup> April 2022, with Audited accounts on the 15<sup>th</sup> June 2022.

**Changes to BACS limit** – there will be a further increase of £5m (a monthly increase from £70m to £75m) to one of the Health Board's BACS limits from 1<sup>st</sup> April 2022. This is mainly due to the timing of high value payments made through the Health Board's Accounts Payable section.

## 3.1 Recommendations

The Committee is asked to note the report and approve the write off of losses incurred in the reporting period.

## Appendix 1: Single tender actions awarded

	Period covered by this report:		1st February 2022	31 <sup>st</sup> March 2022	
Ref	Supplier	Value (£)	One-off or Period	Department	Justification provided
HDD593	Hewlett Packard International Bank DAC (HPIB) C/O EMEA Channel Team - Software	130,588.76	February 2022 to September 2023	Digital Services	In 2020 after a tender exercise the replacement of the old backup solution Asigra was awarded to IOMart to implement the Rubrik & Cloudian solution. Over 75% of the backup estate has now been moved to Rubrik, but we now require additional storage capacity to cope with the increased number of servers to protect and maintain backup retention levels. The new tools in the Rubrik solution have allowed more accurate forecasting of storage requirements than was available with the older Asigra assessment tools. Also not being able to increase the storage on the new Rubrik environment means we need to keep the older Asigra environment and incur the cost penalties associated with that. While the Asigra hardware can still be supported, some Asigra hardware is due to be at end of life support at the end of 2021 so investment would then be needed to maintain the older environment, which will not be able to support backups of services with the Cloud as we move services into the Cloud. This is an extension of the current environment with the approved Rubrik & Cloudian partner.
HDD595	Advanced Fire Technologies (AFT)	75,091.06	One off Purchase	Estates Department	Following a HIW inspection and subsequent visit from the Fire Service (MWWFRS) of the property Ty Bryn on the Hafan Derwen site, issues were identified that the fire doors within the building were not up to current anti-ligature, anti-barricade or fire compliant specification. An agreed action plan to repair where possible and replace the doors where not was agreed with specific timescales. Without this agreement this will not

## Appendix 1: Single tender actions awarded

					meet the HIW improvement plan and Fire Service notice issued on the building and its service
HDD596	Multi Medix	42,480.00	July 2022 to June 2023	Clinical Engineering	Quality Assurance of Ultrasound equipment has historically been undertaken by an external provider. Through a partnership agreement with Multi Medix, they will undertake QA during the contract period while also delivering training to Clinical Engineering staff. At the end of the contract, Clinical Engineering staff will then be in a position to undertake QA internally, negating the need for an external provider in future.
HDD599	Carl Zeiss Ltd	31,473.52	One off Purchase	Digital Services	The Health Board / Community Optometrists have existing Carl Zeiss cameras for their Ophthalmology Services and this equipment is required to connect the cameras to the new Digital Services. Without these workstations and licences, we would not be able to enable this project.
	<b>TOTAL</b>	<b>279,633.34</b>			

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

	Period covered by this report:		1 <sup>st</sup> February 2022	31 <sup>st</sup> March 2022	
Ref	Supplier	Value (£) exc. VAT	One-off or Period	Department	Tender Description
HDD-ITT-47569	Pembrokeshire Counselling Service	30,479.17	until 31st March 2022	Primary Care	Counselling Services - North Pembs
HDD-ITT-47586	Shadows	156,680.00	until 31st March 2022	Primary Care	MH Services - Amman Gwendraeth
HDD-ITT-47706	Area 43 – Cardigan Youth Charity	102,000.00	until 31st March 2022	Primary Care	Counselling Services - North Ceredigion
HDD-ITT-48612	Ventro LTD	126,173.00	2 months	Estates	Supply and Installation of Fire Code Works - Fire Doors - BGH
HDD-ITT-48746	Calan DVS	107,439.00	2 years	Primary Care	Domestic Violence & Abuse Prevention Services
HDD-ITT-48862	Clinig Byw'n Iach Ltd	122,553.99	2 Years	Primary Care	Provision of Weight Loss and Lifestyle Advice Service
HDD-ITT-49453	Aber Heating	88,983.06	1 Month	Estates	Supply and Installation of Replacement Heating Boiler at WGH
HDD-ITT-49488	Care Unbound Ltd	69,120.00	1 Year	Primary Care	Provision of Clinical Correspondence Management
HDD-ITT-49489	EHealth Digital Media Ltd	61,285.00	1 Year	Primary Care	Provision of Primary Care Patient Education Videos
HDD-ITT-49494	Platform	64,000.00	1 Year	Mental Health & Learning Disabilities Directorate	Provision of training services to manage low level mental health issues and emotional wellbeing in children
HDD-MIN-42432	Ernst & Young	800,000.00	to 31 August 2022	Scheduled Care	Additional Work against the contract for Follow up Validations ( £800k was called off on the contract from



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

					January 2022 following Board and Welsh Government approval)
HDD-MIN-49362	Swiss Post	496,998.00	6 Months	Health Records	Health Record Scanning & Digitisation Services
HDD-MIN-49381	Civica UK Ltd	703,000.00	3 years	Digital Services	Electronic Document Records Management System
HDD-MIN-49431	Miller Research (UK) Ltd	60,422.63	4 Months	Catering	The Provision of a Feasibility Study for Foundational Economy Food Sourcing
HDD-OJEU-48428	CCLA Investment Management Limited	263,500.00	3 years	Finance	Provision of a Charitable Funds investment Manager
HDD-OJEU-48802	<ul style="list-style-type: none"> <li>• Lot 1 Funeral Services Ltd Trading as Co-op</li> <li>• Lot 2 Arthur Cambrey Funeral Directors Limited</li> <li>• Lot 3 D J Evans Funeral Directors</li> <li>• Lot 4 F.G Rees Undertakers</li> </ul>	240,000.00	3 years	Pathology Services	The Provision of Funeral Services and Contingency Body Storage Facilities
HDD-SBS-21948-45	Siemens Healthcare	3,010,469.00	7 years	Pathology Services	Haematology & Coagulation Managed Service
HDD-DCO-21-13	Torton Bodies Limited	66,820.00	12 Months	Scheduled Care	Mobile Dental Van Hire
HDD-DCO-21-15 WABA	Specialist Computer Centres PLC	93,080.00	5 Years	Scheduled Care	Clinical Imaging Software
HDD-DCO-21-18	Kinsetsu	44,144.00	3 years	Clinical Engineering	RFID Equipment Tracking System
HDD-DCO-21-19	Meantime Amat	30,000.00	24 months	Digital Services	Audit Management & Tracking System

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

HDD-DCO-21-23	Restore Digital	499,953.00	6 months	Medical Records	Health Records Scanning - Restore
HDD-DCO-21-25	Ricoh	499,058.00	6 months	Medical Records	Health Records Scanning - Ricoh
HDD-DCO-21-27	QA Limited	50,000.00	12 Months	IT	Provision of skills licence QA LTD
HDD-DCO-21-28	CGI IT Limited	128,014.00	9 months	IT	Enterprise Architecture and IT Strategy Services
HDD-VEAT-21-03	T Richard Jones (Betws) Limited	147,894.37	4 Months	Estates	Installation of Additional Treatment Spaces GGH AVH
HDD-ITT-49488	Care Unbound Ltd	69,120.00	1 Year	Primary Care	Provision of Clinical Correspondence Management
	<b>Total</b>	<b>8,131,186.22</b>			

### Consultancy Contract awarded:

Ref	Period covered by this report:		1 <sup>st</sup> February 2022	31 <sup>st</sup> March 2022	Tender Description
	Supplier	Value (£) exc. VAT	One-off or Period	Department	
HDD-MIN-49431	Miller Research (UK) Ltd	60,422.63	4 Months	Catering	The Provision of a Feasibility Study for Foundational Economy Food Sourcing
HDD-ITT-47566	Archus	61,687.50	Until 31/03/2022	Primary Care	Demand Capacity Modelling
HDD-DCO-21-21	Mace	79,969.00	4 months	Planning	Project Management Consultancy associated with the management and delivery of a technical appraisal of sites to assist identification of a preferred site for the Urgent and Planned Care Hospital

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

HDD-DCO-21-22	BDP Ltd	576,593.00	5 months	Estates	Master Planners Consultancy
HDD-DCO-21-24	Lightfoot Solutions	364,721.00	to 31st July 2022	Digital Services	Lightfoot Consultancy SfN licensing and hosting agreement which allows the Health Board to move from limited to unlimited licence enterprise arrangements for developers and viewers
HDD-DCO-21-30	Lightfoot Solutions	183,500.00	to 31 July 2022	Digital Services	Lightfoot Support
	<b>TOTAL</b>	<b>1,326,893.13</b>			

# Appendix 3: Overpayment of Salaries

Period covered by this report: 1st February – 31st March 2022			
Ref	Reason for Overpayment	Value (£)	Number of invoices
1	Late Notification of Reduction / Shortfall in Hours	1,351.39	4
2	Payment Processed in error	17,357.75	4
3	Overpayment of Shifts / Hours / Unauthorised Leave	30,704.84	33
		<b>49,413.98</b>	<b>41</b>

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

Period covered by this report:		1 <sup>st</sup> February 2022 to 31 <sup>st</sup> March 2022	
Ref	Losses and Special Payments Category	Value (£)	Explanation
1	Ex-Gratia	64,620	Donations of Oxygen Concentrator Cylinders to India – Revenue items
	<b>Total Losses (for approval)</b>	<b>64,620</b>	

# Appendix 5

## IFRS 16 Briefing Paper

### Background

Accounting standard IFRS 16 – Leases is being implemented across NHS Wales from 1 April 2022, resulting in the majority of leased assets moving on to the Health Board's balance sheet. Currently all assets the Health Board leases are treated as a revenue expense. Exemptions to the following leased assets will apply:

- Short term leases (duration less than 1 year)
- Low value leases (assets valued at less than £5,000)
- Software assets

All other leased assets are deemed to be within the scope of IFRS 16 and will therefore be recognised on the Health Board's balance sheet.

A significant amount of work has been undertaken in preparation for implementation of the standard, to collect information on leases which the Health Board currently has, is planning to renew and on new leases which are planned in the medium term. In addition to this, service contracts which may contain lease arrangements have been reviewed and assessed since the standard deems assets provided through such contracts to be within scope, for example the Picture Archiving and Communication System (PACS) contract with Fujifilm. IFRS 16 is discussed as a standing item at all Wales Capital Technical Accounting Group meetings, and several additional all Wales meetings have been held to discuss and agree treatment of specific aspects of the standard.

The Capital team within Finance has liaised with colleagues across Finance and also Estates, Procurement, IT and relevant officers in Operations in order to collect information on leases and relevant contracts. In addition to this, training sessions have been held with these groups in order to both raise awareness, provide relevant information and encourage and establish information flows necessary to ensure completeness of information. The team also undertakes periodic ledger reviews to identify any possible lease payments.

### Financial impact

As a result of this work, a material amount of assets will be brought on to the balance sheet on 1 April 2022, with further assets added as leases are renewed and new leases taken out. The table below illustrates this, with the figures forecasting for 2022/23 based on information currently available:

*Table 1 - Value of leased assets added to balance sheet*

	Assets at 1/4/2022 £m	Additions FY 2022/23 £m	Additions FY 2023/24 £m	Additions FY 2024/25 £m
Property leases	9.4	0.4	0.8	0.0
Non property leases	3.7	2.8	0.4	0.2
<b>Total</b>	<b>13.1</b>	<b>3.2</b>	<b>1.2</b>	<b>0.2</b>

The accounting mechanism to bring current leases onto the balance sheet on 1 April 2022 will be through an adjustment to Taxpayers' Equity; for leased additions after implementation, capital funding will need to be requested from Welsh Government (WG). The process for this as outlined by WG is that a quarterly return of new leases and renewals will be submitted by health boards. Any new leases entailing assets valued at £0.5m or greater will be required to demonstrate value for money and will require approval by the WG Capital Estates and Facilities Team. There may be a requirement to complete additional documentation such as a Business Justification Case for these leases.

Currently all leased asset payments are expensed though revenue. Under IFRS 16 the accounting entries made when the asset is capitalised result in the creation of the liability equal to the value of the asset. Consequently, lease payments within scope of IFRS 16 are split between repayment of the liability (a balance sheet accounting entry) and an interest charge on the outstanding liability (a revenue charge). In addition, a depreciation charge is applied to the asset in line with other, purchased assets. As a result, the charges to revenue accounts will be different from the amounts charged if the standard had not been introduced. The table below compares charges to revenue under IFRS 16 with how they would have appeared under the previous accounting standard (IAS 17):

*Table 2 – Comparison of revenue charges IFRS 16 v IAS 17*

	FY 2022/23 £m	FY 2023/24 £m	FY 2024/25 £m
<i>IFRS 16 – interest charge</i>	0.1	0.1	0.1
<i>IFRS 16 – depreciation on leased assets</i>	2.1	2.2	2.2
<b>IFRS 16 total revenue charges</b>	<b>2.2</b>	<b>2.3</b>	<b>2.3</b>
<b>Revenue charges under IAS 17</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>
<b>Difference</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>

WG have confirmed that in order that the implementation has a neutral impact on revenue accounts, an adjustment will be made to health boards' revenue allocations to effect this.

### Implications for Operations

Leasing assets (within scope of IFRS 16 as outlined above) will no longer be possible without first obtaining the necessary Capital funding. In addition, opportunities to structure leases in a way to dictate funding streams are significantly reduced.

### Ongoing work

Work continues in respect of reviewing leases as they expire and renew, and review of new leases and contracts, along with periodic checks of the ledger for lease payments and regular liaison with colleagues in Finance and Estates, Procurement, IT and Operations.

Contact has been made with Audit Wales and general principles discussed and initial information provided. A disclosure in the 2021/22 statutory accounts will be required disclosing the opening balance sheet impact for the 2022/23 accounts; information has been provided to enable early audit work on this.

Clarification is needed from WG regarding the capital funding to be provided for new leases, in respect of where planned leases do not transpire and whether approved capital funding can be returned, and where estimated costs (both revenue and capital) vary from actuals when leases are completed.