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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	19th January 2023	Agenda Item	4.2
Report Title	Annual Accounts Update and Closure Plan 2022/23		
Report Author	Andrew Biston, Assistant Director of Finance (Accounting & Governance)		
Report Sponsor	Darren Griffiths, Director of Finance and Performance		
Presented by	Andrew Biston, Assistant Director of Finance (Accounting & 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 2023.		
Key Issues	<p>Welsh Government issued the draft manual for accounts on 16th December 2022 which will be discussed by the All Wales Technical Accounting Group at its meeting on 25th January 2023.</p> <p>The draft manual for accounts requires draft accounts to be submitted to Welsh Government by midday on 28th April 2023. The date for audited accounts has yet to be agreed with Audit Wales and so the provisional date of midday on 15th June 2023 has been included in the draft manual. There is a possibility that there may be a request for an extension beyond this date by the Auditor General for Wales due to a revision of auditing standard ISA315.</p> <p>Interim audit work has not yet commenced due to resource issues at Audit Wales and the Health Board has not been able to confirm with Audit Wales a timescale for the interim audit work.</p> <p>It is intended that the detailed closure plan for the year end accounts will be shared with Audit Wales by 30th January 2023 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 13th March 2023 to go through the detailed year end closure plan and associated guidance. 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 if the operational pressures on the service remain. ➤ 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 timely information from the NHS Pensions Agency with regards to the details 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. ➤ The potential impact of another qualified regularity opinion on the health board accounts relating to the provision made for scheme pay costs ➤ The impact of staff and role changes in the Finance team as a result of the implementation of the new Finance team structure. 			
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance	Approval
				√
Recommendations	Members are asked to: <ul style="list-style-type: none"> • Approve the year-end accounts timetable and closure plan 			

ANNUAL ACCOUNTS UPDATE AND CLOSURE PLAN 2022/23

1. INTRODUCTION

- 1.1. In order to ensure that the annual accounts for the Health Board for the 2022/23 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 16th December 2022. 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 25th January 2023.
- 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 9 which will be completed by 19th January 2023. A further informal process is planned 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. Due to resourcing issues at Audit Wales, the interim audit which normally commences at the beginning of January has been delayed. At this stage the health board has been unable to obtain any indication from Audit Wales as to when the interim audit will commence and what work Audit Wales intend to undertake. This is a concern for the Finance team as if this work does not commence until February 2023, it may be difficult to accommodate this work at the same time as undertaking detailed preparation work for year-end.
- 2.4. Work has commenced on the detailed closure plan for the annual accounts and it is intended that this will be shared with Audit Wales by Monday 30th January 2023. 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. A teams meeting has also been arranged with the whole Finance function on 13th March 2023 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. As was the case in 2020/21 and 2021/22 the draft accounts submission timescales have returned to the Pre-COVID deadlines, with the draft accounts for 2022/23 to be submitted by noon on Friday 28th April. At the current time Welsh Government have been unable to obtain from Audit Wales a date for the completion of the audited accounts. As a result of this the draft manual for accounts retains the date of 15th June for submission of audited accounts (the same as in 2021/22). The health board understands that Audit Wales will be subject to a revision of auditing standard ISA315 effective for financial periods commencing post December 2021 and that the effects of the revisions are far-reaching. The impact of this revision as well as increasing the audit fee are likely to impact on auditing deadlines and it is understood that the deadline for NHS audited accounts in England has been extended to 22nd June 2022. It is possible that Audit Wales will ask for a similar extension in Wales. A date of 22nd June for completion of audited accounts would result in a small number of Finance staff being tied up on the year-end accounts for 2022/23 until nearly the end of the 1st quarter of 2023/24 which may prove problematical.

Annual Accounts Task	Date for Completion
Issue debtor balances to other NHS Wales bodies	5th April 2023
Sign off date for agreement of NHS Wales debtors and creditors	12th April 2023
Finalise Health Board outturn financial position	13th April 2023
Close health board old year financial ledger	14th April 2023
Issue income transactions to other NHS Wales bodies	14th April 2023
Sign off date for agreement of NHS Wales income and expenditure	20th April 2023
Draft accounts available for senior finance team review	21st April 2023
Submission of draft accounts	28th April 2023 (noon)
Submission of audited accounts	15 th June 2023 (noon - tbc)

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. 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 where the

ability to obtain access to clinical areas to physically verify equipment may be difficult. It is planned to discuss with Audit Wales the possibility of following the same process as employed in 2020/21 and 2021/22 where for the sample of assets selected for verification 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 due to operational pressures.

- 3.4. The third 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. For the 2021/22 financial year this information was not received until 15th April 2022 which resulted in delays in closing the health board's financial ledger, reducing the time available to complete accounts notes which cannot begin until the ledger has closed. Welsh Government are in discussions with the NHS Pensions Agency to ensure that updated information is provided much earlier for the 2022/23 financial year.
- 3.5. Committee members will recall that in 2021/22 the Auditor General for Wales deemed that any provision included within health board accounts for the cost of Scheme Pays constituted irregular expenditure and resulted in a qualification of the accounts of health boards across Wales, with the qualification being in respect of the regularity opinion. As the Scheme Pays provision will remain in the accounts for a number of years it is unclear if the accounts will again have a qualified regularity opinion. The all Wales Technical Accounting Group is aware NHS Accounts in England were not qualified and that the issue has been raised by a Senedd Member with the Auditor General for Wales.
- 3.6. Following its deferral in both 2020/21 and 2021/22 due to the COVID pandemic, International Financial Reporting standard (IFRS) 16 came into effect on 1st April 2022. This standard effectively changed the accounting treatment of most leases from revenue transactions (off balance sheet) to capital transactions (on balance sheet) and will result in a significant number of changes to the accounts content and format. All health boards in Wales have been providing information on the impact of this accounting change to WG throughout 2022/23 under the auspices of the all Wales Capital Accounting Group and the health board has developed a detailed process for the identification and recording of all leases going forward from 1st April 2022. It is hoped that given the significance of this new accounting standard that Audit Wales will review the health board's process at interim audit stage, however, this has yet to be confirmed.
- 3.7. A further risk to be managed through the accounts process is the impact of the Finance Department restructure. Due to retirement in July 2023 of Andrew Biston as Assistant Director of Finance, the accounts closedown process will

be managed by Nia Morgan, the replacement Assistant Director of Finance with the accounts preparation being led by Claire Jenkins, Head of Accounting & Governance, with Andrew supporting the closedown process rather than managing it as in previous years. A number of Finance staff will be completing accounts notes in their new roles for the first time and full training and support will be provided to those staff.

- 3.8. There are also changes to the Audit Wales team with the team leader on the Swansea Bay UHB audit for the last few years having left Audit Wales. A new team leader has been appointed who has experience of auditing Swansea Bay UHB and there may be further changes to the Audit Wales team auditing the accounts in 2022/23.
- 3.9. As was the case in previous years, for the 2022/23 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. FINANCIAL IMPLICATIONS

- 4.1. There are no direct financial implications arising from this report.

5. RECOMMENDATIONS

Members are asked to:

- **Approve** the year-end accounts timetable and closure plan

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 2021.	
Appendices	There are no appendices to this report.	

