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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	12th January 2021	Agenda Item	5.2
Report Title	Annual Accounts Update and Closure Plan 2020/21		
Report Author	Andrew Biston, Head of Accounting & Financial Governance		
Report Sponsor	Darren Griffiths, Interim Director of Finance		
Presented by	Andrew Biston, Head of Accounting & Financial Governance		
Freedom of Information	Open		
Purpose of the Report	To inform the Audit Committee of the annual accounts timetable and closure plans for the financial year ending 31 st March 2021.		
Key Issues	<p>Welsh Government issued the draft manual for accounts on 18th December 2020 which will be discussed by the All Wales Technical Accounting Group at its meeting on 28th January 2020.</p> <p>The draft manual for accounts requires draft accounts to be submitted to Welsh Government by midday on 30th April 2020, with audited accounts to be submitted by midday on 11th June 2020. These dates include an extra week for Audit Wales to audit the accounts following a request to Welsh Government for an extension by the Auditor General for Wales.</p> <p>Interim audit work commenced on 4th January 2021 to assist in the year end closedown process.</p> <p>It is intended that the detailed closure plan for the year end accounts will be shared with Wales Audit Office by 22nd January as well as across the Finance Directorate and with all other departments providing information to the accounts closure process.</p> <p>A teams meeting has been arranged for the whole Finance function on 15th March 2021 to go through the detailed year end closure plan and associated guidance.</p> <p>It is probable that as for the 2019/20 financial year end that the 2020/21 accounts closedown and audit will be undertaken by staff working from home. It is therefore</p>		

	<p>envisaged that the processes put in place for the 2019/20 accounts will be replicated for 2020/21.</p> <p>There are, however, some risks to the accounts closedown process and these are as follows :</p> <ul style="list-style-type: none"> ➤ The ability of clinical staff to undertake physical stock counts due to COVID-19 pressures, if the operational pressures on the service remain. Finance staff also assist in physical stock counts and so may be unable to attend hospital sites to undertake this work. ➤ The ability to physically verify fixed assets and the ability of operational managers to complete the non-physical verification templates due to operational pressures. ➤ The ability to obtain information from the NHS Pensions Agency with regards to the number of clinical staff who have taken up the scheme pays option implemented by Welsh Government as a solution to the Pensions Tax issue for NHS staff. <p>These issues are currently being discussed with Audit Wales locally and through the all Wales Technical Accounting Group.</p>			
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance	Approval
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Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • APPROVE the year-end accounts timetable and closure plan • NOTE the risks identified to the delivery of the timetable • NOTE that a further detailed update will be brought to the March 2021 Committee 			

ANNUAL ACCOUNTS UPDATE AND CLOSURE PLAN 2020/21

1. INTRODUCTION

- 1.1. In order to ensure that the annual accounts for the health board for the 2020/21 financial year are submitted in accordance with the deadline issued by Welsh Government, it is necessary to put in place a detailed year-end timetable and associated guidance. This paper provides an update to the Committee on the annual accounts timetable and the closure plans being put in place to ensure that the accounts submission deadline is achieved.

2. BACKGROUND

- 2.1. The Welsh Government (WG) issued the draft manual for accounts and the draft accounts proforma statements on 18th December 2020. Both the draft manual and the accounts proforma statements will be discussed in detail by the all Wales Technical Accounting Group at its meeting on 28th January 2020.
- 2.2. To assist in ensuring a smooth year end closedown, activities have already commenced within the health board and on an all Wales basis. These activities include an interim agreement of inter NHS debtor/creditor and income/expenditure balances across NHS Wales as at month 8 which was completed prior to Christmas 2020. No invoices were disputed as part of this process. A further informal process is expected to take place as at the end of February (as in previous years) with inter NHS debtor/creditor statements being issued across NHS Wales in order to try to resolve any disagreements before the end of the financial year.
- 2.3. A meeting to discuss potential early audit testing and the overall 2020/21 accounts closure plan took place with Wales Audit Office on 26th November 2020 and a number of documents requested by Audit Wales were provided to them prior to Christmas 2020. Formal interim audit work commenced on Monday 4th January 2021 and will run for a 3-week period. This is in line with the timescales in previous years.
- 2.4. Work has commenced on the detailed closure plan for the annual accounts and it is intended that that this will be shared with Audit Wales by Friday 22nd January 2021. The timetable and closure plan will also be sent to all Finance staff and those departments providing information to support the accounts closedown process, together with associated guidance notes by 31st January 2021. A teams meeting has also been arranged with the whole Finance function on 15th March 2021 to go through the closedown process and guidance in detail
- 2.5. The key year end timetable dates are detailed in the table below which include the WG deadlines prescribed in the draft manual for accounts, with the key

dates agreed with colleagues across Finance and with Shared Services being based on the manual for accounts submission dates.

- 2.6. Following the extension to both the draft accounts submission and audited accounts submission for 2019/20 as a result of the COVID pandemic, Welsh Government have reinstated the normal draft accounts submission timescales, with the 2020/21 draft accounts to be submitted by noon on Friday 30th April allowing 19.5 working days for completion. However, following representations from the Auditor General for Wales, the date for audited accounts submission has been pushed back to Friday 11th June, providing 27.5 days for audit of the accounts.
- 2.7. As was the case for the 2019/20 accounts process it is anticipated that the accounts closedown and audit will be undertaken with staff working from home if not full time then certainly for the majority of the time. It is therefore probable that the process put in place for the 2019/20 year end accounts will be replicated as much as possible for the 2020/21 financial year.

Annual Accounts Task	Date for Completion
Issue debtor balances to other NHS Wales bodies	7th April 2021
Sign off date for agreement of NHS Wales debtors and creditors	12th April 2021
Issue income transactions to other NHS Wales bodies	14th April 2021
Finalise Health Board outturn financial position	14th April 2021
Close health board old year financial ledger	14th April 2021
Sign off date for agreement of NHS Wales income and expenditure	21st April 2021
Draft accounts available for senior finance team review	23rd April 2021
Submission of draft accounts	30th April 2021 (noon)
Submission of audited accounts	11 th June 2021 (noon)

3. GOVERNANCE AND RISK ISSUES

- 3.1. There are a small number of risk and governance issues surrounding the completion of the annual accounts which are detailed below together with the mitigating actions being taken to minimise the risk to the accounts completion process.
- 3.2. The first key risk relates to the availability of clinical staff to undertake stock counts in the event of significant operational pressures which may still persist as a result of COVID. Furthermore, a number of these stock counts are supported by Finance staff who may be unable to gain access to the clinical areas to assist in the stock counts. This issue is not unique to the Swansea Bay Health Board and discussions are being held with Audit Wales locally and

through the all Wales Technical Accounting group to develop an agreed process for determining year end stock values.

- 3.3. The second issue relates to the physical verification of fixed assets which is undertaken on a rolling programme by the Capital Finance team. As is the case for stock counts, the ability to obtain access to clinical areas to physically verify equipment is unlikely to be possible. Audit Wales have agreed as part of their interim audit work to select a sample of equipment for verification and it has been agreed that for the assets identified that a date stamped photograph of the equipment in situ will be provided. For other assets a significant number can be verified non-physically through maintenance and I.T databases but this will still leave a significant number of assets which are usually verified by service and clinical managers from listings sent to them by the capital team. It is possible that these returns may be unable to be completed in the event that operational pressures due to COVID remain in place.
- 3.4. The final issue relates to the availability of information from the NHS Pensions Agency for staff who have taken up the option of Scheme Pays through NHS Pensions as allowed for under the Welsh Government scheme as a solution to pension tax issues. There is a requirement in 2020/21 to make a provision for the future costs of this scheme or to demonstrate that no staff within the health board have taken up the option. As staff communicate directly with the NHS Pensions Agency there is no requirement for the staff member to notify the health board. At present no information has been forthcoming from NHS Pensions and as this issue affects all NHS Wales bodies, both Welsh Government and NHS Wales' bodies are attempting to source the information on numbers and likely future costs from the NHS Pensions Agency. It is understood that Welsh Government will pick up the costs of these payments in future years and the payments will be treated in the same way as the increase in the employer's pension contributions which is also being paid directly by Welsh Government.
- 3.5. There is only one change to the Finance Team preparing the accounts for the 2020/21 financial year, with one individual who was employed as an agency member of staff leaving his post as at 31st December 2020, with this post not forming part of the draft Finance Department Structure going forward.
- 3.6. There is one further small risk to the accounts process in that the Oracle financial ledger system is being upgraded during the first half of the 2021 calendar year, with go live planned for July 2021. As a result user acceptance testing of the new version of Oracle through the test system will be required in February and May 2021. Whilst this should not impact on the accounts preparation, there may be some temporary unavailability of staff during the audit process in May, although this is not expected to delay responses to audit queries.

- 3.7. There is only one change to the Audit Wales team auditing the accounts in 2020/21, with Mike Usher who took over in 2019/20 as Engagement Partner being replaced by Anthony Veale.
- 3.8. As was the case for the 2019/20 accounts audit, direct ledger access and access to the health board's Qlikview reporting tool will be provided to Audit Wales staff. This access has been agreed by all Welsh health bodies.

4. **RECOMMENDATIONS**

Members are asked to:

- **Approve** the year-end accounts timetable and closure plan
- **Note** the risks identified to the delivery of the timetable
- **Note** that a further detailed update will be brought to the March 2021 Committee

Governance and Assurance		
Link to Enabling Objectives (please choose)	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>
	Partnerships for Care	<input type="checkbox"/>
	Excellent Staff	<input checked="" type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
(please choose)	Staying Healthy	<input checked="" type="checkbox"/>
	Safe Care	<input checked="" type="checkbox"/>
	Effective Care	<input checked="" type="checkbox"/>
	Dignified Care	<input checked="" type="checkbox"/>
	Timely Care	<input checked="" type="checkbox"/>
	Individual Care	<input checked="" type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
Quality, Safety and Patient Experience		
There are no direct quality, safety and patient experience issues associated with this report.		
Financial Implications		
There are no direct financial implications associated with this report.		
Legal Implications (including equality and diversity assessment)		
There are no direct legal implications associated with this report.		
Staffing Implications		
The annual accounts preparation process is an intense period for Finance staff and as in previous years in order to ensure that the accounts are completed in		

accordance with the deadline there may be a requirement for staff to work overtime and/or over the Easter bank holidays.

Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)

None

Report History

This is an annual report to the Audit Committee. The previous report was presented to Audit Committee in January 2020.

Appendices

There are no appendices to this report.