

**Swansea Bay University Health Board
Unconfirmed
Minutes of the Meeting of the Audit Committee (Accounts)
held on Wednesday, 8th June 2022 at 9.00am to 10.00am
Microsoft Teams**

Present:

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| Nuria Zolle | Independent Member (in the Chair) |
| Tom Crick | Independent Member |
| Patricia Price | Independent Member |
| Steve Spill | Vice Chair |
| Emma Woollett | Chair |

In Attendance:

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| Andrew Biston | Assistant Director of Finance - Accounting and Governance |
| Darren Griffiths | Director of Finance and Performance |
| Gareth Howells | Director of Nursing and Patient Experience |
| Mark Hackett | Chief Executive Officer |
| Hazel Lloyd | Acting Director of Corporate Governance |
| Osian Lloyd | Deputy Head of Internal Audit |
| Jason Blewitt | Audit Wales |
| Daniel King | Audit Wales |
| Leah Joseph | Corporate Governance Manager |
| Liz Stauber | Head of Corporate Governance |

| Minute No. | | Action |
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| 114/22 | APOLOGIES | |
| | Apologies were noted from Jackie Davies, Independent Member and Paul Mapson, Special Advisor. | |
| 115/22 | WELCOME / INTRODUCTORY REMARKS | |
| | The chair welcomed everyone to the meeting. | |
| 116/22 | DECLARATION OF INTERESTS | |
| | Nuria Zolle declared an interest in item 2.1 Annual Accounts 2021/22 as she was an active trustee for <i>Ospreys in the community</i> . | |

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| 117/22 | ANNUAL ACCOUNTS 2021/22 | |
| | <p>The annual accounts for 2021/22 was received.</p> <p>In introducing the report, Darren Griffiths recognised the work Andrew Biston and the finance team had taken to ensure the accounts were completed in a timely manner, and thanked Audit Wales for their support and assistance.</p> <p>In presenting the annual accounts, Andrew Biston highlighted the following points:</p> <ul style="list-style-type: none"> - The draft annual accounts were reviewed by the Audit Committee at its meeting on 19th May 2022. - Audit Wales completed their audit of the accounts and issued their Audit of Financial Statements Report; - Audit Committee was required to review and recommend that the audited accounts be adopted by the Health Board for submission to Welsh Government by 12pm on 15th June 2022; - There are no amendments to the main accounts statements comprising the statement of comprehensive net expenditure and statement of financial position; - There are changes to the cash flow statement due to a change in the split between the purchase of tangible and intangible fixed assets and a change in the split of payables between revenue and capital payables. <p>In discussing the item, the following points were made:</p> <p>Emma Woollett favoured the split of analysis of spend, but was surprised that the biggest increase in spend was in the dental service as there had been challenges around accessing the service. Andrew Biston advised that the analytic review included the contract uplift of 3%, however the main reimbursement was under the general dental services payments. A number of practices were being paid at 90% to 95%, therefore there was not an increase, but there was a recovery from decrease as previous years pay was between 80% and 85%.</p> <p>Emma Woollett requested more information surrounding non-cash limited expenditure. Andrew Biston advised that this related to pharmacy as Swansea Bay University Health Board (SBUHB) had prescribed particular medication and another Health Board dispensed it. This fell under non-cash limited expenditure and was classified under accounting treatment of spend.</p> <p>Steve Spill observed that some figures within the accounts had been reported as 'zero' in current and previous years, and queried whether there was a statutory requirement to include the 'zero' figures. Andrew Biston</p> | |

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| | <p>confirmed the accounts template was prescribed by Welsh Government and password protected.</p> <p>Steve Spill requested clarity on the term ‘notional funding’. Andrew Biston stated that notional funding was a term used when no cash flowed between SBUHB and Welsh Government. This term would be used when reporting scheme pays and 6.3% pension as both had non-cash transactional flows</p> <p>Steve Spill requested confirmation that the annual leave accrual expenditure related to the build of up annual leave throughout the COVID-19 pandemic many staff had been able to carry-over larger amounts of annual leave over the last two years and now had the opportunity to sell it back to the SBUHB at the end of 2021/22. Andrew Biston agreed that expenditure was higher due to the COVID-19 pandemic.</p> <p>Patricia Price queried the non-corrected misstatement around the increase in building costs. Andrew Biston advised that this was due to a technical update set by Welsh Government which one reflection, should have been used for all building values. Emma Woollett queried the £2.534m impairment figure arising from the solar farm as SBUHB only spent £5m developing the solar farm. Andrew Biston advised that impairments were not uncommon when the value was significant and a specialised asset.</p> <p>Nuria Zolle thanked Andrew Biston, Darren Griffiths and the finance team for their diligent work.</p> | |
| Resolved: | The audited annual accounts for 2021/22 for were approved for ratification by the Board | |
| 118/22 | ISA 260 AUDIT OF FINANCIAL STATEMENTS | |
| | <p>The ISA 260 Audit of Financial Statements was received.</p> <p>In introducing the report, Jason Blewitt thanked Darren Griffiths, Andrew Biston and the finance team for their help and support in light of the tight timetable.</p> <p>In introducing the audit of financial statements report, Daniel King highlighted the following points:</p> <ul style="list-style-type: none"> - There was one uncorrected misstatement in the financial statements included in the report. - There was a further uncorrected misstatement to bring to the attention of the committee in relation to the reversal improvement figure surrounding buildings which had not been calculated correctly. This had not been included in the ISA260 given the timing of the date for papers for the committee and so it was important that it was brought to the attention to the committee. Audit Wales were comfortable with | |

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| | <p>the approach taken by the health board not to correct it given that the figure is not material (the maximum impact did not exceed £2.8m) or impact the bottom line position;</p> <ul style="list-style-type: none"> - The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole; - All queries have been resolved relating to misstatements; - Audit Wales opinion was unqualified, true and fair. The regularity opinion was qualified; - Significant issues surrounding governance controls for Senior Officer pay and this has been highlighted to management; <p>In discussing the item, the following points were made:</p> <p>Nuria Zolle thanked Audit Wales for their constructive challenge and feedback. She highlighted that SBUHB followed a Ministerial directive issued on March 2019 in relation to clinician’s tax liabilities. As stated in the ISA 260 SBUHB acted in compliance with instructions issued by Welsh Government in relation to not applying the latest rate of indexation.</p> <p>Emma Woollett requested more detail around the uncorrected misstatement not included in the document. Daniel King advised that the reversal improvement figure surrounding buildings had not been calculated correctly, as the indexation of £10m would have resulted in a credit. The figure of £10m should have been split between cost and depreciation. This was raised with the capital team, but was not material and did not affect the bottom line position. Andrew Biston supported Daniel King’s comments, but noted that there was an issue for the financial year due to revaluation of estates. The methodology had been consistent since 2017. Darren Griffiths advised that the uncorrected misstatement came to SBUHB’s attention on 6th June 2022 and therefore had not provided enough time for the information to be collated in time for the year-end deadlines. The detail would be provided from 2022-23. SBUHB have accepted that the split needs to be completed, and will do it diligently in going forward. Daniel King agreed that the context provided by Darren Griffiths and Andrew Biston was fair and the worst-case scenario was that the figure amounted to £2.8m.</p> <p>Emma Woollett assured committee members that issues surrounding governance controls for Senior Officers would be worked through via the Remuneration and Terms of Service Committee.</p> | |
| Resolved: | The ISA 260 Audit of Financial Statements was noted . | |
| 119/22 | LETTER OF REPRESENTATION | |

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| | <p>The Audit Wales letter of representation was received.</p> <p>In discussing the letter of representation, Andrew Biston gave assurance that a narrative had been added into the letter of representation regarding the uncorrected misstatement raised as part of the ISA260 report and the additional one reported verbally at the meeting.</p> | |
| Resolved: | The letter of representation was approved for ratification by the board | |
| 120/22 | RESPONSE TO AUDIT ENQUIRIES | |
| | <p>The Audit Wales response to audit enquiries was received.</p> <p>In introducing the document, Hazel Lloyd advised that a draft letter had been shared with Audit Wales but there had been no material changes since.</p> <p>In discussing the response, Darren Griffiths highlighted to committee members that a large proportion of the letter related to counter fraud activity, and regular update reports and plans were taken through Audit Committee for scrutiny and assurance. Nuria Zolle advised that Audit Committee takes counter fraud seriously, and more visibility would be given to such items going forward.</p> | |
| Resolved: | The response to audit enquiries was approved . | |
| 121/22 | ANNUAL REPORT 2021/22 | |
| | <p>The organisational annual report was received.</p> <p>In introducing the report, Hazel Lloyd highlighted the following points:</p> <ul style="list-style-type: none"> - Thanks to Liz Stauber for collating the detailed report; - The annual report would be presented at the Annual General Meeting on 21st July 2022; - The annual report had been through Audit Committee meetings in March and May for scrutiny, and shared with executives, independent members, internal and external audit colleagues and Welsh Government for comments; - The highlight report has been included, which a summary of more softer achievements during the year. <p>In discussing the item,</p> | |

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| | Steve Spill highlighted an amendment was needed to confirm that 77% workforce was <i>female</i> and not <i>male</i> , and suggested a further proof read before final submission to Health Board. This was agreed | |
| Resolved: | The organisational annual report 2021/22 for onward consideration and approval by the Health board in June 2022 was approved , subject to the amendment to the percentage of female/male workforce and a final proof-read. | |
| 123/22 | ANY OTHER BUSINESS | |
| Resolved: | (i) Recognition Emma Woollett thanked Nuria Zolle and Audit Committee members for their scrutiny throughout the year. She noted that audit work was important and the meeting was reflective of how processes work well. | |
| 124/22 | DATE OF NEXT AUDIT COMMITTEE MEETING | |
| | The date of the next meeting was confirmed as 14 th July 2022 | |