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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board



Meeting Date	24 th January 2018	Agenda Item	5b
Report Title	Annual Accounts Update and Closure Plan 2018/19		
Report Author	Andrew Biston, Head of Accounting & Financial Governance		
Report Sponsor	Lynne Hamilton, 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 2019.		
Key Issues	<p>Welsh Government issued the draft manual for accounts on 21st December 2018 which will be discussed by the All Wales Technical Accounting Group meeting on 25th January 2019.</p> <p>Draft accounts will need to be submitted to Welsh Government by midday on 26th April 2019, with audited accounts to be submitted by midday on 31st May 2019.</p> <p>Interim audit work commenced on 7th January 2019 to assist in the year end closedown process.</p> <p>The detailed closure plan for the year end accounts will be shared with Wales Audit Office by 25th January as well as across the Finance Directorate and with all other departments providing information to the accounts closure process.</p> <p>A meeting has been arranged for the whole Finance function on 11th March 2019 to go through the detailed year end closure plan and associated guidance.</p> <p>There are some risks to the accounts closedown process, primarily relating to changes in staffing within the Finance function with a small number of staff not having completed an annual accounts closedown process previously. There are also a number of vacancies within the devolved financial management team and there requirement to deal with any impacts arising from the Bridgend boundary change during April 2019 when the accounts are being</p>		

	prepared. A number of processes have been put in place to manage and mitigate these risks to ensure accurate and timely annual accounts closedown.			
Specific Action Required (please ✓ one only)	Information	Discussion	Assurance	Approval
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Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • NOTE the year-end accounts timetable and closure plan; and • NOTE that a further update will be brought to the March meeting where the health board's approach on key accounting issues and estimation techniques will be outlined. 			

ANNUAL ACCOUNTS UPDATE AND CLOSURE PLAN 2018/19

1. INTRODUCTION

- 1.1. In order to ensure that the annual accounts for the health board for the 2018/19 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 21st December 2018. 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 2019.
- 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 2018. No disagreements were identified as part of this process. A further informal process has been agreed to take place as at the end of February 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 2018/19 accounts closure plan took place with Wales Audit Office on 4th December 2018, with interim audit work commencing on Monday 7th January 2019 and running for a 3 week period. This is in line with the timescales used in both 2017/18 and 2016/17.
- 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 Wales Audit Office by Friday 25th January 2019. 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 2019. A meeting has also been arranged with the whole Finance function on 11th March 2019 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 and the key dates agreed with colleagues across Finance and with Shared Services.

Annual Accounts Task	Date for Completion
Issue debtor balances to other NHS Wales bodies	3 rd April 2019
Sign off date for agreement of NHS Wales debtors and creditors	8 th April 2019
Issue income transactions to other NHS Wales bodies	9 th April 2019
Finalise Health Board outturn financial position	9 th April 2019
Close health board old year financial ledger	10 th April 2019
Sign off date for agreement of NHS Wales income and expenditure	15 th April 2019
Draft accounts available for senior finance team review	19 th April 2019
Submission of draft accounts	26 th April 2019 (noon)
Submission of audited accounts	31 st May 2019 (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 knowledge, skills and resources available within the Finance function which is required to produce a good quality set of draft accounts for submission to Welsh Government in line with the submission deadline of 26th April 2019.
- 3.3. The Corporate Accounting Team that produces the set of accounts and the associated working papers has had some staff changes during the year, with a new Finance Assistant commencing on 13th August 2018 and a temporary Finance Manager taking up post in September 2018 to backfill the vacancy created by the secondment of the existing Finance Manager to support the Bridgend boundary change. As these staff have no previous experience of closing a set of NHS accounts, detailed training will be provided to them during February and March 2019 in the areas of accounts closedown that they will be responsible for. In addition during the accounts process there will be close management supervision of their work and additional scrutiny of their accounts notes and supporting working papers.
- 3.4. Within the devolved financial management team there has been a number of staff changes during the year and there are currently a number of vacancies within the team, with a number of experienced staff leaving the health board during the year. The staff in the devolved financial management team are key to ensuring that the financial ledger is closed in a timely and accurate manner and so in order to mitigate the risk of the loss of knowledge from the team, detailed guidance will be issued on the year end closedown process and a meeting has been arranged for 11th March 2019 to go through the process

and guidance notes in detail. Additional sessions will be held with the team during March 2019 if required.

- 3.5. There is an additional risk at the end of this financial year of key staff being distracted by the Bridgend boundary change and information requests from Cwm Taf Health Board colleagues during the key month of April following the transfer of services on 1st April. It is essential that through the Finance Work Stream meetings that there is agreement that the priority for ABMU Finance staff during April is the completion of the annual accounts. The preparation of a timely and accurate set of year end accounts will ultimately be of benefit to both health boards to support the disaggregation of the balance sheet and the smooth transfer of assets and liabilities relating to the Bridgend population to Cwm Taf Health Board.
- 3.6. There are minimal risks to the audit process from changes to the Wales Audit Office team auditing the accounts. Whilst there is a change in the Audit Manager from Geraint Norman to Jason Blewitt, Jason has previous experience of ABMU Health Board as a team leader on the audit. There is no change in team leader this year with Julie Owens continuing in the role.
- 3.7. From a governance perspective there will again be a requirement to provide direct ledger access to Wales Audit Office staff on a "read-only" basis, as part of the accounts audit. This access will only be provided in accordance with the financial control procedure after training is provided by Finance colleagues to the Wales Audit Office staff who will be required to comply with ABMU ledger access protocols.

4. RECOMMENDATIONS

- 4.1. The Audit Committee is asked to note the current position with regard to the annual accounts timetable and closure plan. The Committee is also asked to note that a further update will be brought to the March meeting where the health board's approach on key accounting issues and estimation techniques will be outlined.