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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	9th March 2023	Agenda Item	4.3
Report Title	Annual Accounts Update		
Report Author	Nia Morgan, Assistant Director of Finance (Accounting & Governance)		
Report Sponsor	Darren Griffiths, Director of Finance & Performance		
Presented by	Nia Morgan, Assistant Director of Finance (Accounting & Governance)		
Freedom of Information	Open		
Purpose of the Report	The purpose of this paper is to update the Audit Committee on the plans in place to close the Annual Accounts for the year ending 31st March 2023.		
Key Issues	<p>The report sets out: -</p> <ul style="list-style-type: none"> a) The timetable, key dates and milestones for the submission of the Annual Accounts for 2022/23; b) the inability to confirm the arrangements in place for the review and adoption of the Annual Accounts until Audit Wales confirm the audited accounts submission date; c) the approach for accounting for capital issues, including the need for off-site storage of capital equipment; d) the approach for accounting for primary care accruals; e) the approach for accounting for field hospital decommissioning costs f) the approach for accounting for untaken annual leave g) the anticipated movements in key provisions; h) the approach for accounting for pensions annual allowance charges i) the update on the process for undertaking year end stock counts 		
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • APPROVE the annual accounts timetable and the proposed accounting methodologies as described above. 		

ANNUAL ACCOUNTS UPDATE 2022/23

1. INTRODUCTION

- 1.1. The purpose of this paper is to update the Audit Committee on the plans in place to close the Annual Accounts for the year ending 31st March 2023.

2. BACKGROUND

- 2.1. A very detailed and comprehensive closedown timetable with supporting guidance notes has been developed and made available to all staff within the Directorate through the Finance Portal SharePoint site and the Microsoft Teams Finance channel. The closedown timetable has also been e-mailed to NHS Wales Shared Services Partnership (NWSSP) and Audit Wales colleagues.
- 2.2. Once the final version of the Manual for Accounts is received, which is expected in mid-March 2023 this will also be placed on the Finance Portal SharePoint site for easy access.
- 2.3. At the time of preparing this report, the dates for commencement of the annual accounts audit and submission of audited accounts has yet to be confirmed by Audit Wales. This is due to resourcing issues within Audit Wales and the introduction of the new auditing standard ISA315 which is likely to result in additional audit work. All NHS Wales organisations are awaiting a letter from the Auditor General for Wales providing an update on these key dates and the timescales for the final audit fieldwork. It is anticipated that Audit Wales will suggest a deadline for submission of audited accounts of 31st July 2023, with the exact timing of audit fieldwork to be decided locally between individual health boards and the local audit teams.
- 2.4. Due to this uncertainty, particularly around the commencement of the audit, Welsh Government are reviewing the draft accounts submission date, with the possibility that the deadline issued in the draft manual for accounts of 28th April 2023 may be extended by a week to Friday 4th May 2023 as long as this does not impact on the audited accounts submission date. The key dates detailed in the table below are based on the 28th April 2023 draft accounts submission date.

Annual Accounts Task	Deadline
Issue NHS Debtor Balance Statements to other NHS Wales bodies (WG Deadline)	5th April 2023
Sign off date for Agreement of NHS Wales Debtors & Creditors (WG Deadline)	12th April 2023
Issue Income transactions to NHS Wales bodies (WG deadline)	14th April 2023
Sign off date for agreement of NHS Wales Income & Expenditure (WG Deadline)	20th April 2023
Finalise Health Board Outturn Position (HB set)	13th April 2023
Close Health Board old year financial ledger (HB set)	13th April 2023
Submit LMS to Welsh Government (WG Deadline)	21st April 2023

Annual Accounts Task	Deadline
Preparation of draft Accounts for Senior Finance Team review (HB set)	25th April 2023
Submission of draft Accounts (WG Deadline)	28th April 2023 (Noon) TBC
Submission of Audited Accounts (WG Deadline)	31st July 2023 (Noon) TBC

- 2.5. For the 2022/23 audit process, the Health Board will utilise the Audit Wales Inflow software for provision of working papers and responses to audit queries, moving away from the process used in previous years of files and working papers being uploaded to the DHCW secure file sharing portal and all queries and responses being managed through an excel spreadsheet. The use of Inflow will provide better visibility of the status of audit queries to both health board and Audit Wales staff and save significant amounts of time for the health board in maintaining the spreadsheet log of audit queries and responses. Inflow was used in Powys, Cwm Taf Morgannwg and Hywel Dda Health Boards in 2021/22 and conversations with staff from those health boards has identified benefits to the audit process from its use.

3. GOVERNANCE AND RISK ISSUES

- 3.1. The Audit Committee meeting already scheduled for Thursday 18th May 2023, will receive the draft Annual Accounts, Annual Governance Statement and the Remuneration Report.
- 3.2. Due to the uncertainties regarding the timescale for the submission of the audited accounts, it is not yet possible to confirm the dates for the meeting of the Audit Committee to review the full audited statements and reports, or the Board meeting afterwards to formally adopt them on the same day. These will need to be arranged for mid to late July if the deadline for submission of audited accounts is confirmed as Monday 31st July 2023.
- 3.3. In closing the accounts the following key issues are drawn to the attention of the Committee and Audit Wales with regards to the technical accounting treatment that will be employed by Swansea Bay University Health Board (SBUHB) in closing the draft annual accounts.

A. CAPITAL ISSUES

i. Quinquennial Revaluation

In 2022/23 Welsh Government (WG) appointed the services of the Valuation Office Agency (VOA) to provide the Quinquennial Revaluation of the NHS Estate in Wales. The revaluation is in respect of all those property interests, which Swansea Bay UHB identify as capital assets held as at 1 April 2022. The result of the Quinquennial Revaluation will be reflected in the 2022/23 accounts. Whilst historically indexation of land and buildings has not been applied in the year of the quinquennial revaluation, Audit Wales have suggested that given the current

inflation rate that the closing asset balances as at 31st March 2023 should be uplifted through indexation. Discussions are ongoing between WG, Audit Wales and the VOA to agree an approach and the value of any indices, which would need to be applied in the event that this is felt appropriate.

ii. De-recognition

The approach developed by the All Wales Technical Accounting Group (TAG) Capital Sub Group for use since 2009/10, will again be used by Swansea Bay UHB in 2022/23. This will require revaluations from the District Valuer where schemes completing in-year have total works and fees costs exceeding £0.5m. Subject to completion of some schemes leading up to year-end, there are 8 schemes that we anticipate will require revaluation this year.

iii. Storage of Equipment

At this stage, the Health Board has plans for 1 new item of equipment to be held in off-site storage on the 31st March 2023. There are a number of other building schemes due to complete and receive delivery during March 2023, which involve large equipment items. If there is any delay in the works element of these schemes there may be a need to hold equipment off-site for a short period of time. There are also a number of individual equipment purchases, which, if delivery is delayed, may also need to be taken in to off-site storage. For all items held in this way, the agreed NHS Wales vesting process will be followed.

iv. IFRS 16

IFRS 16 Leases supersedes IAS 17 Leases and was planned to be effective in the public sector from 1st April 2020. This was initially delayed to 1st April 2021 due to the COVID-19 pandemic and subsequently deferred again to 1st April 2022 for NHS organisations following representations to Treasury by the Department of Health and Welsh Government. In the 2021/22 accounts, a disclosure note was provided containing high level information on the estimated impact going forward to the Statement of Financial Position. In the 2022/23 accounts, the impact of IFRS 16 will be reflected across the accounts notes for transitioning, new and renewal leases identified under the standard, which will result in significant changes to the accounts format and content, with new notes and amendments to existing notes to include the impact of IFRS16.

B. PRIMARY CARE ACCRUALS

The format of the working papers for Primary Care Accruals will be the same as that used in previous years and will provide clear linkages and audit trails from the Annual Accounts back to the General Ledger.

The Health Board has again reviewed the accounting methodologies used across the primary care accrual areas, taking into consideration actual outturn values against accrual values, amendments to primary care contracts in year and

the continuing impact of the recovery from the COVID-19 pandemic to determine whether any changes are required for 2022/23.

The outcome of this work has concluded the following: -

i. GMS - PADMs (Personally Administered Drugs & Appliances)

The methodology used for PADMS was amended in 2013/14 to look at the rolling twelve months in order to exclude high expenditure trends in the autumn months, which is due to the Vaccination & Immunisation Programmes, particularly influenza. The variances for the past three financial years are as follows:

Year	Accrual Value	Actual Expenditure	Variances	
	£	£	£	%
2019/20	287,925	232,428	-55,497	-19%
2020/21	232,428	197,570	-34,858	-15%
2021/22	197,570	208,156	10,586	5%

There is no change proposed for 2022/23. However, with the ongoing impact of the recovery from the pandemic, there may be delays in claims and an additional accrual may be required. There will be a detailed review by a Senior Finance Manager and Heads of Primary Care.

ii. GMS Enhanced Services

The variances for the past three financial years are as follows:

Year	Accrual Value	Actual Expenditure	Variances	
	£	£	£	%
2019/20	773,762	441,284	-332,478	-43%
2020/21	1,501,119	802,219	-698,900	-46%
2021/22	1,295,591	641,508	-654,083	-51%

A number of enhanced services were suspended during the COVID pandemic, however, since October 2021 practices are expected to fully deliver services and be reimbursed accordingly. Therefore, an accrual will be made for enhanced services based on current expenditure patterns in line with pre-pandemic methodology.

In line with previous years, it is proposed that all other service lines will be reviewed and accrual values based on the prior year's approach and/or expenditure trends within each local area. In addition, a Senior Finance Manager review will be completed prior to finalisation of the accruals to ensure that no scheme is overlooked.

iii. GMS QOF (Quality and Outcomes Framework) / QAIF (Quality Assurance and Improvement Framework)

From 1st October 2019, QAIF was introduced as part of the 2019/20 GMS contract reform, replacing the quality and outcomes framework. Under both schemes, GP Practices achieve a certain level of points and these are multiplied by a financial value per point to establish the payments due.

Clinical QAIF domains transferred into Core contract from 1 October 2022, resulting in a transfer of funding into Global Sum (GSUM). This quantum represents full achievement in all indicators for all practices moving into total GSUM and then distributed to practices via the Carr-Hill formula. The removal of Assurance indicators from the framework means that QAIF has become QIF (Quality Improvement Framework).

The points that are remaining in the Quality Improvement domains, namely Access (100 pts) and the newly drafted mandatory QI projects (170 pts), have been revalued at £189 per point for 2022/23. This compares to the 2021/22 points of Access (125 pts) and QI projects (185 pts) and QA projects (382 pts)

The QoF / QAIF variances for the past three financial years are as follows:

Year	Accrual Value	Actual Expenditure	Variances	
	£	£	£	%
2019/20	2,504,520	1,627,019	-877,501	-35%
2020/21	1,823,033	1,175,528	-647,505	-35%
2021/22	2,077,349	1,316,507	-760,842	-37%

Accrual Formula for 2022/23

QIF points of 170 + Access Points of 100 Adjusted for Practice Weighting	X	£189 per point
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iv. Pharmacy Contract

In 2022/23, a new contract has been introduced for Pharmacists.

For the past 5 years, the run rate for November to January has been used to accrue for February and March due to several changes to the fees and allowances within the pharmacy contract from April to October.

The variances for the past three financial years are as follows:

Year	Accrual Value	Actual Expenditure	Variances	
	£	£	£	%
2019/20	3,745,223	3,447,896	-297,327	-8%
2020/21	3,638,189	3,606,146	-32,043	-1%
2021/22	4,189,528	3,736,554	-452,974	-11%

No changes are proposed for the approach to calculating the accruals for 2022/23 for the core contract however, a number of new categories of ring-fenced expenditure have been introduced as part of contract reform.

Therefore, the accruals for Clinical Services, Quality, Collaborative working and Continuity schemes, Independent Prescribing, Primary Care Cluster leads and Workforce Incentive payments will be accrued in line with ring fenced funding levels to reflect WG agreed pay back to Pharmacists if full allocation is unspent.

v. Primary Care Prescribing

Since 2014/15, a methodology which combines both prescribing and calendar days within the month with a 50/50 weighting to both has been set to accrue for February and March.

The variances for the past three financial years are as follows:

Year	Accrual Value	Actual Expenditure	Variances	
	£	£	£	%
2019/20	10,611,178	11,542,656	931,478	9%
2020/21	11,965,960	11,915,000	-50,960	0%
2021/22	11,895,952	11,698,449	-197,502	-2%

Since 2017/18, the methodology for calculating the accrual is based on the average monthly costs for the period October to January (i.e. the most recent 4 months data).

However, in March 2020, the start of the COVID-19 pandemic had an unprecedented impact on Primary Care Prescribing. At draft accounts stage, Welsh Government advice was to accrue for February and March costs on the same basis as in previous years. This resulted in a significant under accrual at draft accounts stage, a pattern seen across Wales and due to the extension of the deadline date for the 2019/20 audited annual accounts of the end of June, actual information for February and March was available prior to final accounts submission which is not normally the case. Welsh Government in association with the Prescription Pricing authority calculated the additional costs for health boards on an average basis compared to the average of previous years and health boards were instructed to change their accrual in line with these calculations, with the increase funded by Welsh Government.

Since then although there has been some monthly variation in the number of items prescribed and an increase in the price per item as there has been an

escalation in the Prescribing of drugs such as DOACs, generally this has stabilised and so there is no proposed change in the accrual methodology.

However, information published in February and March will again be used as in previous years to assess whether there are any other drugs where the cost and/or associated volumes is likely to have an adverse or favourable material impact. This work cannot be finalised until the end of March, but will be used to consider whether an adjustment will be needed to the overall accrual value.

There has been WG guidance published to GP surgeries with regard to increasing the intervals of the prescribing/dispensing of prescriptions to patients. The implementation of roll out is gradual and will be reviewed at year-end and any impact of these increasing intervals will be reflected in the accrual methodology.

vi. Dental Contracts

Historically, the dental contract has operated under the Units of Dental Activity (UDA) system. Whilst simple in terms of administration, the approach solely measured a practices performance according to the clinical activity undertaken. It is widely acknowledged that delivery against the UDA target is not an indicator of overall performance of a practice, as it does not consider the needs and risks of a defined local population or encourage a preventive approach to patient care. In addition, the current UDA system encourages NHS practices to re-circulate a high volume of low risk/need patients.

As a result during 2022/23 a contract variation was introduced allowing dental practices to opt into a primary care contract variation allowing them to work under a non-UDA measured system, focussing on delivery of preventive dental care for an annual number of new and existing patients. Within Swansea Bay there has been a 98% take up of this contract variation by dental practices.

During 2022/23, several qualitative methods have been employed to gain feedback from practices, health boards and principal stakeholders. Data held by NHSBSA has been and will continue to be analysed to further develop our understanding of practice performance against the metrics. The insight from this data analyses have been invaluable in informing this guidance. However, the complete picture of delivery against 2022/23 metrics will not be available until full year data is available (summer 2023).

The health minister has made a strong statement that WG will be expecting claw back for any “underperformance” but no clear guidance has at the time of preparing this report been issued by Welsh Government and conversations remain ongoing with the British Dental Association (BDA) WG and health boards as to how any claw back will operate and the impact that this may have on the uptake of the contract if WG take a hard line approach on claw back. Given that the final position on delivery against this new contract will not be known until at least July 2023 the health board is of the view that there is not sufficient information to make an income provision for any potential claw back at year-end. As WG have stated that any clawback will need to be returned to them then there

is no impact to the health board's financial position. In the event of further WG guidance being issued over the next few weeks this will be reflected in the year-end accounts.

C. ACCOUNTING FOR FIELD HOSPITAL COSTS

i. Decommissioning Costs – Bay Studios Field Hospital

The Health Board exited the Bay Studios Field Hospital on 31st October 2022. A commercial settlement has been agreed with the landlord for the decommissioning. A revenue provision which was made in the 2020/21 accounts under IAS37 is planned to be utilised in the 2022/23 accounts.

D. ACCRUAL FOR UNTAKEN ANNUAL LEAVE

From the implementation of IFRS accounting in 2009 until 2019/20, the health board has accrued for untaken annual leave in accordance with a methodology agreed with Audit Wales. The value has been calculated by staff group by obtaining details of untaken annual leave from a minimum 10% sample of staff who have been contacted either individually or through their ward manager. The total number of days untaken annual leave has been grossed up from this sample using the average cost by staff group.

For the 2020/21 financial year, the impact of COVID-19 significantly increased the amount of untaken annual leave and as a result, the all Wales Technical Accounting Group in conjunction with Deputy Directors of Finance developed a methodology to ensure the consistent calculation of this accrual across NHS Wales.

The key principles applied in calculating the accrual were: -

- The accrual was calculated over the staff group headings as per the Annual Accounts.
- The untaken annual leave was determined using information from the most appropriate system for the staff group. For the health board the systems used included ESR for corporate staff, Allocate and Health Roster for nursing staff, Kronos for those staff on the Kronos system, Intrepid for medical staff.
- The calculation was again based on a sample of staff and local judgement was used to validate systems reports where it appeared that the system had been incorrectly updated or not updated for leave taken. This included sample checking the untaken leave identified by the system with the relevant department where appropriate.

The increase in the accrual for the health board for 2020/21 was £13.281m, which was funded by Welsh Government.

For the 2021/22 financial year, Welsh Government issued a pay circular in December 2021 which included the requirement for all organisations to have in

place a mechanism for the buy-back of untaken annual leave carried forward from previous years and from 2021/22, including the additional leave day announced as part of the pay circular.

Following meetings of the all Wales Deputy Directors of Finance (DDOF) and all Wales Technical Accounting Groups (TAG) in January 2022, it was agreed that the sample process used in previous years would not be sufficient given the option/need to make payments to staff. It was therefore agreed that the process for 2021/22 would require the calculation to be by individual staff member using the following process: -

- Utilise local data sources (ESR, Roster, Manual etc.) to identify level of untaken annual leave as at the end of January and planned leave for February and March by employee.
- Validation of this data to be undertaken during February with managers and staff.
- Calculation of the annual leave accrual to be completed as requested by Welsh Government by 11th March 2022 for inclusion in the month 11 monitoring returns

Agreement was obtained to this approach by Audit Wales with the accrual being audited based on the month 11 calculation as the amount included in the year end accounts. The impact for the health board in 2021/22 was to reduce the annual leave accrual to £11.497m.

For the 2022/23 financial year the carry over arrangements for untaken annual leave revert to those in place pre the COVID-19 pandemic. Staff are required to take all their annual leave and any carry forward from the 2021/22 financial year during 2022/23 with staff being allowed to carry over a maximum of 5 days in exceptional circumstances following the approval of their line manager. It is anticipated that this will result in a reduction in the accrual of around £10.5m back to the pre COVID-19 accrual level.

The health board has put in place a formal process for staff to apply to carry over untaken annual leave into 2023/24, which has been shared through the health board intranet. Carry over of a maximum of 5 days will be allowed as long as the application process is followed and formal agreement is obtained from line managers. The calculation of the untaken annual leave accrual will therefore be calculated from the approved applications, the calculation being by individual staff member.

The calculation basis for the accrual will be as follows:

- 2022/23 pay rates
- The apprenticeship levy will be included.

As per the manual for accounts, the accrual should include pensions at the full rate of 20.6% (which includes the 6.3% directly funded by Welsh Government).

A separate process will be used for staff members (mainly medical staff) whose leave years do not run from April to March where information on remaining leave balances at 31 March will be collected on a sample basis to derive the figures for the accrual.

E. MOVEMENT IN KEY PROVISIONS

I. Early Retirement Pension Provision / Permanent Injury

There has been a further change in the Discount Factors to be applied in line with the draft Manual for Accounts issued by Welsh Government in December 2022. This directs health boards to use 1.70% this year (-1.30% 2021/22). It is estimated that this will result in a financial benefit of around £1.5m this year.

II. Defence Fee Provision For Probability 3 (possible) Successful Legal Claims

As is the case for previous years, in order to comply with the requirements of IAS 37: Accounting for Provisions, Welsh Government has issued guidance regarding the accounting treatment of defence fees for legal claims where the chance of success is deemed as possible (Probability 3: 6-49%).

For the defence legal costs provision of claims within the possible category, the obligating event is a claim being received in respect of Clinical Negligence or Personal Injury.

It is probable, when considering the possible claims as a cohort, that this obligating event may lead to a future transfer of economic benefit in that the organisation may incur some costs in investigating the alleged claim, and therefore a provision is required for the possible claims as a cohort and for which a reliable estimate can be made based on local information held for similar cases. The estimate cannot be made reliably on a claim by claim basis; rather the analysis of historical information covering a three year period should be used.

The table below shows the prescribed accounting treatment to be applied for all claims based on their probability of success:

Probability of Success of Claim	Accounting Treatment
Certain 95-100% Success	<i>Defence Fee Provision at 100% of cost advised by Welsh Health Legal Services on their quantum reports</i>
Probable 50- 95% Success.	<i>Defence Fee Provision at 100% of cost advised by Welsh Health Legal Services on their quantum reports</i>

Probability of Success of Claim	Accounting Treatment
Possible 6-49% Success	<i>Defence Fee Provision Required – Provision to be based on the Welsh Health Legal Services quantum reports</i> - Organisations with numerous claims should base the provision on three year's historical cost data. Note there may be different % values for clinical negligence and personal injury cases, and the % values will be calculated using the methodology agreed.
Remote 0- 5% success	<i>No provision or contingent liability required</i>

In 2021/22, the Health Board provided on the basis outlined in the table above with the percentages used to provide for probability 3 cases being 10.83% for Clinical Negligence cases and 50.17% for Personal Injury cases. An exercise has been undertaken to update the percentages to be used provide for probability 3 cases taking into account the most recent 3 years actual payments made, which has resulted in revised percentages to be used of 11.28% for Clinical Negligence cases and 53.26% for Personal Injury cases.

III. Accounting for Redress Provisions

At the end of the 2018/19 financial year responsibility for reimbursement of redress cases moved from Welsh Government to Welsh Risk Pool. At the same time, Welsh Risk Pool changed the accounting requirement for redress cases from a cash basis to an accruals basis therefore requiring provisions to be included in the 2018/19 accounts for redress cases for the first time. This accounting treatment is again in place for 2022/23 with provisions for redress cases being included in the accounts based on estimated claim costs provided locally by the Patient Feedback Team. As all payments made in respect of redress cases with the exception of the claimants legal costs are reimbursable from Welsh Risk Pool, the provision will be offset by a corresponding Welsh Risk Pool debtor.

IV. GP Indemnity Scheme

As of 1st April 2019, Welsh Government introduced a state backed future liabilities scheme for GP's and their staff to reimburse claims for clinical negligence against General Practice. The scheme covers claims relating to treatment post 1st April 2019 and is operated through Welsh Risk Pool. The number of claims received to date is low and as there is no historical data for such claims the full estimated defence cost will be provided for. As all payments made in respect of such cases are reimbursable from Welsh Risk Pool, the provision will be offset by a corresponding Welsh Risk Pool debtor.

F. PENSIONS ANNUAL ALLOWANCE CHARGE

In December 2019, Welsh Government confirmed that clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in the tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits above their pension savings annual allowance threshold would be able to have this charge paid by the NHS Pension Scheme (by completing and returning a 'Scheme Pays' form before 31st July 2021). The NHS employer would then make a contractually binding commitment to pay them a corresponding amount on retirement.

For the 2021/22 accounts information was provided by the NHS pensions Agency to Welsh Government on the number of clinicians who had taken up this option. This date was verified by health boards and the Government Actuary Department calculated a provision for the future costs of this commitment by NHS bodies. Each health body was required to disclose the provision for their staff in the accounts together with identification of the number of staff who have taken up this option. The provision for Swansea Bay UHB was £1.953m. This provision was backed off by a debtor to Welsh Government, resulting in no charge to the health board's financial position.

The inclusion of this provision in the accounts resulted in the Auditor General for Wales (AGW) qualifying the health board's accounts on a regulatory basis as he was of the opinion that such expenditure is irregular.

During 2022/23, there have been further applications to the scheme and the health board has identified with WG those new applicants relating to Swansea Bay UHB. WG have also made payments against some of the provisions during 2022/23 which will potentially result in some of the £1.953m provision being utilised if payments have been made in relation to SBU staff. WG have also requested that GAD provide an updated provision for inclusion in health board's 2022/23 accounts. It is unclear at this stage if the AGW will again qualify the health board accounts on a regularity basis and will continue to do so every year or whether the qualification was a one off for 2021/22 as the first year that such a provision featured in the accounts. It is interesting to note that such provisions have not been subject to qualified regularity opinions in NHS England.

G. YEAR END STOCK COUNTS

During the 2022/23 financial year the Omnicell stock system has been further rolled out further across the Morriston Hospital Operating Theatres as well as within Singleton Hospital Operating Theatres. As a result, the Theatre stock figures as at 31st March will be produced from this system rather than through manual stock counts. In addition to the pharmacy stocks and estates building and engineering materials this will mean that a large proportion of the year-end stock figures will be produced from stores systems.

For the remaining areas of stock, manual stock counts will be undertaken as in previous years. However, due to the ongoing service pressures and in order to provide a longer window for stock counts to be undertaken, staff in those

departments have been provided with the stock count forms earlier than in previous years and have been advised that stock can be counted at any time between 13th February and the deadline of 24th March 2023.

Audit Wales have advised that as was the case in 2021/22 that they will not be attending a stock count and are currently working through with their technical team if this will require an emphasis of matter comment on the stock values in the accounts. Audit Wales have advised that this will depend on whether the stock value is above the health board's materiality level for balance sheet, which was not the case for both the 2020/21 and 2021/22 financial years.

4. FINANCIAL IMPLICATIONS

- 4.1 As this report details, the major accounting policies and methodologies to be used in calculating significant material estimates have significant financial implications for the health board in terms of the year-end accounts and financial outturn for the health board.
- 4.2 The process of identifying and getting agreement from Audit Wales of the principles to be applied ensures that in the event that there are variations between the significant estimates and the actual outturn figures when available in May and June that there should not be a requirement to make late amendments to the accounts after the draft accounts have been submitted to WG and the Audit Committee.

5. RECOMMENDATIONS

5.1. The Audit Committee is asked to note and approve:

- a) The timetable, key dates and milestones for the submission of the Annual Accounts for 2022/23;
- b) That the arrangements in place for the review and adoption of the Annual Accounts will be finalised once Audit Wales confirm the audited accounts submission date;
- c) the approach for accounting for capital issues, including the need for off-site storage of capital equipment;
- d) the approach for accounting for primary care accruals;
- e) the approach for accounting for field hospital decommissioning costs
- f) the approach for accounting for untaken annual leave
- g) the anticipated movements in other key provisions;
- h) the approach for accounting for pensions annual allowance charges
- i) the update on the process for undertaking year end stock counts

Governance and Assurance		
Link to Enabling Objectives <i>(please choose)</i>	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	
<i>(please choose)</i>	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 March 2022.	
Appendices	There are no appendices to this report.	